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Scottish Parliament

Wednesday 4 February 2026

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

Portfolio Question Time

Deputy First Minister Responsibilities, Economy and Gaelic

The Deputy Presiding Officer (Liam McArthur): Good afternoon. The first item of business this afternoon is portfolio questions, and the first portfolio is Deputy First Minister responsibilities, economy and Gaelic.

Employability Programmes (Support for Parents)

1. **Davy Russell (Hamilton, Larkhall and Stonehouse) (Lab):** To ask the Scottish Government how its employability programmes support parents of children aged nine months to three years to return to work, in light of the lack of funded childcare for that age group. (S6O-05451)

The Minister for Business and Employment (Richard Lochhead): Parental employability support is available for low-income parents through the no one left behind approach, which emphasises priority family groups, including parents with a child under one. Key workers provide tailored one-to-one support to help remove barriers to employment, identifying flexible work opportunities and linking to wraparound services.

The draft budget protects the £90 million for devolved employability services in 2026-27, with more than £40 million of that supporting parents.

Davy Russell: The fact that mums are working full time does not mean that the costs of parenting, especially the cost of childcare, cannot ruin them financially. Yesterday, I heard from a mother of a two-year-old, who told me that, when she is working compressed hours plus two hours after her child's bedtime, there is no time to mentally recover and that the low level of net pay after childcare means that there is no incentive for mothers to be in work. Does the minister agree that, if hard-working mothers who are earning reasonable wages are questioning whether they can still afford to work, because of the crippling cost of childcare, the system is broken and requires urgent reform, for the sake of the economy if nothing else?

Richard Lochhead: Families across Scotland have benefited from 1,140 funded hours of high-quality early learning and childcare for all three and four-year-olds and eligible two-year-olds since 2021. If families paid for that themselves, it would cost more than £6,000 per eligible child per year.

We have been doing a lot in that area in the past few years, and we have invested heavily in that agenda. Of course, I agree with the sentiments that the member has outlined. We always think that there is a lot more to do, but the statistics show that we are saving a lot of families a lot of money by helping with childcare support.

I have also separately given some indication of what has been invested through the employability agenda.

Young Entrepreneurs (Start Up Challenge)

2. **Ruth Maguire (Cunninghame South) (SNP):** To ask the Scottish Government what support will be available for young entrepreneurs alongside the £2.5 million funding announced for the First Minister's start up challenge. (S6O-05452)

The Deputy First Minister and Cabinet Secretary for Economy and Gaelic (Kate Forbes): The draft budget introduces a £2.5 million young entrepreneurs package to support young people to start, grow and scale businesses. The new funding package will build on existing support for young entrepreneurs including the entrepreneurial education fund and the young EDGE—encouraging dynamic growth entrepreneurs—awards. We will also work with a range of partners to develop new programmes of support, such as the recently launched First Minister's start up challenge, which is led by the King's Trust and Dechomai.

Ruth Maguire: The Deputy First Minister will be as keen as I am to ensure that bright young people get to take up this opportunity. Many people in my constituency may face economic challenges or other barriers that mean that they think that opportunities of that sort are not for them. What can we do to let them know that they are?

Kate Forbes: Ruth Maguire is absolutely right. Role models and mentorship are two of the most critical ways to support young entrepreneurs who are furthest from that path. There is a nomination process as part

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of the First Minister's start up challenge, which relates to how we should engage with disadvantaged and underrepresented communities to ensure that they are aware of the challenge and its opportunities. There is funding for projects across Scotland through the entrepreneurial education fund, which is supporting entrepreneurial learning from primary schools to colleges in order to expose more young people to entrepreneurship and the entrepreneurial mindset.

Stephen Kerr (Central Scotland) (Con): Of course, as the Deputy First Minister points out, the First Minister's start up challenge fund excludes quite a lot of young people on the basis of their background. That risks the creation of a two-tier system of support for young entrepreneurs. Should support not really be based on the quality of the idea, its scalability and the growth potential that the idea represents in terms of wealth creation and job creation?

Kate Forbes: I agree with an element of what Stephen Kerr said—that we live in a very fair and open economy. We want to support great ideas and to support great people to start and grow businesses, irrespective of their background or where they live, but we know from the data that some find it harder to break into that than others. For example, 2p in every £1 of investment goes to female entrepreneurs at the moment. They may have a great idea and they might be great people, but there is a barrier there, and that is why we established the pathways programme. The whole point of the First Minister's start up challenge and the pathways programme is to provide support that is additional to what is universally available, in order to ensure that people from disadvantaged backgrounds can access that help.

The Deputy Presiding Officer: Question 3 has not been lodged.

Business Confidence

4. Sharon Dowey (South Scotland) (Con): To ask the Scottish Government what its response is to the recent report by the Institute of Chartered Accountants in England and Wales showing that business confidence in Scotland has fallen for the sixth consecutive quarter and is lower than the United Kingdom average. (S6O-05454)

The Minister for Business and Employment (Richard Lochhead): The latest Bank of Scotland business barometer shows companies in Scotland reporting higher confidence in their own business prospects month on month in January—up by 15 points to 53 per cent. That is encouraging.

However, business conditions remain challenging. The United Kingdom Government's increase in employer national insurance contributions has had significant impact and has contributed to reducing business confidence in Scotland. We have repeatedly called on the UK Government to reverse that increase. We work closely with companies to provide greater certainty and stability, including by improving regulatory practice to make it easier to invest and do business in Scotland.

Sharon Dowey: Hospitality businesses continue to report higher rates and energy costs than their competitors elsewhere in the UK, with industry leaders warning that closures are increasingly likely. They want an immediate pause to revaluation. Lochside House hotel, in my area, has invested in its property and it now faces having its rates increased by £271,000. Businesses are getting penalised for investing. There simply is not an incentive to grow. In the light of collapsing business confidence and the calls from the sector, will the minister today commit to pausing the upcoming revaluation? If not, why not?

Richard Lochhead: The Scottish budget for 2026-27 will ensure the lowest basic property rate since 2018-19. It will support businesses and communities with a package that is worth an estimated £864 million. Many hospitality businesses will benefit from that.

Acknowledging the impact of the revaluation, we will introduce a revaluation transitional relief to protect those who are seeing the most significant increases in rateable values. That will ensure that the gross bills on an estimated 60,000 properties will be lower in 2026-27 than they otherwise would have been. We continue to offer a range of other benefits, including the most generous relief package in the UK for the energy-generating sector and reliefs in other sectors, such as through the business growth accelerator.

Emma Harper (South Scotland) (SNP): Does the minister agree that, whether it is through taxes on our world-class whisky industry, Brexit red tape on our local businesses or the running down of our industries in the north-east, Scotland is being hammered by the consequences of the choices that are being made by a Westminster Government that is out of touch with the reality in Scotland? *[Interruption.]* Can he say any more about what the Scottish Government is doing to combat that and boost confidence and growth in Scotland?

Richard Lochhead: Yes, I absolutely agree with what Emma Harper has said. It is a shame that Conservative members are humming and hawing or sighing when they hear criticism of Westminster policies. I represent a constituency in the north-east of Scotland that straddles the Highlands, and many of the businesses in my local area—as is the case in much of Scotland—are heavily impacted by Westminster

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policies, particularly Brexit, which has been hugely damaging to our rural industries and our exports to Europe. They have taken a big hit because of it and because of a range of other policies, such as higher energy costs and the rapid rise in employer national insurance contributions. I agree with Emma Harper's points. That is why the Scottish budget sets out a lot of support for the Scottish business community.

Financing of Capital Projects (Bonds Programme)

5. Paul McLennan (East Lothian) (SNP): To ask the Scottish Government what implications the recent announcement of next steps for its £1.5 billion bonds programme will have for the financing of major capital projects across Scotland. (S6O-05455)

The Deputy First Minister and Cabinet Secretary for Economy and Gaelic (Kate Forbes): The multiyear bond programme will provide financing for major capital projects across Scotland. All proceeds from a future bond issuance will be used exclusively for capital investment, in line with our legal powers. Specific issuance plans will be subject to market conditions at the time. The bonds will support the delivery of capital infrastructure priorities that were announced in the spending review and the infrastructure delivery pipeline, both of which were published alongside the budget in January. The bonds programme is an opportunity for us to diversify into cost-effective sources of borrowing in order to attract investment into Scotland and to grow the economy.

Paul McLennan: Will the Deputy First Minister highlight the key sectors that will benefit from the bonds programme and explain how other Government agencies, such as the Scottish National Investment Bank and the Scottish Futures Trust, can help to leverage in additional funds?

Kate Forbes: The bonds programme will support a number of sectors across Scotland. Obviously, it underpins the infrastructure delivery pipeline. Although it is difficult to distinguish between sectors that might benefit from, for example, improvements to core infrastructure, such as roads and bridges, the programme includes key investments in projects that will improve our transport, boost digital connectivity, modernise the justice system and enhance health and education facilities.

Agencies such as the Scottish National Investment Bank are making mission-aligned investments across Scotland to grow the economy. The bank recently celebrated its five-year anniversary. Its investments have already crowded in more than £1.4 billion of third-party co-investment.

Murdo Fraser (Mid Scotland and Fife) (Con): Will the cost of borrowing through the bonds be higher or lower than the cost of borrowing through the United Kingdom Treasury?

Kate Forbes: The member will know that the cost of borrowing will be determined at the relevant point in time. We all hope to have a more stable and prosperous economy, which might influence the cost of borrowing.

The key point is that the bonds programme is a direct response to the recommendation of the First Minister's investor panel, which is made up of Scotland's best and brightest minds on investment. The investor panel made it crystal clear that one of the advantages of the issuing of bonds is that it will put Scotland on the map and make it an attractive place for other private sector investment that might not be directly linked to the bonds programme. In other words, it is not public borrowing, but it will leverage in additional private sector investment.

My point is that taking a very narrow approach in relation to direct costs totally misses the point with regard to wider private sector investment.

Daniel Johnson (Edinburgh Southern) (Lab): There is a question not only about the cost of borrowing, but about transaction costs. Will the Deputy First Minister set out what the costs will be in bankers' fees, accountants' fees and fees to the credit rating agency for raising the bonds?

Kate Forbes: I will make two points. I address these remarks to Murdo Fraser, too. We would be more than happy to hold a briefing session, as that might help members to understand the process a bit more.

Those costs will be determined when we enter into such transactions with the third-party broker. Right now, the attractiveness of the Scottish economy to investors is growing. I do not think that any member could disagree with the merit of the individuals who sat on the investor panel. Its view was that Scotland had an opportunity to secure additional private sector investment over and above what might be secured through the bond issuance programme alone.

The Deputy Presiding Officer: Question 6 was not lodged.

Trade Mission to United Arab Emirates (Exporters)

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7. Rona Mackay (Strathkelvin and Bearsden) (SNP): To ask the Scottish Government what the immediate economic outcomes were for Scotland's exporters of its recent trade mission to the United Arab Emirates. (S6O-05457)

The Deputy First Minister and Cabinet Secretary for Economy and Gaelic (Kate Forbes): Our trade mission to the UAE enabled almost 30 Scottish companies to showcase Scotland's strengths in energy transition, agritech, food and drink and critical technologies. Six Scottish universities joined the programme, which included official events and bilateral business meetings. I also held a number of meetings with UAE Government ministers and signed a bilateral investment memorandum of understanding, to deepen investment co-operation.

The economic outcomes for Scottish companies off the back of the week in the UAE are extremely strong.

Rona Mackay: Does the Deputy First Minister have further details on what specific support is available to help small Scottish firms to secure international contracts in that market over the coming year?

Kate Forbes: We are very conscious that Scottish firms are affected by the fact that there is quite a degree of instability around the world. Obviously, US tariffs are having an impact on some of those companies.

The Government is committed to ensuring that we open up new markets and support companies that want to export. Companies can take advantage of a range of export support that is provided by Scottish Development International, which includes bespoke export programmes and trade missions and access to our network of overseas trade specialists. I know from having spoken directly to a number of the companies that were in the UAE that each of them could reference specific advantages that they had secured as a result of doors being opened through that trade mission. We hope that that will ensure that Scottish exports continue to grow and that the value of those exports for Scotland and for Scotland's economy continues to grow.

"Cities Outlook 2026"

8. Daniel Johnson (Edinburgh Southern) (Lab): To ask the Scottish Government what its response is to the "Cities Outlook 2026" report and the performance of Scottish cities. (S6O-05458)
The Deputy First Minister and Cabinet Secretary for Economy and Gaelic (Kate Forbes): The report is very interesting, and we read such reports with some interest. We have committed up to £1.9 billion of investment in city region and regional growth deals across Scotland. We are already seeing results, and that demonstrates the effectiveness of partnership working in upgrading public infrastructure and driving growth in our cities and regions.

Daniel Johnson: According to the report, Scottish cities have seen a real-terms fall in disposable income since 2013. If Scottish cities had grown at the rate of the best-performing English cities, people in Glasgow, Edinburgh, Aberdeen and Dundee would be £12,000 a year better off. That is not random. Indeed, Scottish cities grew more quickly in the previous decade, so what changed? My view is that having combined authorities and devolving powers from the centre around planning, skills and infrastructure have delivered higher growth. Although Scotland's cities have real strengths and real proximity to each other—we have a Scottish powerhouse—I have to ask the Deputy First Minister, when was the last time that the Scottish Government had a cities policy?

Kate Forbes: I know that Daniel Johnson always likes it when I say that I will take something away to think about, so I will say that I will think about his question. However, to respond directly to him, I can say that I absolutely believe in the strength of our cities in a global context: Aberdeen, in relation to the energy transition; Edinburgh, in relation to financial services; Dundee, in relation to life sciences; and Glasgow, in relation to culture and the growth that we have seen in financial services in particular. The strengths of our cities are incredibly impressive. Our commitment is to continue to empower the cities to make decisions that are appropriate for their areas.

Jackie Dunbar (Aberdeen Donside) (SNP): The report lays bare the stark outlook for Aberdeen if it is left in the hands of a Labour Government that is apparently intent on the deindustrialisation of Scotland and content to risk thousands of jobs in the energy sector.

Craig Hoy (South Scotland) (Con): Who started it?

Kate Forbes: You!

The Deputy Presiding Officer: Please resume your seat, Ms Dunbar. I make a plea to members on the front benches not to shout across the chamber while we are trying to hear a question.

Jackie Dunbar: Can the Deputy First Minister advise what discussions she has had with the UK Government around the removal of the energy profits levy, which experts, charities and workers are all calling for?

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Kate Forbes: Forgive me, Presiding Officer; I apologise for shouting across the chamber. However, I take this opportunity to confirm that Mr Hoy asked, “Who started it?” When it comes to the energy profits levy, I am delighted to confirm to the chamber that it was the Conservatives who started it, and that Labour has doubled down on it, increased it, extended it and failed to end it when that was required. Meanwhile, it is having a hugely damaging impact on jobs, investment and opportunities in the north-east of Scotland. We are doing what we can to call on the Chancellor of the Exchequer to remove the energy profits levy and replace it. We hope that other members who are seeing the damage will do likewise.

Stephen Kerr (Central Scotland) (Con): Getting back to the substance of the question, let us talk in particular about Glasgow, Scotland’s largest city. It is ranked 35th out of the 63 largest cities and towns in Britain when it comes to productivity. In economic terms, that lost productivity measurement is £7.3 billion. There is a logical question to be asked on the basis of the fact that we have had a growth deal in Glasgow for some years now. What tangible, realisable and measurable improvements have there been in Glasgow’s productivity because of the growth deal?

Kate Forbes: The answer is found in the investors and developers who have chosen to relocate to Glasgow precisely because of the skills of the people and the potential to grow. JPMorganChase and Barclays are examples of global firms that could locate anywhere but have chosen Glasgow and have made Glasgow a financial hub. Whatever I say, anyone who speaks to them will find that they are quite clear about why they did it—the reasons involve access to skill and labour—and what their hopes are for growth and aspiration.

The Deputy Presiding Officer: That concludes portfolio questions on Deputy First Minister responsibilities, economy and Gaelic. There will be a short pause before we move to the next item of business to allow for a change in front-bench members.

Finance and Local Government

14:20

The Deputy Presiding Officer (Liam McArthur): The next portfolio is finance and local government. I remind members that questions 1 and 5 have been grouped; I will therefore take any supplementary questions on those after the substantive questions have been answered.

Draft Budget 2026-27 (Local Government)

1. Mark Griffin (Central Scotland) (Lab): To ask the Scottish Government what its response is to the statement by the Convention of Scottish Local Authorities that the draft budget 2026-27 “represents a very poor settlement for local government which fails to address the financial situation being faced by councils across Scotland”. (S6O-05459)

The Cabinet Secretary for Finance and Local Government (Shona Robison): Independent commentators agree that the local government settlement has increased in real terms. The budget reality analysis by the Convention of Scottish Local Authorities acknowledges that there is an additional £234.9 million of uncommitted core revenue funding for councils. The budget also provides a further £773 million of funding consolidation and multiyear envelopes to support forward planning.

Mark Griffin: It was not an independent commentator but COSLA’s resource spokesperson—Scottish National Party councillor Ricky Bell—who said that

“Leaders agreed that this year’s settlement is a very poor settlement for local government”.

If the Scottish Government cannot convince SNP leaders and councillors that the budget is good for councils and communities, why should the public believe it?

Shona Robison: I do not think that there has ever been a budget that COSLA has not taken some issue with. That is its role on behalf of local government. It asked for £750 million for adult social care in a single year. That would have been more than the resource consequential for the entire spending review. The quantum that COSLA would have liked just did not exist. However, we have given COSLA the flexibility of nearly £235 million in the general revenue grant and we have baselined hundreds of millions of pounds more in funding. It is a real-terms increase, as confirmed by commentators that include the Scottish Parliament information centre and the Accounts Commission.

Draft Budget 2026-27 (Discussions with COSLA)

5. Neil Bibby (West Scotland) (Lab): To ask the Scottish Government what discussions it has had with the Convention of Scottish Local Authorities following the publication of its draft budget 2026-27. (S6O-05463)

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The Cabinet Secretary for Finance and Local Government (Shona Robison): The Scottish Government met the Convention of Scottish Local Authorities on 14 January for formal post-budget engagement and continues to meet COSLA and individual local authorities regularly to cover a range of topics, including the 2026-27 budget.

Neil Bibby: Cuts to councils are cuts to schools, to care services and to street cleaning. However, members should not take my word for it: senior Scottish National Party councillor Ricky Bell has warned that the SNP Government's proposed real-terms cuts to council budgets will result in

"reductions in services and jobs."

The convener of the Finance and Public Administration Committee, who is also a senior member of the cabinet secretary's party, has called local government the "poor relation" of the budget. Does the cabinet secretary agree with her SNP colleagues, or is she saying that Councillor Bell and Mr Gibson are wrong?

Shona Robison: Councillor Ricky Bell and COSLA have a job to do on behalf of local government, and I totally respect that. However, independent commentators, including the Scottish Parliament information centre, which informs MSPs in this Parliament—whether they heed its advice is another matter—confirm that there is a real-terms increase in funding to local government.

As recently as 16 January, SPICe confirmed that the past three Scottish budgets all included real-terms increases for the local government revenue settlement; the Accounts Commission has also confirmed that. If Neil Bibby believes that there should be more money for local government, he can propose that on behalf of his party in the stages of the budget bill—but he will then, of course, have to say where that money has to come from. If he wants to come and see me and propose where that money should come from, my door is always open.

Kenneth Gibson (Cunninghame North) (SNP): How much will local authorities have to find in 2026-27 to meet the on-going costs of the United Kingdom Government's public-private partnerships from some 20 years ago—which I believe are still costing us around £1 billion a year—and the increased employer national insurance contributions that were imposed on local authorities from April last year?

Shona Robison: Kenny Gibson is right to draw attention to the fact that local authorities will be paying the price for the Labour and, indeed, Tory flawed private finance initiative and PPP deals for some years to come. I think that the scale of the costs were outlined in an answer to a written question that he received.

Kenny Gibson is also right to point to the additional costs as a result of the increase in employer national insurance contributions. The increase means that public services in Scotland face a £400 million annual shortfall, which will have an impact on local government. If Labour colleagues want to be helpful, perhaps they could lobby the UK Labour Government to give us full funding for the increase in employer national insurance contributions.

Craig Hoy (South Scotland) (Con): This morning, I met Councillor Ricky Bell from COSLA, which remains extremely concerned about the budget settlement, particularly the Scottish Government's failure to fully fund living wage pay increases and the resulting cash crisis that health and social care partnerships face. On the budget and the spending review settlement, the Institute for Fiscal Studies disagrees with the cabinet secretary. It has said:

"Local government and finance is set to see reductions averaging 2.1% a year in real-terms, which would require council tax increases of around 8% just to hold budgets constant."

Will the cabinet secretary admit that people have seen through her smoke and mirrors and concede that, as a result of decisions that the Scottish Government has taken, Scottish councils are being forced to raise tax on hard-working Scots?

Shona Robison: What irony, given that the Tories want to make £1 billion of unfunded tax cuts. [Interruption.] The £235 million of local government funding in the general revenue grant would have to be cut immediately to fund £1 billion of tax cuts.

As for the real living wage, I am very surprised that Tory politicians do not think that employers have a legal obligation to pay the statutory minimum wage. The funding that we are providing is for the real living wage top-up.

Craig Hoy: Only a proportion of it.

Shona Robison: Employers should pay the statutory minimum wage, as they are required by law to do. We are providing hundreds of millions of pounds to provide the real living wage. Craig Hoy's colleagues never did that when they were in government in the UK—not a penny went to providing the real living wage for those working in social care.

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Craig Hoy: So why is COSLA so unhappy?

The Deputy Presiding Officer: I will take another supplementary question from the Conservatives, but I hope that they will listen to the question and the answer with a bit more courtesy than was shown during the previous answer.

Alexander Stewart (Mid Scotland and Fife) (Con): Once again, the cabinet secretary has claimed that local government funding has risen in real terms. Given that the Scottish Fiscal Commission, the Fraser of Allander Institute and the Institute for Fiscal Studies talk about a 0.4 per cent increase in real terms, does she accept that councils the length and breadth of Scotland will have to pay more to get less and that individuals and communities will suffer as a result of the budget?

Shona Robison: If Alexander Stewart wants to propose more money for local government—I have said this to other members—he is welcome to come to my door and tell me where that money should come from, but that never happens.

The real-terms increase in the local government settlement, when we compare budget with budget, is 2 per cent. As SPICe has told members, we cannot compare the figures in the budget with those in the autumn budget revision because of the in-year movements in funds. Perhaps it is time that members started paying attention to and reading SPICe briefings. If they need any help in understanding them, my door is always open.

Draft Budget 2026-27 (Support for Families in Aberdeen Donside)

2. Jackie Dunbar (Aberdeen Donside) (SNP): To ask the Scottish Government how it envisages its draft Scottish budget 2026-27 will support families in the Aberdeen Donside constituency to address cost of living pressures, including childcare costs. (S6O-05460)

The Cabinet Secretary for Finance and Local Government (Shona Robison): The Scottish budget sets out a range of support that will benefit families right across Scotland. That includes continuing to invest in the provision of 1,140 hours of funded childcare, which would otherwise cost families £6,000 a year; setting out plans to go further by delivering a universal breakfast club offer for primary school-age children; and investing an additional £2.5 million each year to increase wraparound after-school clubs for families. That support is in addition to wider action to tackle the cost of living, including through investment in our warmer homes Scotland scheme, free school meals and the game-changing Scottish child payment.

Jackie Dunbar: I thank the cabinet secretary for that answer. The enhanced cost of living support included in the Scottish budget means that people in Scotland will continue to benefit from the most generous cost of living package anywhere in the UK. The delivery of a new universal breakfast club offer for primary school-age children will be of significant benefit to many of my constituents. Can the cabinet secretary provide any further information about how many children in Scotland are anticipated to benefit from the measure, and can she also advise how much that is anticipated to save families per week?

Shona Robison: The Scottish Government's investment will ensure that, from 2027-28, breakfast clubs will be free and universally accessible for all primary school children in Scotland. The overall benefit in terms of the savings to families attending will be shaped by the numbers attending, but it would be equivalent to an hour's additional childcare. We anticipate that that additional flexibility will support employment opportunities, whether in new positions or in enabling parents to take on additional hours.

Local Government Payroll (Discussions with COSLA)

3. Clare Adamson (Motherwell and Wishaw) (SNP): To ask the Scottish Government what engagement it has had with the Convention of Scottish Local Authorities regarding payroll practices in local authorities that can result in two wage payments in a single universal credit assessment period, and can lead to reduced entitlement and rent arrears, including in relation to support available for those affected. (S6O-05461)

The Minister for Public Finance (Ivan McKee): The Scottish Government has repeatedly called on the United Kingdom Government to address the fundamental issues with universal credit, which we have spent £1.3 billion mitigating the worst aspects of over the past 15 years. As part of the Department for Work and Pension's on-going review of universal credit, the Scottish Government has written to the UK Government to set out a number of concerns that we believe reduce the effectiveness of universal credit.

I am grateful to Clare Adamson for raising that important issue. The Scottish Government will seek to engage with COSLA to explore it further.

Clare Adamson: One of my constituents was affected by the issue in December, when she received two payroll payments, despite no increase in annual income. The issue affects the most vulnerable people in our society. It affects universal credit and housing benefit, leading to rent arrears.

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I welcome the minister's answer, but has he investigated with those employers in the Government's sphere of influence whether the practice is more widespread?

Ivan McKee: I certainly intend to further investigate the extent of the issue across the public sector and understand its impact, and to understand whether there are opportunities to address the issue with regard to payroll timing by discussing it with those public sector employers.

On wider support to help households in Scotland who are struggling with their housing costs, we are investing a record £100 million in discretionary housing payment this year to reduce poverty, safeguard tenancies and prevent homelessness. Further, the Scottish welfare fund provides people on low incomes with emergency grants if they are facing a crisis, homelessness or other housing or caring challenges.

I encourage anyone who is concerned about rent arrears to contact their local authority to access support.

The Deputy Presiding Officer: Question 4 has not been lodged.

Local Government Finance Settlements (Rurality)

6. Alexander Burnett (Aberdeenshire West) (Con): To ask the Scottish Government whether it will provide an update on the work that it is doing to recognise rurality in local government finance settlements. (S6O-05464)

The Cabinet Secretary for Finance and Local Government (Shona Robison): Rurality is a key element of the needs-based distribution formula that is discussed and agreed with the Convention of Scottish Local Authorities on behalf of all 32 local authorities each year. The Scottish Government and COSLA keep the distribution formula, including rurality indicators, under constant review through the joint settlement and distribution group to ensure that it targets funding towards those with the most need.

Alexander Burnett: Aberdeenshire Council is the lowest-funded rural council in Scotland, and its public services are among the most expensive to deliver across miles of coast and glen. Years of penny-pinching Scottish National Party budgets and eye-watering cuts mean that there are no real savings left to be had. We have more than 3,000 miles of road to be maintained and more than 1,800 bridges—more per capita than anywhere else in Scotland.

When cuts are implemented, rural areas suffer more. Bin collections are cancelled, public transport comes to a halt and grit bins are not where they need to be. The result is that residents in some parts of the shire pay the same council tax as those in larger towns—and, indeed, in other parts of Scotland—but receive noticeably less in return. Does the cabinet secretary recognise that her underfunding of councils has created a postcode lottery in public services in Scotland?

Shona Robison: Alexander Burnett should be honest with his constituents that proposing £1 billion of unfunded, unaffordable tax cuts would wipe out any increase to the local government settlement. The £235 million that local government has received for the 2026-27 budget—absolutely every penny of it—would go, and there would be not a single penny of extra funding for Aberdeenshire Council. Alexander Burnett should be honest with his constituents about that.

If Alexander Burnett disagrees with the distribution formula, which has to be agreed with 32 local authorities and COSLA, I am sure that they would be very open to any suggestions that might be made. Any change would of course require the agreement of the 32 local authorities, but I am sure that they would be very keen to hear any constructive proposals that Alexander Burnett would like to put forward.

Fergus Ewing (Inverness and Nairn) (Ind): I have a constituent farmer, Neil Gordon, in Balnaan, who relies on the use of Balnaan bridge to carry out his work. The bridge has recently been closed because of safety concerns in relation to work that requires to be done. As a result, after doing a day's work, he has to undergo a trip of 100 miles in his car. That is making his business nearly inoperable, to be frank, and it all comes down to money—money that Highland Council does not have.

If the cabinet secretary wants to know where she can get that money from, there is the £250 million for peat restoration; the £200 million for decarbonisation of buildings; or the £20,000 increases that were granted recently to salaries of people at NHS Greater Glasgow and Clyde and NHS Lothian, just for doing their jobs. There is plenty of money, cabinet secretary, but it is going to the wrong things and to the wrong people.

The Deputy Presiding Officer: Always speak through the chair, please, and supplementaries should be relevant to the substantive question.

Shona Robison: The Parliament has previously been unanimous in its support for the climate action that is required to be taken for Scotland, and I think that it would be disappointing if we were to remove the critical investments in peatland restoration and decarbonisation and avoid Scotland playing its part.

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However, on Fergus Ewing's point of concern about the bridge, I am very happy for communication to continue with Highland Council. I think that there has been communication with the Cabinet Secretary for Transport, but I will check that, and I will make sure that Fergus Ewing gets a response on the current status of those communications.

Craig Hoy (South Scotland) (Con): If the rural funding formula for councils is working and is fair, why is SNP-run Dumfries and Galloway Council currently consulting on the ending of free music tuition, removing funding for school-based police officers, shutting the Hillview leisure centre in Kelloholm and scaling back on gritting the roads across the region?

Shona Robison: Craig Hoy, of course, is the author of the tax policy that would remove every penny of funding that I have provided to 32 local authorities. The Tories cannot come here demanding more money for local government when they would remove every single penny—

Stephen Kerr (Central Scotland) (Con): Answer the question.

Shona Robison: —of local government funding that the budget provides. Of course, they are going to vote against the £235 million of funding—

Stephen Kerr: Answer the question!

Shona Robison: —for local government that will help the 32 local authorities, including the local authority to which Craig Hoy referred.

As I said earlier, the rural distribution formula is agreed with the 32 local authorities through the joint settlement and distribution group. I am sure that they will be more than happy to hear Craig Hoy's positive contribution to the debate, and I suggest that he contacts COSLA to make those representations on behalf of the local authority that he says that he represents.

The Deputy Presiding Officer: Mr Kerr, I have given you a couple of supplementaries during portfolio question time. If you want to ask another supplementary question, please press your button rather than shouting from a sedentary position.

Stephen Kerr: Thank you, Deputy Presiding Officer.

Draft Budget 2026-27 (Investing in Communities Fund)

7. Jeremy Balfour (Lothian) (Ind): To ask the Scottish Government how much has been allocated in its draft budget 2026-27 to replace the investing in communities fund when the current funding ends in March 2026. (S6O-05465)

The Minister for Public Finance (Ivan McKee): Following the publication of the budget, ministers have agreed funding to support an extension of the investing in communities fund for the organisations that are currently supported by the fund. The funding will provide support for 2026-27. We will give effect to that at the appropriate point through the budget bill process, which I hope that Jeremy Balfour and other members across the chamber will support.

Jeremy Balfour: Although I am grateful to the minister for the limited extension, there is still a question of what comes next. What does the minister expect charities such as Dr Bell's Family Centre and the Broomhouse hub in my region that rely on the funding to do in a year's time when they are faced with the cliff edge again?

Ivan McKee: Jeremy Balfour raises an important point. I and other members across the chamber are well aware of the importance of the fund for local communities. As I have indicated, the fund will continue during 2026-27. With a new Government coming in in May, I am sure that discussions will begin shortly thereafter on what funding will continue beyond 2026-27.

Maggie Chapman (North East Scotland) (Green): Richard Lochhead said in response to my question last week that the ICF projects would receive assurances of funding for the next financial year. Recently, they have received correspondence that instructs them to submit a claim by 20 February. Does the minister recognise that that timescale is problematic, given the notification periods for potential staff redundancies and the like? Therefore, can he give any update or an indication of how long projects will have to wait to hear about transitional funding after 20 February?

Ivan McKee: As I have indicated, funding is in place to extend the fund through 2026-27. I will undertake to engage with officials to ensure that that is communicated adequately to the organisations in question so that they have surety about the continuation of the funding.

Draft Budget 2026-27 (Universal Breakfast Clubs)

The rest of this Official Report will be published progressively as soon as the text is available.

8. Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): To ask the Scottish Government how much it has allocated in its draft budget 2026-27 to support local authorities, including North Lanarkshire Council, to provide universal breakfast clubs from August 2027. (S6O-05466)

The Minister for Public Finance (Ivan McKee): As announced during the 2026-27 draft budget statement, we will continue to invest £3 million to fund breakfast clubs that were funded in 2025-26 through the bright start breakfasts fund. We will also provide additional investment of £15 million to phase delivery of a national breakfast club offer. From 2027-28, we will invest £44 million each year to deliver breakfast clubs for all children in primary school across Scotland by August 2027. Acknowledging the draft budget, decisions have not yet been made on funding distribution. We are working with the Convention of Scottish Local Authorities, local government and wider partners to agree to that.

Jamie Hepburn: With around 25,000 pupils in North Lanarkshire alone said to benefit from that policy, including a significant number of young people across Scotland, can the minister set out what the expected impact of the policy will be in sustaining reductions in child poverty in Scotland?

Ivan McKee: Our £3 million investment in the bright start breakfasts fund is already benefiting families that are most at risk of poverty and it is an important step in meeting the First Minister's key priorities. The programme will reduce food insecurity, support parents to take up, sustain or increase employment, which will address barriers, particularly for families on low incomes.

The Deputy Presiding Officer: That concludes portfolio questions on finance and local government. There will be a brief pause before we move on to the next item of business.

Points of Order

14:43

Douglas Ross (Highlands and Islands) (Con): On a point of order, Presiding Officer. I decided to raise a point of order to get advice from you and so that the Government front bench can listen and, I hope, respond.

The Presiding Officer will recall that, on 27 November, the Parliament had to meet in an emergency session to rush through legislation to fix a mistake in the Non-Domestic Rates (Liability for Unoccupied Properties) (Scotland) Bill that the Scottish National Party took through the Parliament. During the course of the consideration of the bill, we found out that the Government knew about the issue months or weeks before it originally said that it did. There was confusion everywhere: Graeme Dey had to correct the *Official Report* and Ivan McKee had to be asked three or four times before we could finally get an answer from him. I lodged amendments to the bill in order to get important information from the Government. We heard from all sides of the chamber that transparency was paramount in the issue and that we should be well informed. My amendments were not successful, because the Government whipped its members to vote them down.

From the front bench, Ivan McKee gave a commitment and a guarantee that he would publish all the information that I had requested. Indeed, he urged me not to press my amendments, because he was going to publish the information anyway.

My question is: how long do we have to wait? That was the end of November last year. We are now into February 2026, and the Government has still not provided that information. Why is that? Did the minister, deliberately or otherwise, mislead Parliament when he said that he would release it? What powers do we, as back benchers, or do you, as Presiding Officer, have to force or compel the Government to provide the information that it said that it would? Indeed, it got support for opposing my amendments through its commitment to release that information.

The Deputy Presiding Officer : As the Presiding Officer has made clear on a number of occasions, where commitments are made by ministers, the expectation is that those will be expedited as soon as possible. I am not aware of the detail of the undertaking that ministers made on that occasion. However, the ministers will have heard the point that you made, and the expectation would be that a response would be provided to you and to the chamber as quickly as possible. Without further reflection on the detail of the case, it is difficult to say more than that.

However, as I said, the expectation of the Presiding Officer is that, where commitments are made, there will be a response at the earliest opportunity.

Craig Hoy (South Scotland) (Con): On a point of order, Presiding Officer. I seek your guidance as to how a cabinet secretary can correct the record in this place. Repeatedly during portfolio questions, Shona Robison said that the Scottish Conservatives had proposed unfunded tax cuts of £1 billion. She is well aware that our plans are not unfunded, because last week we put on the record a detailed plan to cut £1 billion from the

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Scottish National Party's ballooning benefit bill. How can the cabinet secretary correct the record to ensure that the public at large know that our budget adds up—unlike the SNP's?

The Deputy Presiding Officer : That is not on point of order, Mr Hoy. You are well aware of the response to similar interventions that have been made in the past. You have put your point on the record.

With that, we will pause briefly to allow a change of Presiding Officer.

Hospitality

The Deputy Presiding Officer (Annabelle Ewing): The next item of business is a debate on motion S6M-20653, in the name of Murdo Fraser, on saving Scottish hospitality. I invite those members who wish to speak in the debate to press their request-to-speak buttons, and I call Murdo Fraser to speak to and move the motion.

14:47

Murdo Fraser (Mid Scotland and Fife) (Con): Today pubs, hotels and restaurants across Scotland face a crisis situation due to rising costs and flat customer demand. The latest blow comes in the form of the 2026 revaluation, which hands down crippling increases in bills that are simply unaffordable. Today, the Scottish Conservatives are calling for real, positive and immediate action from this Scottish Government to prevent the meltdown of a sector that is so important to the Scottish economy.

The background to this is the difficult trading position that has hurt hospitality over a number of years; the rising cost of wages, which is not helped by Labour's tax on jobs in the form of increases to employer national insurance contributions; rising energy costs; and the burden of non-domestic rates. All of that while customer demand is hit by cost of living pressures, meaning that prices cannot be increased to accommodate rising cost pressures.

On top of that, we now have the catastrophe that is the latest non-domestic rates revaluation. According to figures from the trade group UKHospitality Scotland, the current revaluation will see the average pub in Scotland face a rates bill increase of £36,523 over the next three years, while the average increase for hotels is even greater, at £68,007.

If those increases go ahead, it will mean the end of many small pubs and hotels across the country. This is a potentially catastrophic situation for a vital sector. Already, pubs in Scotland are suffering a closure rate more than 50 per cent higher than their equivalents south of the border, with one pub a week forced to close throughout 2025. It is only going to get worse.

This is an economic issue, because of the employment that is provided, but it is also more than that—because as well as playing a vital part in the tourist economy, pubs and hotels also act as a social hub for communities, particularly in rural areas. Over the years, too many rural communities have seen the local school close, followed by the newsagent and the grocer's shop. Now, the local church might be about to close its doors. That leaves the pub or the hotel as the last place where the community can gather, and even that is now under threat.

Last week, the United Kingdom chancellor, Rachel Reeves, announced a £100 million-a-year package of support for pubs south of the border, including a 15 per cent cut in rates. That will generate Barnett consequentials for the Scottish Government—we still await hearing from the Scottish Government exactly how that additional money will be spent—but that will not go far enough. In line with our colleagues in England, we want to see 100 per cent rates relief for hospitality businesses with a rateable value below £100,000, which would cover the vast majority of small and medium-sized enterprises.

More urgently, there needs to be action on the current revaluation, which will deliver staggering increases in rateable value from April. It is clear that the current methodology that is applied to assessing rateable values for hospitality is simply no longer fit for purpose, based, as it is, on projected turnover figures and taking no account of profitability.

Daniel Johnson (Edinburgh Southern) (Lab): Does the member agree that the issue is not just about the hospitality sector? There is a fundamental problem of a lack of transparency in how rates and rateable values are arrived at for all businesses that are charged them, and there needs to be a fundamental review.

Murdo Fraser: I understand Mr Johnson's point. Our focus today is very much on hospitality, but I am aware of other sectors, such as the self-catering sector and small-scale hydro schemes, that are also affected

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by the revaluation. I know that the Scottish Government will say that the assessors and the work that they do are independent, but the framework is set by the Scottish Government and is in legislation.

The Scottish Government has indicated a review of the methodology—

Finlay Carson (Galloway and West Dumfries) (Con): Will the member take an intervention?

Murdo Fraser: I will give way to Mr Carson.

Finlay Carson: I have seen businesses in my constituency go out of business. Does the member agree with me and Tom Hunter that we should bar every Government minister from local pubs and hotels until the business rates situation is fixed?

Murdo Fraser: I am a very generous man and I do not want to see anybody barred from their local establishment, but it is in the hands of the minister and the cabinet secretary to do what Sir Tom Hunter has requested.

Although the Government has indicated that there will be a review of the methodology, which is very welcome, that will not conclude until the end of this year. In any event, any change in methodology will not apply until the next revaluation cycle in 2029. That is simply too late. Scottish businesses cannot afford to wait that long. If the current revaluation is allowed to proceed, we will see a collapse in the sector.

Fergus Ewing (Inverness and Nairn) (Ind): Will the member give way?

Murdo Fraser: If I have time.

The Deputy Presiding Officer: Very briefly, Mr Ewing.

Fergus Ewing: Does Mr Fraser agree that the immediate solution is to do what Northern Ireland announced on 29 January that it would do, which is to postpone the revaluation?

Murdo Fraser: I absolutely agree with Mr Ewing. That is exactly the point in our motion. Just last week, the Northern Irish finance minister, John O'Dowd, in response to concerns from the industry there, announced a pause in the revaluation that is affecting hospitality. The coming year's rates from April will be calculated on the current valuation, and the pause will allow consideration of the revaluation system.

In announcing the change, O'Dowd recognised that those local businesses are the backbone of local economies. He went on to say that, having listened carefully to the concerns that had been raised with him and the Northern Irish Executive, it was only right and proper that the process be stopped at this stage. That announcement was warmly welcomed by the sector in Northern Ireland, which gave the minister credit for listening to its concerns.

If a Sinn Féin finance minister in Northern Ireland can take such action, why can a Scottish National Party finance secretary in Scotland not do the same? Does the SNP not care about the fate of a vital tourist sector? Does it care less than Sinn Féin does about businesses in Northern Ireland?

Just on Monday, we saw the latest edition of the Scottish business monitor, which is published by the Fraser of Allander Institute, with more bad news for the Scottish economy. It shows a strong sense of pessimism among the business community—80 per cent expect weak or very weak levels of growth in 2026, 80 per cent say that their costs have increased and 90 per cent expect further rises. A survey found a decline in levels of employment and weaker sales and revenue during the last quarter of 2025, which for retail and hospitality should be the busiest time of year.

The situation could not be more serious, and Scottish hospitality stands at a crossroads. If the SNP is not prepared to change direction, there will be a catastrophic level of losses, with businesses folding and jobs lost. That is why the Scottish Conservatives have brought this motion to the Parliament to be debated today. We need action now, before it is too late—that is the point that I have made in my motion.

I move,

That the Parliament recognises the pressures facing Scotland's hospitality sector; calls on the Scottish Government to postpone the forthcoming non-domestic rates revaluation until a comprehensive review of the valuation methodology has been completed, and further calls on the Scottish Government to provide 100% rates relief for all hospitality businesses with commercial property valued up to £100,000.

14:55

The Minister for Public Finance (Ivan McKee): I will start with a quote:

"We welcome the move from five-year to three-year revaluations, which is supported by the business community."

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That is a quote by Murdo Fraser from the stage 1 debate on the Non-Domestic Rates (Scotland) Bill. He also said that

“There is much in the bill that we welcome”.—[*Official Report*, 10 October 2019; c 114.]

At that point, the bill was also widely welcomed by the business community.

As members of this Parliament will be aware, the revaluation process is administered by Scottish assessors, which are independent of the Scottish Government and local government. It is right that that is the case and that we maintain the process as it operates.

The Scottish budget 2026-27 will respond to the expected outcome of the revaluation by decreasing the basic, intermediate and higher property rates for 2026-27, which will ensure the lowest level of basic property rates since 2018-19. We are also introducing a package of reliefs to business in 2026-27, which are worth an estimated £864 million, to reduce the very bills that Murdo Fraser talked about.

As a result of the decisions that we have taken in the budget, the revenues that will be raised—

Murdo Fraser: Will the minister give way?

Ivan McKee: Murdo Fraser should listen to this point, because it is important and puts where we are today into context. As a result of the decisions that we have taken in the budget, the revenues that will be raised from non-domestic rates in the next year are expected to be 6 per cent lower in real terms—using the consumer prices index—than the pre-Covid amount. That is despite the number of properties on the valuation increasing over the same time period. Despite what Murdo Fraser says, there are more businesses in the Scottish economy, and they will pay less in rates than they did pre-Covid.

Murdo Fraser: The minister has set out the broader context, but this debate is about hospitality. The reliefs that he has announced will not touch the sides when it comes to addressing the black holes that are being created due to the current revaluation. What action will he take on the current revaluation, and will he do what Northern Ireland is currently doing?

Ivan McKee: We are offering more than £320 million in support through transitional relief schemes and retail, hospitality and leisure relief over the next three years.

Overall, rateable values are expected to rise by 12 per cent over three years following the 2026 revaluation. Although some properties will have increases in rateable value after the 2026 revaluation, more than 40,000 properties will have decreases in rateable value. Revaluation transition relief will cap gross bill increases for those businesses that will experience the most significant increases. The reliefs will be in place precisely to cap the large increases in rateable value for the businesses that Murdo Fraser talked about.

Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): Does the minister recognise that the methodology for the valuation of hospitality businesses is entirely different from the methodology for other businesses, and that the methodology puts pressure on them because of their high turnover and low profitability?

Ivan McKee: I have actually talked to assessors about that, and the difference is because of a lack of information from the sector to allow the assessors to be able to conduct the assessment in the same way. That is why, as I will come on to talk about—[*Interruption.*]

The Deputy Presiding Officer: Members, let us hear the minister.

Ivan McKee: That is why we have responded to the calls from the sector to set up the independent commission that will look at the issue. BJ Gill KC, an advocate depute, was appointed to chair the review, and I confirmed the names of the four members of the review group earlier this week. There will also be an advisory panel for the review, which will include members from the business community. A call for evidence will be issued shortly.

Daniel Johnson: Will the minister clarify that point? The last time that I was responsible for providing such information, there was a legal obligation to provide it for rating purposes. Is he saying that people are not complying, or is the Government just not exercising its powers?

Ivan McKee: I am saying that the assessors will work it out based on the information that they have available. For the different sectors, that will be based on the information that is available for those sectors.

More than 100,000 properties will remain eligible for the small business bonus scheme, which will continue to be the most generous of its kind in the UK, and thanks to the generous non-domestic rates relief package, we estimate that 96 per cent of retail, hospitality and leisure businesses could benefit from some form of relief in 2026-27.

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Craig Hoy (South Scotland) (Con): Will the member take an intervention?

Ivan McKee: I think that I have taken enough interventions.

The Deputy Presiding Officer: The minister should be bringing his remarks to a close.

Ivan McKee: We recognise that thriving businesses are key to growing the economy, and we engage and communicate regularly on a wide range of issues with businesses, business representatives and trade organisations, including the non-domestic rates consultative group, which I met immediately following the UK and Scottish budgets. I will meet the group again tomorrow, because we give a commitment to it not only to pass on in full the consequentialia that are coming from the UK Government's recent decision on NDR but to engage with the group to hear its perspective and views on how that money should be allocated to best support the sector.

We absolutely recognise that economic growth is at the heart of the Scottish Government's agenda. We will continue to take the right decisions to support businesses in Scotland, and we must not forget the important role that non-domestic rates revenue plays in funding local services. We heard much from Conservative members earlier about local services, on which we all rely, and on the importance of regular revaluations to maintain the integrity of the NDR system.

I move amendment S6M-20653.3, to leave out from "the pressures" to end and insert:

"that the revaluation process is independent of the Scottish Government; notes the more than £320 million of business support announced in the draft Budget through transitional relief schemes and retail, hospitality and leisure relief over the next three years, and acknowledges the commitment from the Scottish Government to pass on, in full, any Barnett consequential funding from the UK Government's change to non-domestic rates for pubs and music venues in England to businesses in Scotland."

15:01

Daniel Johnson (Edinburgh Southern) (Lab): I remind members of my entry in the register of members' interests, although it is some years since I have been responsible for paying non-domestic rates.

It is a great shame that this Parliament does not sit on Mondays, because Monday was groundhog day. Here we are again, having the same debate, yet, on this important issue, we are barely getting even a difference in nuance from the minister. I understand that it is complex, and the minister is right to reflect on the fact that the revenue that is raised pays for local services, but he must also acknowledge and address the deep flaws in the rates system.

When Kate Forbes was finance secretary, she was quite right to repeatedly restate Adam Smith's principles of taxation—equity, certainty, convenience and economy. At least two of those are probably being broken, certainly when it comes to hospitality and the rates system.

However, the issue is not just with hospitality. If members will indulge me a little, the problem is that, in many sectors, the revaluations just do not make sense. For example, Edinburgh airport's rateable value has increased by 300 per cent, whereas Glasgow airport's has increased by just 50 per cent and Prestwick airport's has increased by 39 per cent. I imagine that the owners of Prestwick airport might be taking that up with the assessors if the rates bill is increasing by that amount.

The important bit here is the explanation of assessors: not only are assessors making different assessments; they are basing them on revenue. Rates are not supposed to be assessed on that basis; they are meant to be linked to rent—what a property could be rented out for. Assessors are unilaterally changing the methodology and explaining that after the rates bill has arrived.

Most critically, on the point of equity, the fundamental issue with the rates system is that it does not correlate with the economic contribution of different sectors, with some sectors paying significantly more than the contribution that they make to the overall economy. For example, retail—my old sector—makes an economic contribution of 11 per cent but pays a 24 per cent share of the rates bill. The position for hospitality is even worse—its gross value added is 3 per cent, but it contributes 9 per cent to the rates bill. That is the fundamental issue.

I accept the technicalities and the complexity. I accept that the minister has, in a sense, inherited the system, but the Scottish Government is in a position to change the system were it to acknowledge the issues that exist. It seems to acknowledge those in part, but the problem is that it is far too slow to do so. Even within the existing system, the Government is simply not being as generous as other parts of the United Kingdom. The UK Labour Government is putting in place a £4.3 billion support package, capping increases at 15 per cent for most small businesses with a value of under £100,000.

Ivan McKee: Will the member take an intervention?

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Daniel Johnson: The Government has previously made a commitment that it will examine the consequentialists that are available. I would be grateful if the minister could explain how and where the Government is introducing measures that reflect those Barnett consequentialists.

The Deputy Presiding Officer: Briefly, minister. The member is in his last 30 seconds.

Ivan McKee: Daniel Johnson said that the UK Labour Government is putting in a support package of £4.3 billion. The Scottish Government is putting in a support package of £864 million. If that was scaled up to the size of the UK economy, it would be closer to £10 billion.

Daniel Johnson: The reality is that, for many hospitality businesses, in particular, because of the caps and, critically, the transitional reliefs, that package will make a measurable difference. There will be significant differences for comparable businesses north and south of the border.

Do I need to wind up, Presiding Officer?

The Deputy Presiding Officer: Yes.

Daniel Johnson: The Government must acknowledge that there is a repeated issue with a lack of transparency and a tax that does not reflect economic contribution. The Government must pause and undertake a radical review, so that we do not hammer businesses that are the very lifeblood of many communities in Scotland.

I move amendment S6M-20653.2, to leave out from “, and further” to end and insert:

“; acknowledges long-standing criticism of a lack of transparency within the non-domestic rates system; recognises that hospitality businesses pay proportionately more in rates as compared to their share of the economy, and calls on the Scottish Government to overhaul the system.”

15:05

Willie Rennie (North East Fife) (LD): The issue is central to what the Government is about. When John Swinney became First Minister, he was determined to reset the relationship with business. Step by step, the Government is undermining the commitment that the First Minister gave to the country, and this is just another example.

Tourism and hospitality are an essential part of our advert to the world. I represent a part of the country that welcomes people from across the globe for its tourism offer, which goes from the east neuk to golf and the wonderful countryside. However, that advert is under threat because of the Government's reckless approach to taxation. The minister is right that there is a cumulative impact of a number of issues, including the increases in tax and energy costs and the scarcity of staff, which has meant that many hospitality businesses have had to cut their hours. The sector is already under incredible strain, and tax increases are coming. That is money going out the door before businesses even open the door. It is therefore essential to build confidence in the sector by addressing the issue quickly.

I welcome the fact that the Government listened and put extra compensatory measures into the budget, to try to deal with some of the issues with, and excesses of, the revaluation. We raised the issue in the budget discussions, as I am sure others did, and I was pleased that that happened, but it does not touch the sides. Much more needs to be done if the action is to be meaningful, and it has to be meaningful. This is not just about a political offer; it has to make a difference to the bottom line of businesses, because, otherwise, they will not be here to serve as an advert to the world.

That is why the central part of my amendment says that I want us to follow the steps of the Northern Ireland Executive and have a pause, to allow us to consider and have the structural review that I think is essential.

The minister is right that the assessors are independent, but they are not lone wolves. They do not decide everything by themselves—they have a framework in which they need to operate, which sets out things such as the method and the timetable. All of that is a political decision under which they operate. They are not lone wolves. They are independent, but they need to be given clear guidance about what to do next.

Daniel Johnson: If we cannot do that, do we not have a much more fundamental problem with transparency and accountability in the way that the system works?

Willie Rennie: Absolutely. Many people are calling for much more radical reform in relation to the transparency issue with the assessors. I have had lots of interaction with the assessors in my part of the world, and at the end of the discussion I am none the wiser than I was at the beginning as to what they are trying to do and how they have come up with the calculations. I have challenged them over the years. I am not qualified to be an assessor, but I would like to understand what they are about, and I simply cannot. Many

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people, including the likes of John McGlynn, have argued for a much more radical reform of the process, and we should consider that. A pause would give us the opportunity to do so.

In addition to the Barnett consequentialists that will, I hope, come through as a result of the UK Government measures, which should go some way to dealing with the problem, we need to look at proposals such as the one that the Conservatives have produced today, which is for 100 per cent relief on properties with a rateable value of under £100,000. Measures such as that need to be considered seriously, because we cannot keep going through this repeated knocking of the sector that happens periodically. We seem to return to this topic as a groundhog day—on a repeated basis.

I will conclude on that point, and I will sum up at the end of the debate.

I move amendment S6M-20653.1, to leave out from “, and further” to end and insert:

“; believes that business rates should support growth and employment and that sudden steep rate hikes threaten the survival of successful businesses; notes that the Northern Ireland Executive has paused its business rates revaluation to avoid large rates increases for many in the hospitality sector, and urges the Scottish Government to pause the implementation of Scotland’s revaluations, open the appeals process immediately, and provide additional relief to businesses using the extra funding expected following the UK Government’s announcement of relief for pubs and music venues.”

15:10

Lorna Slater (Lothian) (Green): It is less than a month since we had pretty much the exact same debate in the chamber, and I did not expect that we would hear anything new today that we had not heard several times before, so I am delighted to hear Willie Rennie call for “radical reform”. That is absolutely something that the Scottish Greens could applaud.

The Tories would like to believe that lower taxes will magically create growth, conveniently forgetting that suddenly threatening to lower taxes, as Liz Truss did, panicked the markets, tanked the pound and drove up mortgage costs—so, oops! Perhaps that was just because her tax cuts were unfunded.

Just last week, at First Minister’s question time, Russell Findlay proposed that the way to pay for tax cuts was to reinstate the two-child cap on benefits. The Child Poverty Action Group has said that, in its first two years, 2017 and 2018, the two-child cap pushed an additional 300,000 children into poverty—which I think makes the Tories the only party represented in the chamber that is campaigning to increase child poverty in the coming election campaign.

The Deputy Presiding Officer: Ms Slater, we are dealing with a debate about hospitality and rates issues.

Lorna Slater: Understood.

The Deputy Presiding Officer: If we could get back to that, it would be very helpful.

Lorna Slater: If we want properly funded public services in Scotland, we need to raise those funds, and we do that through taxation. If we want Scandinavian levels of public services in Scotland—which, judging from all the questions from various parties across chamber, we do—we must be aware that we need to raise Scandinavian levels of taxes. I would not be the first to argue that the limited taxation powers that we have in Scotland do not allow us to raise taxes as fairly as I would want. The UK reserves powers to tax wealth, carbon emissions, luxuries, air travel, inheritances and capital gains.

Willie Rennie: Will the member give way?

Lorna Slater: Let me finish my point.

That is one of the reasons why I support Scottish independence. However, I would also argue that we do not do enough with the tax powers that we have, and that—

The Deputy Presiding Officer: Ms Slater, please resume your seat. As you know, I give a lot of latitude to members in relation to what they say, but I am looking at the motion and the amendments, and we are really supposed to be talking about the hospitality sector and the forthcoming non-domestic rates revaluation. Could you please address your remarks to that?

Lorna Slater: I absolutely think that our non-domestic rates system needs to be changed. For example, if we put a new band in place for properties worth over £1 million, that would raise a lot of money. *[Interruption.]*

The Deputy Presiding Officer: Members!

Lorna Slater: It would apply, for example, to Amazon distribution centres and massive, super-profitable supermarkets. We could be using that money to offer more relief to small hospitality businesses.

Willie Rennie: To help Lorna Slater, let me ask her: would she put taxes on hospitality up or down?

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Lorna Slater: I support Willie Rennie's earlier proposal for "radical reform" on non-domestic rates.

Those are political choices. We could tax the wealthiest, support the little guy and balance the playing field between massive multinational corporations and small businesses. I have said it before: the regular revaluations are a feature of our rates system, not a bug. It is a system of roughly proportional taxation: ratepayers pay rates on the basis of the value of their premises, so accurate valuation is really important. We just have to look at the mess that our council tax system is in to see the distortions that are created by the failure to undertake regular revaluations.

Having everyone pay taxes on—

Sue Webber (Lothian) (Con): Will the member take an intervention?

The Deputy Presiding Officer: The member is concluding.

Lorna Slater: I am sorry, but I must conclude.

The revaluation that is being undertaken simply reflects increases to the rateable values of properties. It is a sound principle. As the relative wealth of a business increases through the effective inflation of property prices, so does its contribution. In practice, however, the NDR system disproportionately benefits the owners of premises and disadvantages their tenants. It lets big businesses off the hook and makes life difficult for small businesses. That needs fixing.

The Deputy Presiding Officer: We will now move to the open debate. I ask for back-bench speeches of up to four minutes. There is no time in hand, so any interventions will have to be absorbed into members' agreed speaking allocations. I invite those members who have not yet pressed their request-to-speak button to do so if they wish to speak.

15:14

Jamie Halcro Johnston (Highlands and Islands) (Con): I am not quite sure what that previous contribution related to, but I am sure that it looked good on the computer.

As MSPs who visit businesses large and small, we hear from employees and employers alike, we talk to the people who deliver public services in our areas, and we meet the organisations and groups that keep our constituencies and regions functioning. I am sure that all of us across the chamber have those experiences. That is why I cannot understand why there are members sitting in this chamber—obviously not SNP members, as hardly any of them are here—who believe that businesses in their area can absorb the consequences of the rates revaluation. How can they possibly believe that many of their local shops, pubs, hotels or cafes are in a place right now to meet and accept the sort of shock that the revaluation represents to many? Have they not heard the concerns of those who have been assessed? Those people simply cannot fathom how the methodology employed could possibly arrive at the figures that they have been given.

In the Highlands and Islands, in particular, we have a disproportionate number of small and micro businesses. Our dependence on the visitor economy also means that hospitality is the lifeblood of many of our communities. Like those of many members, my inbox is filled with small businesses telling me that they are being expected to find thousands of pounds to pay their rates bills. That money will come directly out of the hands of small business people—in other words, it will come out of the hands of families and communities across Scotland.

I will briefly paraphrase a famous sign: when you buy from a small business, you are not helping a chief executive officer buy a third home; you are helping a child to get dance lessons or a football shirt and helping their parents to put food on the table or pay their mortgage. The reverse is also true, because, for many, that is where the money will come from—if the business survives at all. The revaluation comes at a time when the challenges facing business could not be more pronounced.

Ministers should be aware of the wider costs of their changes, beyond those that are simply economic. Outside the cities and large towns, hospitality businesses, in particular, are at the traditional heart of rural communities across Scotland. We know the value that a good local high street or a village pub can bring to the wellbeing of our towns and villages. However, around 300 pubs have closed their doors in Scotland in the past five years alone—a rate of closure that the Scottish Beer and Pub Association suggests is 50 per cent higher than that in England.

We often talk in the chamber about things such as place-based initiatives, building enduring communities and social engagement. However, for many communities across the Highlands and Islands, the experience of recent years has been a hollowing out as premises shut down and promises that the high street will evolve to match changing times give way to "To Let" signs.

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Keith Brown (Clackmannanshire and Dunblane) (SNP): Will the member take an intervention?

Jamie Halcro Johnston: I am afraid that I do not have the time.

That experience will be the consequence of large hikes in business rates. It will hit regions such as mine hard, because rural businesses routinely operate on tighter margins with lower footfall and greater seasonal fluctuations, with owners often surviving by taking less out of the business to support themselves.

Business groups have been vocal on the issue. The Association of Scotland's Self-Caterers has spoken specifically about rural and island businesses being at "breaking point". The Scottish Hospitality Group has said that the sector

"cannot survive another tidal wave of unaffordable rates hikes".

If Richard Lochhead, Ivan McKee, Kate Forbes or even John Swinney thinks that those businesses and business groups are crying wolf, let them have the courage of their convictions and say that in the chamber.

Ministers should look at what has happened in the past five years. The pandemic cost so many businesses their stability and so many people their livelihoods. It cost many their savings and the resilience that they had built into their businesses in order to protect them from fluctuations in market trends and behavioural change. Should those people really have expected to have to protect their businesses from the impact of Governments that are reckless in relation to the impact of the decisions that they make?

Government can never fully compensate for tougher economic times. However, in such times, it has a choice: to help or to turn a blind eye. More tax, more regulation and more red tape are the choices of the Scottish Government. However, it has an opportunity in the final months of this parliamentary session to turn that around. Now is the time to create some breathing space, pause revaluations and look seriously at what can be done to help businesses that are facing the prospect of massive rises in their bills.

15:18

Clare Adamson (Motherwell and Wishaw) (SNP): No one in the chamber underestimates the importance of Scotland's hospitality sector. Those businesses breathe life into our communities. As the convener of the Constitution, Europe, External Affairs and Culture Committee, I know their impact on the wellbeing of our communities and the support that they give. However, what the motion that is before us proposes risks having unintended consequences for businesses and public services.

The debate must be seen in the context of serious pressures facing Scotland's night-time economy.

Late-night venues are operating on tight margins, and they face rising energy costs, staffing pressures and changes in consumer behaviour. Some of those issues are not within the gift of this Parliament to fix. The increase in employer national insurance contributions has had a dramatic impact on such businesses, and, as has been mentioned, Brexit has had a significant impact on staffing availability, as fewer and fewer European nationals come to work in our night-time economies.

Meghan Gallacher (Central Scotland) (Con): Will the member take an intervention?

Clare Adamson: No, thank you.

The Government's plan is targeted and sustainable, and it supports businesses. It is worth comparing Scotland's approach with that of the rest of the UK, where hospitality businesses face higher rates, patchier relief and less certainty beyond short-term funding. The small business bonus scheme has already been mentioned. We give significantly more support to our small businesses than is the case in the rest of the UK.

Mr McKee spoke about the value of the £864 million of relief that the Government is putting in. *[Interruption.]* No, thank you. The Scottish Government recognises the pressures that exist, which is precisely why the budget for 2026-27 delivers a package of £864 million of rates reliefs, which will benefit around 96 per cent of retail, hospitality and leisure businesses. *[Interruption.]* I will not take an intervention—I have only four minutes, thanks to the Conservatives' scheduling.

The Government is not sitting on its hands. It is reducing property rates ahead of revaluation and delivering the lowest basic property rate since 2019. It is continuing the small business bonus scheme, guaranteeing certainty through transitional reliefs for the next three years and providing crucial relief for hospitality businesses, including 100 per cent support in our island and remote areas. That will save ratepayers £322 million over the next revaluation period.

We must be honest about what a blanket postponement of revaluation would mean. Revaluation is an independent process that cannot be switched off by ministers for political convenience, and delaying it would create prolonged uncertainty for businesses, which is the very thing that the sector has repeatedly told us that

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it does not want to happen. That is why the Government has taken a more responsible approach by commissioning an independent review of the valuation methodology for licensed hospitality properties. That review, which is already under way, will report later this year.

The Government has already stated that any Barnett consequential arising from the UK Government's business rates support for pubs and live music venues will be passed on in full to Scottish businesses. Ministers are actively seeking clarity from the UK Government on how much funding will be available and when it will materialise.

15:23

Michael Marra (North East Scotland) (Lab): Scotland's hospitality businesses are a vital part of our economy. Serving visitors and locals alike, they are the lifeblood of our high streets and the cornerstones of our communities.

In Dundee, it might be the V&A, Verdant Works, the Discovery or our beautiful scenery that brings people to the city, but our excellent hospitality businesses are an essential part of any visit. There is more to them than just the economic value that they provide. In a society that seems ever more fragmented, those third spaces—the high street cafe, the local pub and the favourite restaurant—are essential to our sense of place and community. I am thinking of Mennie's on Perth Road on a Friday night, packed with Dundonians sharing a drink in good company after a week of hard graft.

The importance of hospitality to our economy and our communities cannot be overstated.

Craig Hoy: Will the member give way?

Michael Marra: I want to make some progress.

That is why the debate is about more than the technical details of business rates. Governments have a responsibility to get those details right to allow businesses to flourish and remain at the heart of their communities.

Frankly, this SNP Government seems determined to get it all wrong. From speaking to hospitality businesses across the north-east, I know that the looming revaluation is a real cause for concern. Some businesses' rateable values will double or triple overnight. The increases are staggering and, for many businesses, they will be far too large to absorb.

Scottish Labour supports an immediate pause in the new rates revaluation and an extension of reliefs to retail, hospitality and leisure businesses.

Craig Hoy: I agree with much of what Mr Marra has said. However, is he also aware that acute pressure is being put on the hospitality industry because of the changes to employer national insurance contributions? What representations has he made to the UK Government on that issue?

Michael Marra: Mr Hoy is correct in saying that businesses are absorbing the employer national insurance contribution increase. The quid pro quo for that has been an additional £5.2 billion of funding for the Scottish Government, which can choose how it wants to spend that money and whether to put in place the reliefs.

The other thing that comes from the UK Government is the system of reliefs that is being put in place across the UK. We are yet to hear from the Scottish Government how it will pass that on, particularly to pubs, which we have heard about in the past week.

I welcome the announcement that there will be a 15 per cent cut to new rates bills from April, followed by a two-year real-terms freeze in other parts of the UK. The SNP finance secretary has said that she will pass on additional support, but we are yet to hear what that will actually mean.

Ivan McKee: Will the member give way?

Michael Marra: Sorry, but I would like to make some progress.

In 2024-25 and 2025-26, the SNP failed to pass on rates relief from the UK Government in full, which left many businesses on the brink, even though it had the funds to support them. Indeed, since July 2024, the increase in the Scottish Government's budget has been £10.3 billion across the spending review. Failing to support our hospitality businesses is a choice that the Scottish Government has made.

The debate gives us an important opportunity to listen to the voices of those in the hospitality sector, and the SNP must heed the strength of feeling before it does even more damage to one of the key sectors of our economy.

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As Daniel Johnson set out, Labour is committed to a fundamental overhaul of non-domestic rates. Tinkering around the edges will not cut it, and we are way past the point at which that approach will work. From the calamity of the deposit return scheme, the repeated failure to pass on reliefs and the refusal to reform rates, it is clear that only a change of Government will deliver the change that businesses in Scotland need.

15:26

Stephen Kerr (Central Scotland) (Con): The SNP's lack of interest in this subject is glaring. Only three back-bench members of the SNP have bothered to turn up for this debate. I hope that the people who make their living in the hospitality sector will become aware of the lack of interest that the party in government has in their welfare.

I cannot make up my mind whether we are looking at disinterest, ignorance or wilful destruction on the part of the SNP. Frankly, if we want an object lesson of a party that has been in government for too long and has become insulated from reality, there it is in the form of the front bench of the SNP Government.

Whenever something comes up in this chamber, and we say that the Government has some responsibility for it, the Government always says that it is the responsibility of an independent body. It is someone else's responsibility and has nothing to do with the minister. Why do we have 25 ministers in this Government? They are not responsible for anything. Nothing lands on their desks. They do nothing about anything. Everything is always someone else's fault.

This is a serious situation. An entire sector of the Scottish economy is heading for the cliff edge. Hospitality in Scotland is not facing a minor downturn; it is facing what its own sector leaders describe, without exaggeration, as "brutal" trading conditions. Around seven in 10 hospitality businesses are reporting that they are in decline and are actively considering closure. A majority expect to make a loss this year. Profitability has collapsed while costs have exploded. Those are not the words of Opposition politicians; those are not our talking points: that is what the sector is saying. If the Government cannot hear what the sector is saying, it is being wilfully negligent in its responsibilities as the Government of this country.

Jackson Carlaw (Eastwood) (Con): Does Mr Kerr agree that we must identify the individual businesses that are being affected by this, such as the Cartvale pub and restaurant in my constituency, which was once derelict and was taken over by a family that has built it up into a superb local business that employs 51 people whose jobs are now at risk? That is more jobs at risk than members of the SNP who turned up for their Eastwood Burns supper. Is that not a calamity for those employees and a disaster for the country?

Stephen Kerr: Jackson Carlaw has summed it up beautifully. That is exactly it. The sector is not asking for sympathy but pleading for its survival, yet the SNP Government's response—which we have heard again today—is just more spineless tinkering at the edges.

The sector is crystal clear. Leon Thompson of UK Hospitality Scotland has warned that asking pubs and restaurants to find thousands of pounds more in rates within weeks bears "no relation" to the trading environment that they are operating in. Stephen Montgomery of the Scottish Hospitality Group has described the business rates system as "broken", "inflation-busting" and "unaffordable" for hospitality, and has explicitly called for the revaluation to be paused.

I could not understand Clare Adamson's speech—that is not a first time for me—when she said that ministers cannot stop this. Of course ministers can stop it. The Northern Ireland Executive minister—the Sinn Féin minister to whom Murdo Fraser referred—has stopped it.

Let us get real. Those are not isolated voices. Colin Wilkinson of the Scottish Licensed Trade Association has warned that

"There has never been so much ... uncertainty"

about the future of the licenced trade.

Those voices are not isolated but united, consistent and unequivocal. They are telling ministers—

The Deputy Presiding Officer: Mr Kerr, you will need to bring your remarks to a close; you are over time.

Stephen Kerr: They are telling ministers that what is being proposed will not work.

I will conclude on time to please you, Presiding Officer.

The Deputy Presiding Officer: Thank you very much. I call Keith Brown.

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15:31

Keith Brown (Clackmannanshire and Dunblane) (SNP): I think that we are all agreed about the importance of the hospitality sector. I worked in the sector for a number of years—

Stephen Kerr: I will watch the clock for the others.

The Deputy Presiding Officer: Please resume your seat, Mr Brown.

Mr Kerr, I asked you to bring your remarks to a close. You then continued. You were over time. I explained—*[Interruption.]*—I am speaking, Mr Kerr. Please resume your seat. I did all that and, notwithstanding, you continued. The latitude that has been given in the open debate has been about seven seconds. You got that. You did not indicate that you were stopping any time soon. I have to protect the rights of other members and the rest of the day's business. That is what I am doing, further to the timetable that was proposed by your business manager, approved by the Parliamentary Bureau and subsequently ratified by the Parliament. *[Interruption.]* Does Stephen Kerr wish to make a point of order?

Stephen Kerr: On a point of order, Presiding Officer. You have just taken longer to give me a lecture about timekeeping than it would have taken me to read one more sentence in my speech. I was watching the clock very carefully, because I know how assiduous you are. I got to my allocated four minutes, and seconds past that, you shut me down. Frankly, I consider that you, as Presiding Officer, would have wanted to extend some respect to the fact that I was trying to close my speech.

The Deputy Presiding Officer: Mr Kerr, you are coming perilously close to breaching standing orders by challenging the authority of the chair. You might wish to reflect on that. I wish now to continue with the first Conservative Opposition debate of the day.

Keith Brown: There is no doubt that we all agree on the importance of the hospitality sector. I worked in the sector for many years and I have a son who works in the pub sector locally. Without question, the sector is facing rising costs, staffing pressures and customers who, because of the cost of living, are having to watch every penny.

We have not heard so much about some of the causes. Brexit has been mentioned by one or two members—in particular, Clare Adamson. It has had a huge impact on the sector. The pandemic has had a massive impact. In fact, we can go back as far as the financial crisis in 2008-09 and, moreover, to the 15 years of austerity budgets that we have had since then and continue to have, as well as the massive waste of public funds through the public-private partnership initiative under the previous Conservative Government, the absolutely appalling budget from Liz Truss and, as has been mentioned by one or two members, the impact of national insurance contributions with regard to the wages of the many people who work in local government.

Douglas Lumsden (North East Scotland) (Con): *[Made a request to intervene.]*

Keith Brown: I am not taking any Conservative interventions; they would not take one from me.

I do not agree that postponing revaluation or introducing a blanket 100 per cent relief up to £100,000 is the right answer because, when it comes to the details, Scotland is already providing a level of targeted, guaranteed support that is simply not matched elsewhere on these islands. The draft Scottish budget sets out a non-domestic rates relief package worth £864 million, which could benefit 96 per cent of retail, hospitality and leisure businesses. Alongside revaluation on 1 April, the basic, intermediate and higher property rates are being reduced, delivering the lowest basic rate since 2018-19. There will also be transitional relief to smooth changes, and the small business bonus scheme is being continued for the next three years, to give certainty.

Specifically for this sector, for the next three years, there will be a 15 per cent relief for eligible hospitality properties paying the basic or intermediate rate, capped at £110,000 per business.

In our islands and in designated remote areas, the relief is 100 per cent, which is a fact that was not mentioned by a previous speaker from the islands.

If we take everything together, we see that 89,000 properties—96 per cent of the sector—will pay zero or reduced rates across the revaluation period, with ratepayers saving an estimated £322 million.

The issue is not whether the hospitality sector is being supported—it clearly is—but whether we throw uncertainty into a live revaluation process by replacing targeted support with a very broad and expensive subsidy.

On the valuation methodology, the Scottish Government has listened to the licensed trade. An independent review, which will involve the sector, is being led by advocate depute BJ Gill, and it will report later this year

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to inform the 2029 revaluation. That is how we fix the system properly, without pulling the rug out from under businesses in the middle of a revaluation cycle.

We must be honest about where many of the pressures on hospitality are coming from. They are not coming from the Parliament at Holyrood; they are coming from Westminster.

Douglas Lumsden: Will Keith Brown take an intervention?

Keith Brown: I have already said that I will not take an intervention.

We have already heard about spiralling energy costs, the economic damage of Brexit and, as I have mentioned, the UK Government's decision to increase employer national insurance contributions by lowering the threshold and raising the rate. That tax on jobs is estimated to cost businesses about £850 per employee and to take more than £2 billion out of the Scottish economy next year. Those are the pressures that are squeezing our pubs, restaurants and hotels.

Members have pointed to England and Wales, but let us make that comparison properly. Down south, there will also be a revaluation on 1 April, but the system there relies heavily on complex transitional schemes and shifting relief packages, which hospitality groups have criticised as being inconsistent and skewed. By contrast, in Scotland, the Government is guaranteeing three years of relief and combining rate reductions, transitional protection, sector-specific relief and the small business bonus scheme in one coherent package.

The Deputy Presiding Officer: Mr Brown, you need to conclude.

Keith Brown: For those reasons, I support the amendment in the name of Ivan McKee on support for hospitality in Scotland.

The Deputy Presiding Officer: I call Fergus Ewing to speak for up to two minutes.

15:36

Fergus Ewing (Inverness and Nairn) (Ind): Let me cut straight to the chase. The revaluation must be postponed. Moreover, the Minister for Public Finance has been given detailed briefings from experts such as Fiona Campbell about how it could be postponed. It could be disapplied for specific sectors, or we could revert to the methodology that applied previously for specific sectors.

In the case of self-catering businesses, without any warning, the assessors moved away from receipts and expenditure and towards rentals. Only about 500 of the 17,500 such properties have any rentals, so the position is absurd. In a blog on 20 February 2023, the Valuation Office Agency—the assessors in England—said that that does not work and is not appropriate. Why is the minister not using the powers that are available to him to disapply the revaluation for the self-catering sector and, probably, for the pubs and hospitality sector? That need not stop the revaluation for other sectors.

I want to ask the minister a couple of specific questions. First, does he agree that, if he continues to do what he is planning to do and thousands of businesses close, the tax take will reduce? Will he publish his estimate of the impact of the loss of businesses over the next few years on the tax take? He must publish those figures if he believes in transparency.

Ivan McKee: Will Fergus Ewing take an intervention?

The Deputy Presiding Officer: There is no time for interventions.

Fergus Ewing: I have two minutes. *[Interruption.]* I have two minutes, for goodness' sake. The minister can answer during his time later.

The Deputy Presiding Officer: Please resume your seat, minister.

Fergus Ewing: I hope that I will get the time back.

The Deputy Presiding Officer: You will not.

Fergus Ewing: Oh.

The Government should also estimate the difference between the tax take if the revaluation goes ahead and the tax take if we reverted to the 2023 revaluation rates. That information should be made public.

This has nothing to do with Brexit. It is nobody else's fault. This is a home-grown disaster—a home-brewed disaster—but it is not too late to avert that disaster.

The Deputy Presiding Officer: We move to closing speeches.

15:39

Willie Rennie: If it is any comfort to Mr Ewing, I have three older sisters and have faced that experience on numerous occasions.

The Deputy Presiding Officer: Mr Rennie, I would advise caution.

Willie Rennie: Sometimes, the shortest contributions are the best. Fergus Ewing got to the nub of the issue and set out the practical action that is required.

It is important that Government members and SNP back benchers understand this point: it is reasonable to say that energy costs are going up and that Brexit, the pandemic and the increase in employer national insurance contributions have had an impact. All that is true, and it is not unreasonable, as Mr Brown said, to make that point, but businesses are still in the same place after those speeches, and they need practical action to solve the problem that they face today. That is why the more that the minister digs in, the more furious the sector will get. That is why we need a Government that is flexible enough to reflect the problem that businesses face, instead of pointing elsewhere. It must take action now, here at home.

Michael Marra painted a powerful and evocative image of the Dundee pubs, hospitality businesses and restaurants where people enjoy themselves after a hard week at work. The soul of the community is partly what the debate is about. It is not just the advert to the world that I was talking about but the heart and soul of communities. Those businesses face staggering rises, and that way of life is put at threat—the threat is real.

Jamie Halcro Johnston was right to talk about short-term lets and about the detailed, hard work that the Association of Scotland's Self-Caterers has been doing with the assessor to meet the deadline of 19 February to change the practice notes, which might deliver practical improvements right now. We need a review of whether moving from the long-standing receipts and expenditure model to the rental-based model is the right thing to do, because it has resulted in colossal increases that must be changed.

I will make an offer to the Minister for Public Finance. Stage 1 of the budget bill is coming up in a week's time, and I know that there will be further talks between my colleagues and Scottish ministers. We are prepared to discuss further measures that could be introduced in the budget to help the sector and, if he is prepared to do that, we would be more encouraged to vote for the budget at the end of the process. However, we need real movement, with measures that will have a dramatic economic impact. That is a genuine offer to the minister—if he is prepared to move further, we will be prepared to consider voting for the budget.

Ivan McKee: I am happy to engage, as always, and I look forward to Willie Rennie suggesting proposals on what further support he wants to give for NDR relief and on where that money will come from.

Willie Rennie: I appreciate that approach, because we need to move beyond rhetoric and get to practical action that will make a difference. If the minister is prepared to do that, we will enter into discussions in good faith and try to reach an agreement. I hope that the other parties will do the same, because this stuff really matters for our communities and our jobs.

Budget action will not be enough. We need structural change, and we need to take the opportunity of what I propose as a pause to get that structural change, so that we do not have to come back here every time that we have revaluations.

15:43

Lorna Slater: Our rates system can and should be made fair. Our business rates relief scheme for small businesses currently goes to businesses that are anything but small, because we use a totally unfit definition for "small". It needs to be overhauled into a fairer system, where big businesses pay more, according to their ability to pay. That would allow us to target rates relief to smaller local businesses, such as hospitality businesses that support our high streets and rural communities. For example, why do we give rates relief to businesses that use unfair labour practices?

Non-domestic rates and council tax are—no matter how broken—still property taxes in essence. Reform of property tax has been a long-standing priority for the Scottish Greens. We have made the case for a unified system between residential and non-residential property taxes, with our preference being a tax that is based on land value. We should be using our devolved powers to set property tax rates for domestic and non-domestic properties that are right for Scotland, that are in line with our vision for a fairer and greener Scotland and that help us to implement our wider social, environmental and place-based policies, as other members have suggested.

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The next Scottish Government, which will be elected in May, will have the opportunity to fundamentally reshape taxation in Scotland—to finally overhaul the long-broken council tax and combine it with the non-domestic rates system in a unified, progressive and sustainable property taxation system in order to put our public services on a sound financial footing and to tackle inequality. It is absolutely vital that it does so. We have been limping along for far too long with the current system, which—as members have said—has unfairness and lack of transparency baked into it and is not working well for anyone. It is time—in fact, it is past time—for the radical reform that Scottish Greens, as well as Willie Rennie, have called for.

15:45

Daniel Johnson: I find Lorna Slater's position in the debate somewhat difficult to follow. She is right that the current system is unfair and lacks transparency—too many businesses, in almost every revaluation round, end up with increases in their rateable value that simply do not reflect the business conditions that they and their peer businesses face.

However, one of the issues in the debate is highlighted by the fact that Lorna Slater also, in her opening contribution, implies that the rates system is fair because it relies on rateable value. Rateable value is a synthetic figure that is arrived at by assessors, using methodologies that we cannot interrogate. In fact, if you get to see the methodologies, you find that they are, in essence, made up. I saw how a rates bill was calculated when my business was facing a big increase; there were literally arbitrary inflators and deflators for different areas of my shop floor, which were arbitrarily arrived at.

Rachael Hamilton was absolutely right to ask about the methodology that is used for hospitality rates, because it is different. At the heart of the matter, beyond the idiosyncrasies and issues that we face with the current revaluation, is the fact that the way in which RV is calculated for hospitality businesses is a disincentive to investment. You invest in your premises and increase the capacity for customers, and you will get a bigger bill. That does not make sense. We have a system that, for hospitality in particular, arrives at inexplicable increases in rates bills not only for individual businesses but for whole sectors.

Stephen Kerr and Fergus Ewing were right about two important things. First, ministers must take responsibility—they can, ultimately, direct assessors; there are powers for them to do that. To contradict what Clare Adamson said, it is untrue that ministers cannot intervene, because Scottish ministers have intervened in the past to delay the introduction of revaluations.

Secondly—and most important—we have to make comparisons. We would need to delve into the exact figures, but I do not understand the value of the package that the Government has arrived at. We can look at the substantive benefits that are available south of the border, where reliefs are available for businesses with a rateable value of up to £100,000, in contrast with up to £50,000 in Scotland. Furthermore, there is a much more prolonged period of introduction and tapering.

I am genuinely interested in understanding the analysis, because—to reflect on the interaction between Ivan McKee and Willie Rennie—the issue is too important for us to simply toss figures around. I would be interested in sitting down and looking at what can be done, because when businesses, and certain businesses in particular, are facing increases of 200 per cent, 300 per cent or 400 per cent, we have to get this right—

Ivan McKee: Will Daniel Johnson take a very brief intervention on that point?

Daniel Johnson: Very briefly—I am in my last minute.

The Deputy Presiding Officer: Daniel Johnson is coming to a close, so you should be brief, minister.

Ivan McKee: Daniel Johnson talks about those big percentages, but he absolutely must recognise that the whole point of the £864 million of reliefs is precisely to prevent businesses from experiencing those increases, which are capped.

Daniel Johnson: Sure, but, for those particular businesses, a 15 per cent discount on a bill that has already increased by 300 per cent—

I see that the minister is shaking his head. I am happy to go through that, but, in essence, those reliefs will not do the work that needs to be done to save those businesses. For many of them, the impact of the increases will be existential. We need reform: we need to pause the revaluation, but we also need to overhaul how the rates system works, and its transparency and accountability, because we cannot keep on doing the same thing.

The Deputy Presiding Officer: I call Shona Robison to close on behalf of the Scottish Government. You have up to five minutes, cabinet secretary.

15:49

The Cabinet Secretary for Finance and Local Government (Shona Robison): I start by reiterating the commitment that I have made previously to pass on in full any consequential following the chancellor's announcement on relief to pubs and music venues in England in order to provide further support to businesses in Scotland. Clearly, there are choices about how that is done. The Minister for Public Finance met the non-domestic rates consultative group immediately after the budget was published in January and will meet the group again tomorrow. I am sure that members will understand that there may be differing views about where the additional support should go, and it is important that we hear the views of those who are directly affected.

I will come back to a couple of points that have been made in the debate. First, I want to correct something that Daniel Johnson said. The 15 per cent RHL relief that we have put into place is for properties up to a value of £100,000. The package of £130 million in transitional relief is in addition to the RHL relief package as part of the £320 million of support.

I want to correct a couple of other things that have been said. In 2025, the number of businesses in accommodation and food services—in other words, the hospitality sector—in Scotland increased, rather than decreased, in the year to quarter 3. That is not to diminish any of the issues that have been raised, because we know that there are issues. That is why we have put in place £320 million as part of the wider package of £864 million in support.

Craig Hoy: Will the cabinet secretary take an intervention?

Shona Robison: I will in a second.

The other point that I want to make is about some of the comparisons that have been made between north and south of the border. The average increase for pubs is 30 per cent in England, 47 per cent in Northern Ireland and 15 per cent in Scotland. There are markedly different average increases for pubs across these islands. That is not to diminish the impact, but that is why we are putting the relief package in place.

Craig Hoy: If the Scottish Government is providing such a generous package of support for Scotland's pubs, why is Sir Tom Hunter recommending to publicans across Scotland that they bar Scottish ministers from their premises?

Shona Robison: I am sure that Tom Hunter will welcome the additional support that we will put into place to support the sector. It is important that we address the concerns that have been raised. We have already gone some way towards doing that with the 15 per cent RHL reliefs. The transitional relief is a substantial package; all in all, it is £320 million as part of an £864 million package.

I do not believe that delaying revaluation is the answer because, first and foremost, it would be unfair on the 40,000 properties that are expected to see a decrease in their rateable value. Delaying would essentially push the problem down the road. There will always be winners and losers in a revaluation. However, the relief package that we are putting in place will help the businesses that are most impacted to smooth out the additional costs after the independent assessors' review. Those changes were supported by Murdo Fraser, Mr Simpson, Mr Burnett and many others across the chamber when we debated the Non-Domestic Rates (Scotland) Bill.

I am committed to supporting businesses. Our budget offers more than £320 million of support through transitional relief schemes and retail, hospitality and leisure relief over the next three years—not over one year—so that they will have continuity. I hope that members will vote for the budget because, without it, no one will receive any reliefs and supports.

I will end on a point that Willie Rennie made. As always, he gave a sensible, measured contribution. I am more than happy to discuss with him and any other sensible voices—there are not too many of those in the chamber this afternoon, but Willie Rennie is one of them—how we can go further to support the sector.

The Deputy Presiding Officer: You need to conclude, cabinet secretary.

Shona Robison: There are choices to be made. I am happy to have further engagement.

15:54

Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): I agree with Stephen Kerr about how disappointing it was to see only three SNP back benchers here earlier. SNP members obviously got the text: now there are an extra three.

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Members who have worked in hospitality know that it is an excellent career, and it was good to hear that Keith Brown has done so—good on him. I have pulled a few pints in my time, and I draw members' attention to my entry in the register of members' interests: my husband has a pub.

Has the SNP noticed that it is hammering the last nail in the coffin of Scottish pubs? My colleague Murdo Fraser described the situation as "catastrophic". SNP demands of hospitality are as relentless as a rising tide, and I am pleased that the Scottish Conservatives—the party of common sense—are using their debating time to bring the issue to the chamber. Jamie Halcro Johnston has been listening to businesses. He understands that they cannot absorb any more pressures on their sector.

I want to tell members about a local husband-and-wife team. For the record, I would also like to tell Lorna Slater that it is not about little guys with little businesses; it is about big girls with big businesses. This husband-and-wife team are proud business owners. They have a hotel that has been in their family for 55 years, and they are determined to reach their 60th anniversary. However, with all the closures in hospitality, it is proving tricky for them to remain optimistic. They are willing to put in the long hours, for very little return, because they put their loyal and dedicated employees first. They say that Rachael Reeves's NI uplift alone represents £40,000 off their bottom line. Thanks to Keir Starmer, duty on beer and wine has increased, and added to those are the headwinds of the increasing costs of ingredients such as meat, fish, dairy and coffee. Now, thanks to the SNP, the non-domestic rates revaluation will impose a further crippling rise. Business rates will rise for them from £85,000 to £115,000, which is an extra £15,000 payable per year. They are not exactly sure what they get for their rates, and they would like to know. On average, businesses in Scotland are facing an 86 per cent rise.

A small-to-medium enterprise in hospitality—

Ivan McKee: Will the member take an intervention?

Rachael Hamilton: I will, in a second.

As Daniel Johnson, who has run a business, recognises, in an SME that has a large turnover and a low profit margin, it is the people who are running the business who actually know what they are doing, and they recognise that the methodology is completely unfair, because how it is calculated is completely different from how that is done in other sectors. The decision makers on the front benches clearly do not understand that.

I will take the intervention.

Ivan McKee: I will correct Rachael Hamilton. The average increase for businesses in Scotland in terms of rateable value is 12.2 per cent, spread over three years, and not the 80-odd per cent that she is talking about. That compares with an increase of more than 19 per cent south of the border.

Rachael Hamilton: Some hospitality businesses are facing increases of up to 300 per cent. The minister needs to look at the stats, because he clearly does not understand them.

Let us hear what the industry thinks. Leon Thompson of UKHospitality said:

"Without action, we will only see business closures accelerate, more jobs lost"—

Ivan McKee: Will Rachael Hamilton take an intervention?

Rachael Hamilton: No thanks. Maybe in a bit.

Mr Thompson continued:

"Scottish communities"

will

"continue to see the loss of much-loved local venues."

Stephen Montgomery, director of Scottish Hospitality Groups, said:

"Hospitality is the absolute backbone of Scotland's communities and high streets, but it cannot survive another tidal wave of unaffordable rates hikes."

Let us look at Clare Adamson's constituency. The rateable value of the Electric Bar in Motherwell is moving from £26,250 to £45,250, which is nearly double. I wonder whether she has spoken to that business. In Shona Robison's constituency, the rateable value of the Barrelman in Dundee was previously £38,200, but the new RV is £68,700. Has the cabinet secretary spoken to that business to see how that will impact its bottom line and whether job losses are possible?

We know that doing business in Scotland is more costly overall than it is in the rest of the UK. The cost of doing business in Scotland is the highest on record, and the tax burden is higher than the UK average. Let

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that sink in as we debate the new revaluations. Let us assess the operating environment in Scotland—or can we, given that the SNP dropped the tourism minister role?

As Willie Rennie pointed out, the First Minister said that he wanted to reset the relationship with business. The SNP's new deal for business is stale. It has been stuck in the cupboard and it has gone mouldy. The non-domestic rates system for retail, hospitality and leisure is unfair. Fergus Ewing says, "Please publish how much the tax take is going to be." How sensible would that be? I say to Fergus Ewing, "Come and join us—you, too, are the party of common sense."

We want to see urgent action on the current methodology of revaluation. It is as clear as day that that has been in the hands of the minister, because the Government sets the framework. Ultimately, we want to see the SNP postpone the revaluation, as the Northern Ireland Assembly has done. We need action now. Labour, Lib Dems and Fergus Ewing agree that a Scottish statutory instrument could be laid to delay the revaluation.

Hiding behind the independent function of the assessors is shameful. It is shameful because hundreds of businesses will close. We need to see action from this Government.

The Deputy Presiding Officer: That concludes the debate on saving Scottish hospitality. There will be a short pause before we move on to the next item of business.

Daniel Johnson: On a point of order, Presiding Officer. I acknowledge the error that I made with the figures—I was quoting a previous threshold. I wanted to acknowledge that at the earliest opportunity.

The Deputy Presiding Officer: Thank you, Mr Johnson. That is not a point of order, but the matter will be noted on the record.

Council Tax

The Deputy Presiding Officer (Liam McArthur): The next item of business is a debate on motion S6M-20654, in the name of Craig Hoy, on opposing the Scottish Government's proposed council tax rises. I remind members who wish to participate in the debate to press their request-to-speak button.

16:02

Craig Hoy (South Scotland) (Con): In 92 days, Scots will be asked to pass judgment on 19 years of Scottish National Party rule. Nowhere is its record more wanting and damaging than in relation to Scotland's local government. For a decade and more, this Government has chronically underfunded councils across Scotland. Now, many face the stark reality of being unable to deliver statutory services without double-digit-percentage council tax increases in May.

The numbers are clear. In 2020-21, the SNP Government provided 65 per cent of local government funding; in 2025-26, that number has dropped to 60 per cent. In 2010-11, nearly 40 per cent of all Scottish Government funding went to councils; that figure is now closer to 30 per cent.

Despite the SNP's smoke and mirrors, in the period that this budget and spending review cover, there is a real-terms reduction in council budgets. As the Institute for Fiscal Studies says,

"Local government ... is set to see reductions averaging 2.1 per cent a year in real-terms".

The Cabinet Secretary for Finance and Local Government (Shona Robison): Will the member give way?

Craig Hoy: I will give way to the cabinet secretary for her alternative logic.

Shona Robison: They are called facts, and the facts are that, according to independent commentators, including the Accounts Commission and the Scottish Parliament information centre, there has been a real-terms increase in the budget, not just this year but in the past three budgets. Perhaps Craig Hoy should have a look at the facts instead of coming here and misrepresenting the situation.

Craig Hoy: I understand that Specsavers now does hearing tests—the cabinet secretary should have gone to Specsavers, because she did not hear what the IFS said. It said:

"Local government ... is set to see reductions averaging 2.1 per cent a year in real-terms".

Those are the facts, as interpreted in an independent body of analysis. Make no mistake, cabinet secretary—

Shona Robison: Will the member give way?

Craig Hoy: I will give way again.

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The Deputy Presiding Officer: Cabinet secretary, briefly.

Shona Robison: Just to again help Craig Hoy a little, that reference was to the spending review, not to the 2026-27 budget. He needs to understand the difference between a budget and a spending review. Will Craig Hoy now acknowledge that the 2026-27 budget will provide a real-terms increase to local government?

Craig Hoy: The minister stood in the Parliament during the budget statement and said that there will be a 2 per cent real-terms increase to local government, but that is simply not true. Repeating something that is dishonest time and time again does not make it true.

The hard reality is that, because of the SNP's chronic underfunding, council tax bills for ordinary, hard-working Scots will go up in May. Those are people who are already reeling from the SNP's income tax hikes, stealth taxes and the on-going cost of living crisis.

Not content with having crippled Scots with more and more tax to fund more and more benefits, the SNP Government proposes to pick people's pockets again. Despite having pledged to scrap council tax in 2007, ministers have been content to let bills soar. Under the SNP's new plan for council tax—which, we must not forget, is a tax that is paid from post-tax income—the bills for some households could rise from £2,700 per year to a staggering £6,515 per year.

Think about that figure. For a higher-rate taxpayer, more than £10,000 in pre-tax income will go to pay the price of the SNP's persistent cash grab on councils. The Government's own assessment shows that, under the SNP's plans, anyone who lives in a home that is worth more than £240,000 will pay more in council tax.

Regardless of what flows from the consultation on council tax, we already know that the bills for some households will soar next year. The budget includes the creation of two new bands for properties that are worth more than £1 million. Those new bands, which will be imposed on larger homes regardless of the occupants' income, will generate about £12 million per year. It will cost £5 million to potentially bring in £12 million, which is yet another big SNP fail on the value-for-money test.

Those households are sometimes asset rich but cash poor. The bands will affect elderly residents, some of whom will want to remain in their family home for as long as they can. Under the malign influence of the Scottish Greens, the politics of envy are all over the Government's proposals.

However, it is not just those households that will pay more. That is why we are calling on the Scottish Government to scrap the plans for additional rates and ditch the council tax consultation. The consultation is nothing more than a smokescreen for higher taxes on middle-income Scotland—people who have had enough of year-on-year tax rises from a Government that takes more and delivers less.

As bigger bills drop through letterboxes next month, the Government is introducing more stealth taxes through the back door. Many residents now pay for garden bins, parking charges are killing high streets and plans for a visitor levy are set to do real and lasting damage to the tourism, hospitality and leisure sectors. Congestion charges threaten our cities and the prospect of workplace charging levies remains in place.

The minister will no doubt get to her feet to say that the decision on whether to introduce such new taxes will rest with democratically elected local authorities. However, in reality—this was clear when I spoke to the Convention of Scottish Local Authorities at lunch time—cash-strapped councils across Scotland will feel that they have no other option but to use those powers to plug growing gaps in their finances.

The threat of cuts to core services still looms large across Scotland. That includes school closures, swimming pools shutting, library hours reducing and bin services being scaled back.

In my own area of Dumfriesshire, the SNP-run council has consulted on a raft of deeply unpopular cuts. Those include closing small nurseries and rural schools; ending free in-school music lessons for primary and secondary pupils; removing funding for school-based police officers; shutting the Hillview leisure centre in Kelloholm; scaling back gritting and snow clearing, which will put lives at risk; and removing council funding for citizens advice services. That is the true cost of the SNP in Dumfriesshire and the true cost of an SNP Government in Edinburgh.

Right across Scotland, councils have announced cuts year after year. Taxpayers are now left wondering what will be left for Scottish councils after 19 years of austerity under the SNP.

Today, in our motion, the Scottish Conservatives again stand on the side of taxpayers, on the side of councils that need a fair deal from this Government, and on the side of common sense, lower tax and better value for money. We stand against an SNP Government that is seeking to buy votes through the bloated benefits system—an SNP Government that, I am sad to say, expects Scottish workers to pay for its woeful and misplaced priorities.

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I move,

That the Parliament notes with concern the ongoing consultation on council tax reform; further notes that central government funding has been reduced in real terms in this and previous Scottish Government budgets; acknowledges the cumulative pressure on households from rising council tax, the introduction of additional local charges, fees and levies, and the increasing likelihood of further council tax rises; recognises the damaging impact that funding reductions are having on frontline and statutory local authority services; expresses a lack of confidence that the current consultation will deliver fair or considered reform, given the Scottish Government's record of underfunding local government, and calls on the Scottish Government to withdraw the consultation and rule out proceeding with the proposed council tax reforms, including the plan to conduct a revaluation of every home in Scotland for council tax purposes, at a time when households are already struggling with rising bills.

The Deputy Presiding Officer: I call the Cabinet Secretary for Finance and Local Government to speak to and move amendment S6M-20654.2.

16:10

The Cabinet Secretary for Finance and Local Government (Shona Robison): I welcome the opportunity to speak and correct the misinformation in the Conservative motion. First, the budget improves the local government settlement with a 2 per cent real-terms increase, not a reduction, as Craig Hoy claims in his motion and as he claimed in his speech. Unless he is accusing SPICe and the Accounts Commission of being dishonest, he should correct the record at the earliest opportunity.

Secondly, Craig Hoy asked for the consultation and revaluation of all homes to be removed, but there is no Government proposal for a full revaluation whatsoever. What is proposed is a targeted revaluation for properties of more than £1 million in order to introduce, in 2028, two new high-value property bands in the council tax system.

Thirdly, on the on-going consultation, no specific proposal is being advocated. Instead, we are trying to determine whether a consensus can be found so that local government taxation is as fair a system as possible.

Finally, in the lead-up to the budget, our engagement made it clear that the consensus view was that it should be for individual councils to set their council tax rates without a freeze or a cap. That is what the draft budget allows for. That is a key demand from all COSLA leaders, including the Tory leader at COSLA. Is the Tory leader at COSLA wrong, Craig Hoy?

The Deputy Presiding Officer: Always speak through the chair.

Craig Hoy: Earlier today, I spoke with COSLA, which, of course, is SNP-led, and I do not think that the Scottish Government should be lecturing anybody else on its relations with that organisation, which are strained at the moment. If the minister is content that the Government's funding is reasonable, and the First Minister is saying that council tax increases should be around 3 per cent, why did COSLA tell me today that most councils are considering increases of 8, 10 or 12 per cent?

The Deputy Presiding Officer: I can give you the time back, cabinet secretary.

Shona Robison: We have provided a real-terms increase to local government and we have made sure that that funding is flexible. If Craig Hoy is suggesting that there should be some unspecified additional funding for local government, he should say how much and where it is coming from. Until he does that, he will not be taken seriously on the issue.

I appreciate that there is an election on the horizon, and that the Conservatives are flailing about using whatever desperate tactics they can to try not to end up in fourth or fifth place, but, although they appear happy to abandon any dignity, I ask that they correct the record for the inaccuracies that they have brought to the chamber today.

The consultation that Mr Hoy referred to closed last week and is part of a jointly agreed programme of engagement between the Scottish Government and COSLA to inform discussion and build consensus. Importantly, the consultation was underpinned by robust evidence, with independent analysis from the Institute for Fiscal Studies, which I know Craig Hoy is keen to quote from. That analysis and our consultation did not recommend a single solution; instead, it modelled a number of illustrative options and examined their potential impacts and how affordability could be protected.

All the options that were modelled were designed to be revenue neutral at a national level, meaning that they would not increase the overall amount of council tax that is raised across Scotland. The Government is clear that any reform must be fair.

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The motion also raises concerns about funding, without ever saying how much more the Tories think should go to councils or how they would pay for it, given their call for £1 billion of tax cuts. We know that it is just back-of-a-fag-packet stuff.

The fact is that the local government finance settlement has increased by £5.5 billion between 2013-14 and 2026-27. That is a 54.6 per cent increase, or 7.3 per cent in real terms, delivered in the face of years of Tory austerity. As recently as 16 January, SPICe confirmed that the past three budgets have all included real-terms increases in the local government revenue settlement, and I mentioned the Accounts Commission earlier.

I want to distinguish clearly between the wider council tax reform and the targeted policy that was announced in the Scottish budget to introduce new council tax bands for the very highest-value homes that are worth more than £1 million, which some have called a mansion tax. I hope that Labour will support that principle, given the similarity to proposals from the Labour UK Government. The measure, which will affect fewer than 1 per cent of properties, seeks to address fairness at the top end of the system. Some multimillion-pound homes currently face bills that are not materially different from those for far more modest properties. If the Tories want to defend that, good luck to them.

I am happy to move amendment S6M-20654.2, to leave out from “with concern” to end and insert:

“that each local authority sets its own council tax rates; recognises the importance of building political consensus through the current consultation to deliver fair reform to local government taxation, and welcomes that a ‘Mansion Tax’ will be brought forward in 2028 that will add two additional council tax bands, to be applied to properties valued at over £1 million.”

16:15

Michael Marra (North East Scotland) (Lab): In 2007, a fresh-faced finance secretary by the name of John Swinney was entrusted with delivering the SNP’s election promise of scrapping the council tax. Instead, Mr Swinney imposed a succession of council tax freezes and decimated local government funding across two decades. The result for local government and for the vital services that it provides in communities across Scotland has been ruinous. The cuts that councils of every political stripe have had to mete out are the direct result of John Swinney’s centralising instincts in slashing council budgets and ring fencing funds to tie councils’ hands. Make no mistake: the parlous state of local government finances lies squarely at the feet of John Swinney and the SNP Government.

The reality of the SNP’s chronic underfunding of local government is clear for all to see. Social care services are in crisis, teachers are moving abroad and libraries are closing. There are potholes that people can swim in and swimming pools that they cannot. Those cuts scar our communities: lives are diminished, life chances are limited and vulnerable people are put at risk. Councils are at the stage when even delivering statutory services—the most basic of services, which they have a legal duty to perform—is a stretch. Local communities are paying the price through services that have been cut or reduced or have disappeared altogether, and through eye-watering council tax rises as a result of a decade of underfunded freezes.

Things have got so bad that even SNP councillors are at last speaking out. SNP councillor and COSLA resources spokesperson Ricky Bell has said that the SNP Government’s

“very poor settlement for local government”

is making council funding

“increasingly unsustainable”

and will force councils into

“reductions in services and jobs”,

as they all struggle with cuts from their SNP colleagues here in Holyrood.

The cabinet secretary has referenced the consultation on council tax reform, which closed in January. To suggest that change is just around the corner is, frankly, for the birds. The Government has had two decades to do that.

Shona Robison: Talking of change, I refer to our proposal to introduce new council tax bands for the very highest-value homes—those that are worth more than £1 million. That is not dissimilar to the mansion tax that the Labour UK Government has introduced—although in our proposal, councils get to keep that money, unlike in the UK Government proposal, which involves taking the money to the centre. Does Michael Marra and his party support that?

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Michael Marra: We certainly support the principle. However, given what I have just laid out, believing in the Government's ability to deliver anything at all in this area is, frankly, a stretch. My party has concerns about the bits and pieces that we hear about the way in which the policy might be designed. A number of the properties concerned are centralised here in Edinburgh, whereas the money might be disbursed across the rest of the country. However, we have no detail on how that will work properly, and people rightly have questions to ask about it.

On the principle, there are absolutely no problems at all. Let us wait and see how the policy is implemented. Of course, given the timeframe for its delivery, it is no solution to the challenges that we are speaking about today. It is years away from being introduced and will deliver a very small amount of money, so it will not address the crisis in our local authorities relating to the delivery of services.

We have had a promise, a commission, a consultation and a working group, and now we have another consultation. Those have all been attempts to kick the can down the road or pass the blame to somebody else. Contributions on the issue from the SNP back benches to date have been like blame bingo. This is a cowardly Government that has wasted years of majorities with no intention of ever doing the hard work of reforming council tax.

Staggeringly, the recently published spending review showed that, if the SNP wins in May, it intends to cut nearly £0.5 billion from local government budgets over the next three years. That is truly hard to fathom, given the criticism from SNP councillors about what is happening. What services will have to be cut? Which vulnerable people will fall through the cracks? That is what is at stake on 7 May.

I move amendment S6M-20654.1, to leave out from first "notes" to end and insert:

"is concerned for the future of local services, in light of nearly two decades of underfunding of local government by the Scottish National Party administration; regrets the failure of the Scottish Government to build a consensus for much-needed reform of local government taxation, and calls on the next Scottish administration to take leadership and create a sustainable, long-term funding solution for local government."

16:19

Patrick Harvie (Glasgow) (Green): I am not very surprised at my immediate feelings of frustration about how the debate is starting. There were some important and legitimate points that I agreed with in Michael Marra's speech. However, tribalism is not going to take us anywhere, and finger pointing about the problem will not result in a solution.

Clearly, there are those who have worked hard to try to achieve reform of the council tax, and there are those who have stalled, blocked it or just not tried. I do not think that the public care very much about that. They have a right to feel that the Parliament as a whole—all of us—have collectively failed to reform council tax over decades. There has been huge success in devolution, and I am a massive fan of a great deal of what the Parliament has achieved, but the reform of council tax is a long-standing failure of multiple sessions and multiple Governments.

The idea of levying a property tax based on property values set in 1991 is absurd enough in itself, but how long do we allow that situation to continue? If 35 years out of date is not bad enough, will we allow it to be 40 years out of date, 50 years out of date or 60 years out of date? How much more broken can the system become? Even in 1991 it was an unfair system, with the ratio of the highest to lowest tax payments being 3:1 and the ratio of the highest to lowest property values being 8:1. That gap has increased dramatically as property prices have increased, so the system is even more unfair—probably dramatically more unfair—than it was then. We know that most households are in the wrong band. How on earth can we justify the continuation of a tax when we know that most households and council tax payers are paying at the wrong rate?

Polling shows that there is strong public support for reform. I acknowledge the work of Tax Justice Scotland, whose briefing sets out the polling. Of those who expressed a view in the opinion poll, a massive 84 per cent wanted political parties to make clear commitments in the coming election campaign to reforming council tax, while a negligible proportion—just 2 per cent—thought that people in low-value homes ought to be paying proportionately more, in relation to their property values, than people in higher-value housing. That shows negligible support for the status quo and for the unfairness of the current system.

We in the Greens have done our best over many years to make the case for reform, not just arguing for it but doing the detailed work to show what a land value tax and then a mixed-base property tax based on modern property values would look like and how that could be made to work, as well as setting out the reasons why a property tax is still important. Property tax has an important role to play in a diverse tax system.

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Consultation after commission after commitment has not resulted in action, so we have also worked hard, including in recent years, to pursue shorter-term small changes. I am very pleased that we have managed to have success in some of those efforts in recent years; we have made small changes. However, the situation cannot last—we all acknowledge that the system is broken, out of date and chronically unfair. It needs to change, but all we do is keep tweaking at the edges to try to ameliorate the unfairness a little bit. That cannot continue.

Every political party needs to make a solid commitment in May to the reform of council tax and needs to be ready to act on those commitments after May, whoever is returned by the public in whatever numbers.

16:23

Willie Rennie (North East Fife) (LD): I am much more optimistic than Patrick Harvie is about council tax reform and local government finance reform. I have sat through endless meetings in this building where we have had excited conversations about reform, and this is another one that I cannot wait to happen.

The tumbleweed rolls by, while we wait for explanations from ministers as to exactly what they want to do, and nothing ever comes—nothing. I have sat with minister after minister, and they say, “Yes, we are very serious about council tax reform, and we are here to listen to all of your views.” We say, “Right, we’ve given you our views. What is going to happen now, then?” They say, “We will come back at the next meeting and we will tell you all about how we are going to take it further forward.”

Shona Robison: Will Willie Rennie—

Willie Rennie: Just a minute. I have not got to the punchline yet. *[Laughter.]* There is a punchline.

Then, there is a ministerial reshuffle, and the next innocent soul comes in and tries all over again to excite us about the proposals. They say, “Tell us what you want to do.” We then go through the whole thing over and over. I think that I went through three rounds like that.

I am serious when I say this: when ministers say that they are up for reform, frankly, I do not believe them. I do not think that they really want to do it, and I do not think that they will ever do it. I would rather that they were just honest about that and adopted the Conservative position. The Conservatives, to be fair, have been honest about this from the beginning: they want to hold on to the post-Thatcherite tax regime. They are quite keen on it and on the fact that it is 35 years old. They like that. They like the fact that the valuations are stuck way in the past. They like all that, because they are conservatives.

The SNP should just be honest that it favours that as well, because it is too scared to change anything. I get that change is hard. Change is really difficult, but the SNP has not changed things one jot. It has tinkered at the top end and made itself feel virtuous by changing the tax for the upper bands. However, in reality, that has not changed anything for local government, which has not been given a proper settlement that respects its needs so that it can pay for the public services that we demand of it.

I just hope that ministers will take that away and either stop pretending that they are trying to change things or give us something serious. We have had commissions, talks, reviews, expert groups and the wonderful citizens assembly that died a death almost before it started. Let us do something serious if we are serious about reform.

Craig Hoy and the cabinet secretary were talking past each other about whether the 2026-27 settlement represents an increase or a reduction in funding for local government. They were both right, to some extent, because the cabinet secretary was looking to the past and Craig Hoy was looking to the future. However, the central bit of it is that the cabinet secretary said that Craig Hoy was referring to the spending review figures and not the budget figures. Does that mean that the spending review figures are not accurate and that the figures will go up? Will the cabinet secretary tell us that and whether it is guaranteed?

Shona Robison: In no spending review outlook do the figures stay the same from budget to budget. Let us look back to the projection for local government in the spending review for 2025-26. Local government has £3 billion more than was anticipated in that spending review. That is the point that I was making.

Willie Rennie: I accept that. However, from looking at the chart, it is very clear that the spending lines go up for health, education and many other departments. Local government is way at the other end of the scale. Why has local government been singled out for that treatment? Why does the Government not give a proper projection for what it thinks local government will get, so that local government can plan properly to shape the services that we need, rather than the Government playing that constant game of underestimating, putting the figure down and then bumping it up later? It is just a game.

Shona Robison: Will the member give way on that point?

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Willie Rennie: I do not know whether I have the time.

The Deputy Presiding Officer: Not even for your punchline, Mr Rennie.

Willie Rennie: I wish that we would treat local government with a bit more respect. Let us give it a proper settlement to meet the demands that it faces and the expectations that are put on it. In doing so, we might start to get a more efficient and effective council system than the one that we have now.

16:28

Pam Gosal (West Scotland) (Con): I praise my party, the Scottish Conservatives, for bringing this very important topic to the chamber. Local governance affects each and every one of us. Our local roads, schools, parks and social care services are primarily the responsibility of our councils. However, 19 years of the SNP in power have led to a deterioration of our services, with our councils struggling for funding.

Every year, the SNP is presented with a new opportunity to properly fund local government. However, every year it seems to find any excuse not to. COSLA leaders have agreed that the settlement in the latest SNP budget fails to address the dire situation that our councils are in. At the same time, the Accounts Commission has forecast that Scottish councils face the pressure of a budget gap of £528 million. We have had 19 years of SNP financial mismanagement, under which it is the people who have not been getting value for money. Somehow, Scots still face crumbling local services and even paying more and getting less.

I want to take some time to speak about the state of public services in my area of East Dunbartonshire. East Dunbartonshire Council faces an £18 million budget gap, which is expected to become even bigger. Council budgets keep shrinking, while the SNP Government keeps ring fencing millions for certain projects that could have been used for the council's own priorities, as it saw fit.

To make up for all that, once again, East Dunbartonshire residents will be the ones who will pay the price. Last year, council tax increased by 13 per cent. As my colleague Craig Hoy said, under the SNP's plans, anyone who lives in a home that is worth more than £240,000 will pay more in council tax. Under those plans, the bills of some households could rise by as much as £2,700 to a shocking £6,515 a year.

The SNP likes to talk a good game. On one hand, it says that it is the saviour when it comes to helping people with the cost of living crisis while, on the other, it raises taxes. The SNP is squandering the money of hard-working taxpayers on the wrong priorities.

One would have assumed that services would be getting better but, instead, they are being cut left, right and centre. When I speak to people on the doors, the number 1 local issue that comes up is the state of the roads and the number of potholes. Another issue that frequently comes up is the fact that bin collections in East Dunbartonshire have now moved to a three-weekly cycle. That is especially worrying for big families and families with young children.

In addition, there is no money to tidy up the green areas, such as parks, with children being exposed to needles and dog waste, and let us not forget SNP-run Glasgow City Council's crazy idea of imposing congestion charges, which affect my constituents even when they enter the city to visit a hospital, among other things.

That shows that the 19 years of the SNP's financial mismanagement extends beyond Holyrood and into our councils, with services being worse off now than they used to be. Public services and local authorities are in desperate need of a fair funding settlement.

I realise that I need to conclude, Presiding Officer. I cannot emphasise enough that people are sick and tired of the SNP's high-tax and high-spending agenda. The SNP has already made Scotland the highest-taxed part of the UK, and it most certainly cannot be trusted with reshaping our tax system.

16:33

Paul McLennan (East Lothian) (SNP): I am glad to be able to speak in the debate.

I was a councillor in East Lothian from 2007 until 2022 and council leader from 2010 until 2012. It was always a busy time when we discussed our budget-setting decisions. Those were tough decisions, but our priorities were always part of that process.

I remember the report of the Christie commission, which came out on 29 June 2011, when I was leader of East Lothian Council. The Christie report stated:

"If we are to have effective and sustainable public services capable of meeting the challenges ahead, the reform process must begin now."

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Here we are, discussing it 15 years later. As Patrick Harvie said, it is the responsibility of all of us to pursue that process.

The principles that must inform the reform process are as clear today as they were then:

“Reforms must aim to empower individuals and communities”.

That is a responsibility not only of Government but of local authorities.

The Christie report went on to say:

“Public service providers must be required to work much more closely in partnership, to integrate service provision ... We must prioritise expenditure on public services which prevent negative outcomes”

and work together with a view to becoming more efficient.

Craig Hoy: Will the member give way?

Paul McLennan: I am sorry, Mr Hoy, but I only have four minutes.

I took that challenge seriously as council leader. I worked with the then Labour-controlled Midlothian Council and we proposed having a combined education service. We worked with stakeholders in a formal consultation process and came up with a proposal that would have delivered combined savings of millions of pounds. However, when the formal Labour-Tory coalition came into power in 2012, it decided not to proceed with the proposal at that time.

It is safe to say that the recommendations of the Christie commission have been progressed on only a limited basis. Again, that is the responsibility of us all in this place. I am obviously aware of the work of Ivan McKee on public sector reform. In the next session of Parliament, members must work together in a cross-party manner to move that agenda forward.

I struggle a little with the part of the Tory motion that expresses a lack of confidence that the current consultation on the future of council tax will deliver fair and considered reform. That consultation seeks views on how Scotland's council tax system could be made fairer and up to date. We will have to make a judgment after the consultation responses have been received.

If the council tax is to be replaced at some point, we need to ensure that it remains fair in the meantime. In the early years of the next session, Parliament—not just the Scottish Government—must progress and prioritise council tax reform or replacement. That point has been made by Willie Rennie and Patrick Harvie, but one of the key points to make is that there have been no formal proposals from the Tories on that issue. The issue will be a challenge to all members of the next session of Parliament. There have to be mature, rational and pragmatic political discussions on the subject in this place, and in council chambers, too, after the council elections in 2027. We cannot let electoral cycles dictate the pace of change.

Local authorities' ability to raise money is limited. We all acknowledge that. Council tax is a key source of income, obviously. Income from fees and charges for services makes up a small percentage of what councils can raise. Non-domestic rates are another source, but the poundage is set by the Scottish Government nationally. Of course, there is now the visitor levy, with councils having discretionary powers to introduce a levy on overnight accommodation stays. Further, there are other potential levies. I find it ironic that the Tories talk about choice, yet they are against local authorities having the choice to introduce workplace parking charges.

Local authorities can raise only between 15 and 20 per cent of their income. Their other source of funding is from central Government. In most European countries, municipalities raise around 50 per cent of their income through local income taxes, sales taxes, visitor levies and various other levies. That gives local authorities more freedom to raise funds and increases their accountability. Grant funding from central Government needs to focus on securing agreed mutual national policy objectives. We need to engage the spirit of the Christie commission and look again at public sector reform. We need to use the refreshed political mandates in 2026 and 2027 to move ahead at pace. The principle of allowing local authorities to raise more of their income, combined with joint national accountability, needs to be progressed. That will require brave, pragmatic politicians. That is what our electorates deserve. That is a challenge to us all.

16:37

Davy Russell (Hamilton, Larkhall and Stonehouse) (Lab): Funding for local authorities has been whittled down by successive SNP Governments time and again. They have asked local authorities to do more and more with less and less.

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As we saw in the provisional budget, Shona Robison and John Swinney occasionally like to come after some small sections of the population, so that they do not upset too many people close to an election. This time, they have come after businesses, with the business rates revaluation, and the people who live in properties worth more than £1 million or £2 million.

Clare Haughey (Rutherglen) (SNP): Is Mr Russell saying that he is against the increase in council tax for those who have the biggest houses?

Davy Russell: If the member had waited to hear the next part of my speech, she would have heard what I think.

People who live in houses worth more than £1 million should pay their fair share—absolutely, yes—but the increase will not make much of a difference to local government coffers. It is expected to raise more than £10 million a year. That is a drop in the ocean: it comes to 1p per person per day, which ain't gonnae change anything. If the additional income reaches the projected amount, it should be used to create employment and upskill existing workforces, to allow them to get better-paid jobs, rather than plugging holes created by mismanagement, such as the ferry fiasco or the phantom Gupta smelter in Fort William, to name but two.

Taxes on businesses that are not based on profits but on square footage will always end in tears from the point of view of our need for employers to deliver the jobs that will bring down the number of young people aged between 20 and 24 who are not in education, employment or training.

All the while, the SNP is wasting money with its ever-growing army of civil servants. In real terms, the civil service wage bill has gone up more than 90 per cent since 2016, while local authorities have seen an increase of only 9 per cent.

Clare Haughey: Will the member give way?

Davy Russell: Naw, I have to keep going now.

My constituents know that the funding has not been sufficient. They know that, when their child's school is struggling to employ a learning support assistant, that is because the council does not have that funding available, and that, when their pavement is crumbling away, that is because there has been an underinvestment over the past 20 years in the general maintenance of the streets.

Michael Marra is absolutely right. We need the next Administration to take charge, take responsibility, stop passing the buck to local authorities and stop expecting miracles while failing to deliver nationally. We must create a sustainable plan for local government funding.

16:40

Sue Webber (Lothian) (Con): The SNP proposals to shake up council tax in Scotland are yet another brutal raid on household finances, shifting even more pressure on to families and councils at a time when both are already under serious strain. Across Scotland, families face higher energy bills, rising food prices and increased mortgages and rents. Against that backdrop, the prospect of council tax rises, combined with additional local charges, fees and levies, is not only unwelcome but unfair. Taxpayers should not be treated as a cash cow to compensate for the nationalists' repeated failures to manage the public finances.

Over recent years, Edinburgh residents have seen a significant change in how the City of Edinburgh Council raises money, through a steady creep of new charges, permits, penalties and fees. Those are never presented as council tax rises but together amount to a fundamental shift in who pays, how they pay and how often they pay. For example, until 2018, garden waste collection was free. However, the council then introduced a permit, initially at £25 a year. Today, that permit costs £45—an 80 per cent increase—which is paid on top of council tax. It was justified at the time, but around 70,000 to 77,000 households now pay that charge every year, and the service generates nearly £3 million annually and has generated close to £10 million in the past four years.

Another example is parking charges. Controlled parking zones have spread across Edinburgh, whether residents want them or not. Residents who once parked outside their homes can no longer do so unless they pay the council for the pleasure. The cost may appear small, with a typical resident permit costing between £80 and £100 a year, but to have to pay that simply to park outside their own home is ridiculous. Nevertheless, if they live in a controlled zone and they own a car, what other choice do they have? They have to pay to park. There are plans to introduce parking charges across towns in East Lothian, in a rather tone-deaf manner. Moreover, East Lothian Council wants to make its own staff exempt, which would be utterly unfair.

Businesses face the same cumulative pressure, as business rates have driven their bills up higher still. If we add the rising parking costs, waste charges and enforcement penalties, it is clear why so many small

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businesses feel squeezed out of the city. Let us not forget the punitive low-emission zones, with escalating penalties for entering certain parts of the city.

A visitor levy—in effect, a tourist tax—is planned next. It has been pitched as a solution to every budget pressure in the capital. The tourist tax will pay for this; the tourist tax will pay for that. Everyone is queuing up for a bit of the cash. However, everyone would pay, not just the tourists. Someone from Linlithgow who stayed overnight in Edinburgh would pay—as would I, an Edinburgh resident, if I fancied a night in the city. I already live in the city and pay its council tax.

Each charge may have a tangible benefit and a rationale to those who choose to introduce it. However, taken together, the charges represent a shift away from transparent collective funding and towards piecemeal charging through which residents pay repeatedly, quietly and often without choice. That is what stealth taxes look like. They are harder to see than a single tax rise, but they are felt every day on the high streets and in households across Edinburgh.

Central to that problem—and the cause of it—is the long-term underfunding of local government by the SNP. That has left councils facing impossible choices between cutting vital services and increasing local taxes. From social care to road maintenance, everything is under strain.

We recognise that council tax is not a perfect system. However, any reform must be fair, proportionate and rooted in economic reality. The current consultation does not meet that test. Instead, it risks creating further instability and anxiety. It should be withdrawn and councils should be funded properly, so that they can protect essential services and deliver real relief for households.

The Deputy Presiding Officer: Jamie Hepburn is the final speaker in the open debate.

16:44

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): I will begin by considering the work that has been undertaken and committed to on council tax reform. For context, it is important to note that that work is not being undertaken solely from the centre, without engagement with others. Reform is being pursued in partnership with local government through engagement with COSLA and local authorities. Even more crucially, it is being pursued through engagement with the public, as we are enabling them to submit their views on how we should reform council tax.

That is a perfectly sensible way to do things. We should take informed decisions through the process of consultation. Mr Hoy's motion seems to view consultation as something of a concern, but there is nothing wrong with engaging in consultation.

Members might recall that, in 2015—although I am increasingly aware that there are fewer and fewer of us who were in the Parliament at that time—a cross-party commission on local tax reform was created. That brought together voices from the Labour Party, the Greens, the Liberal Democrats, my party, the Law Society of Scotland, Citizens Advice Scotland, the Joseph Rowntree Foundation, the Institute for Society and Social Justice Research and the Chartered Institute of Public Finance and Accountancy. The commission's work was also informed by nearly 4,500 members of the public who contributed their views through the process of consultation.

I note that the Conservatives did then what they are doing now. They abdicated any responsibility for engaging with the process and coming forward with ideas, because they refused to take part in the commission.

We should remind ourselves that alterations to council tax were made as a consequence of the commission. Changes were made to the ratios in the upper bands of council tax, and the work that is being undertaken now flows directly from that work.

Patrick Harvie: Does Jamie Hepburn acknowledge that, although the commission agreed that council tax must go, that did not happen?

Jamie Hepburn: I recognise that there were wider conclusions from that process. As I said, there is nothing wrong with the process of engagement and coming forward with ideas. The big challenge that we have faced has been in trying to get any form of consensus.

Michael Marra: Will Jamie Hepburn take an intervention?

Jamie Hepburn: I see Mr Marra rising to his feet. He took us even further back, to 2007, when—he is correct to say it—my party made a commitment to try to abolish council tax. However, that was not possible, because every other party in the Parliament stood in the way. That is one of the challenges that we face in trying to reform local taxation.

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Michael Marra: Jamie Hepburn mentioned the consultation in 2015. Is it correct that the SNP had a majority at that time?

Jamie Hepburn: Indeed—of course we did—but we tried to take things forward with consensus. With respect, I note that the commission reported in 2015, just as we headed into another election, when, unfortunately, we did not get a majority. Of course, I look forward to my party securing a majority at the next election, and I am sure that Mr Marra will be delighted, when we have that majority, for us to impose our will in the Parliament.

On a more serious note, it is important that we have a balanced debate on the issue. There is nothing wrong with a Government, in conjunction with others, taking forward a process of consultation to see how we can further refine council tax. I recognise that there is a wider debate about whether council tax is the most appropriate or best form of local taxation, but it is here now. While it is here, we should do what we can, as we did back in 2015 and 2016, to refine it and make it fairer. That is being done now through the changes to council tax on properties that are worth more than £1 million. I support that approach, and I will support the Government's amendment.

The Deputy Presiding Officer: We move to winding-up speeches.

16:49

Patrick Harvie: I used my opening speech to set out some of the arguments as to why council tax is fundamentally broken and unfair and why it needs to go. I will use my closing speech to reflect on the motion and the amendments.

It will probably not come as a surprise to anybody that I will oppose the Tory motion. In my view, the Conservative Party is standing up for unfairness and refusing to recognise that low-value homes are overtaxed and that the homes of the very wealthy are undertaxed. In my simple naivety, I thought that even the Conservatives would not have the brass neck to use the empty canard of saying that Scotland is the highest-taxed part of the UK during a debate on council tax, given that the average band E council tax in 2024-25 in Scotland is £1,421 and in England is £2,171. That is 50 per cent more in England than in Scotland.

As for the Labour amendment, just like Mr Marra's opening speech, there is much that I can agree with in it, but I will set out why I cannot support it. Local government funding is something that Greens have worked for many years to try to protect. Sometimes we have been more successful and sometimes we have been less successful—I acknowledge that—but, for goodness' sake, could Labour's budget vote this year not have come with a price tag attached? Could Labour not have used its influence in this Parliament to say that it will let the budget go through only if a change to the local government funding settlement is implemented? Yet again, for another year, Labour is offering the Government the opportunity for the budget to go through without any amendments. That is an abdication of the responsibility that we all have to exercise the influence that we have been given by our voters to try to achieve change.

The Labour amendment talks about the long-term trajectory of local government funding. In truth, local government funding in England was cut by the UK Government by 40 per cent between 2010 and the end of that decade—there was a 40 per cent cut in central Government funding for councils in England. The situation in Scotland is not what I would wish it to be—it is far from perfection—but it is nothing like the brutality that has been seen south of the border.

Finally, in its amendment, Labour talks about seeking and building consensus. I say again that that is on us all; we cannot point the finger at the Government and say, "You haven't built consensus," because that is not what consensus means. The place of the word "consensus" is something that I want to bring up in relation to the Government's amendment, because there is a reason why I will not vote for that either. To be clear, I will abstain on the Government's amendment, although I will allow it to go through, because it is unquestionably a big improvement on the Tory motion—of course it is.

On the point of local control, I agree with the words in the amendment, but they are a little hard to swallow after many years when central Government in Scotland has capped council tax and disrespected the principle of local control, most recently in a way that broke agreements not only with my party but with local government, which the ink was barely dry on when that council tax cap was imposed.

I implore the Government and the other parties to accept that consensus is not coming—we are not going to have consensus on this issue. It is very clear from members in the chamber today, and from those who may be in the chamber after the election, that we are not going to get consensus—do not hold out for it. What we need is a majority in Parliament to achieve fundamental reform and the political will to do it. Let us not kid ourselves that consensus is coming on this.

16:53

Mark Griffin (Central Scotland) (Lab): The debate has highlighted that Scotland's councils are under pressures created not by a single year's decisions but by nearly two decades of sustained underfunding and centralisation by this Government. Scottish Labour's amendment reflects that reality. Local services are at risk because of political choices that have weakened local democracy and stripped councils of the resources and flexibility that they need. Councils have faced year-on-year real-terms cuts, rising responsibilities without rising match funding and a steady erosion of their ability to respond to local needs and priorities.

The Scottish Government speaks of empowerment, but the lived experience for councils has been less autonomy, more directed spending and an ever-tightening grip from the centre, and the Accounts Commission's latest bulletin reinforces that. Ring-fenced funding is now at 24 per cent, council debt has risen sharply and usable reserves have fallen.

Sixteen councils relied on unplanned reserves last year and, despite delivering around 90 per cent of planned savings, a third of councils still overspent their revenue budgets.

Those are the direct consequences of long-term underfunding, and they are being felt in every community, high street, town, village and city in Scotland. Against that backdrop, the Government has brought forward council tax proposals that are unclear and low impact, and are years away.

As Michael Marra said, we support those proposals in principle, but we asked very basic questions about the plans—how many households would be affected, how much revenue would be raised and how the revaluation would work—and the Government could not answer.

SPICe confirmed that fewer than 1 per cent of homes would be affected; the plan would raise only £12 million to £16 million a year, which is around 2 per cent of last year's funding gap; and the revaluation needed to deliver it would cost roughly £10 million.

Legislation will not even be introduced until 2027, with implementation in 2028. That is not reform—it is delay, disguised as action. When it comes to funding local services, what Scotland needs is leadership, which has been lacking over the past almost 20 years. Even with majority and near-majority Governments, the answer is consultation after consultation, commission after commission and no real leadership on the reform of council tax.

A Scottish Labour Government will deliver a credible, progressive council tax reform; provide a sustainable, long-term financial settlement; and rebuild a genuine partnership with local authorities that is based on respect and shared purpose. Scottish councils are the backbone of our communities, and they deserve better than sustained cuts and consultations. The Conservative Party motion identifies the symptoms, but the amendment in the name of Michael Marra identifies the cause and the way forward.

16:57

The Minister for Public Finance (Ivan McKee): I will address directly the characterisation that Mr Hoy has put forward both in this debate and more widely. What has been described as a tax grab is, in reality, a process of evidence gathering and public engagement that has now concluded.

Douglas Lumsden (North East Scotland) (Con): Tell that to the people who are getting taxed.

Ivan McKee: Conservative members should listen; they might learn something.

Members: Oh!

Ivan McKee: No decisions have been taken by the Scottish Government to increase council tax bills across Scotland; no household has been issued with a higher bill as a result of the consultation; and no plan for reform has been agreed, let alone implemented. It is simply not accurate to suggest that this work represents an attempt to extract more money from households. The independent analysis that informed the consultation examined options that were explicitly designed to raise the same overall amount of revenue nationally, not more, and the members on the Conservative benches opposite should reflect on the reality of that.

Craig Hoy: Will the member take an intervention?

Ivan McKee: I know that they are finding the current electoral challenges difficult, as they have moved down into fifth place and are having to clutch at straws, but they should debate with the facts and not with their own perceptions of reality.

The analysis also looked in detail at affordability; at who might be affected; and at how protections could be built in to prevent sudden unmanageable changes.

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I give way to Mr Hoy.

Craig Hoy: The minister has moved on, but I wonder whether, in the light of the Government's record on tax, anybody actually believes a word that he says when he says that there will be no material increase in the overall tax take. Is that not just proof, yet again, that the Scottish Government will use smoke and mirrors to hide its intention to raise tax on ordinary hard-working Scots?

Ivan McKee: What I said exactly was that the options were explicitly designed to raise the same overall amount of revenue nationally, and not more. Mr Hoy suggests that households have been singled out to pay for wider public spending pressures. In fact, the purpose of this work has been to look carefully at how the system operates, how it distributes liability and whether it does so fairly. Illustrations were revenue neutral so as not to increase the overall burden on households.

It is also misleading to imply that councils have been ignored or undermined in the process. The programme of engagement has been undertaken jointly with COSLA, reflecting a shared recognition that any discussion about council tax must take account of local government's role, responsibilities and financial sustainability.

Annual funding decisions, including support for councils, are rightly addressed through the budget and fiscal framework, not through structural reform of council tax.

I will take a minute to reflect on some of the other contributions. As often happens, and as we have had again this afternoon, some members from the Tory benches call for spending increases and others call for tax cuts. Pam Gosal managed to get both of those suggestions into the same speech, which was interesting to hear. Sue Webber made some comments about council funding, without recognising the fact that five or six councils went bust under the Tories down south. As Patrick Harvie rightly pointed out, during the 10-year period when the Tories were in office across the United Kingdom, council funding in England was cut by 40 per cent. At the same time, council tax bills ended up more than £600 higher for band D in England than they are in Scotland. The Tories should reflect on that when they are commenting on the debate.

We welcome Michael Marra's confirmation of Labour's support in principle for our proposal to put in place new council tax bands for properties of more than £1 million. Both he and Mark Griffin said that there were questions that had not been answered, but Michael Marra will be delighted to hear that Mark Griffin went on to answer those very questions. If those members have any further questions on the process, which I think we have laid out clearly, we would be very happy to pick those up separately with them.

Finally, it is important to recognise that the Parliament has not been asked to endorse a particular reform, nor to approve any full-scale revaluation, nor to agree changes to council tax bands. What has been taking place is a consultation that is supported by independent analysis, followed by public engagement. The findings of that work will be published and will inform consideration of the issues by the next Parliament. That is the appropriate sequence for a question of this significance. Rhetoric—and that is all that it is—about increases of thousands of pounds or claims that decisions have already been taken do not reflect the reality. I welcome debate on the issues, and we welcome scrutiny and challenge, but the debate should be grounded in facts and evidence and in an honest account of what has and has not been proposed.

The Deputy Presiding Officer: I invite Alexander Stewart to wind up the debate.

17:02

Alexander Stewart (Mid Scotland and Fife) (Con): I am happy to close for the Conservatives. Once again, we find ourselves debating the SNP Government's badly thought-out tax reforms. This time, the spotlight is on council tax reforms, at a time when householders are under increasing pressure. The prospect of council tax reform and higher bills would be concerning for individuals the length and breadth of Scotland. The consultation cannot be viewed in isolation. It must be considered alongside years of real-terms cuts to local government funding.

Shona Robison: It is actually a real-terms increase in funding. How does Alexander Stewart square what he is saying with the fact that council tax bills in Scotland are, on average, £600 lower for a band D property than those in England, where his party presided over the huge increases in council tax?

The Deputy Presiding Officer: I can give you the time back.

Alexander Stewart: The cabinet secretary is not looking at this like-for-like. We on this side of the chamber reflect on what the Scottish Fiscal Commission and the Fraser of Allander Institute say when they tell us that the Government is not giving enough funding to local government.

As I have said, we have to look at the shortfall in context. As we have already heard, tax increases are a decision for councils, but councils require funding to be given to them. The Government has starved councils for years, so residents will pay more and get less.

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We have already heard that the average tax increase last year was about 9.5 per cent. In my region, SNP-run Clackmannanshire Council raised council tax by a staggering 13 per cent. This year, it is talking about having another funding gap of £7 million, while Stirling Council will have a gap of £12 million. Councils the length and breadth of Scotland are being squeezed.

COSLA has also highlighted that the latest Scottish budget delivers a poor funding settlement for local government. The Fraser of Allander Institute has indicated that the average bill will have to rise by 8 per cent this year alone for budgets to stay where they should be. The Government is not putting anything forward; it continues to short-change local government and councils across Scotland.

One way of dealing with that would be to secure a guaranteed share of the Scottish budget. We have been saying that for a number of years. The Fraser of Allander Institute has also indicated that a decrease in funding will continue. We first talked about that being done in relation to local government funding many years ago. We are still talking about it today.

We have heard lots of contributions this afternoon. My colleague Craig Hoy talked about the devastation that councils are facing, with cuts upon cuts, and about how more people will receive more bills that are going up this year. Bills are going in the wrong direction. That is affecting hard-working families, hard-working businessmen and women, and hard-working individuals. The consultation should be ditched. We are happy to stand on the side of the hard-working taxpayer.

We also heard from the cabinet secretary that any reform must be fair. How is it fair to hammer hard-working Scots?

Michael Marra talked about the importance of the council tax freeze that has been forced on councils by this Government. That is undermining and underfunding councils year on year.

Shona Robison: Will the member give way?

Alexander Stewart: Pam Gosal talked about how it affects each and every one of us. Nineteen years of SNP control has had a devastating effect: £528 million pressures are being talked about.

Shona Robison: Will the member give way?

Alexander Stewart: My time is limited, but I may come back to the cabinet secretary.

Shona Robison: Mr Stewart is contradicting himself.

Alexander Stewart: Not at all.

People are talking about having to deal with more. That is a real issue for many councils. Thousands will have to pay more in Dunbartonshire. Pam Gosal spoke about how that is going to happen.

Sue Webber talked about the raid on households in her area. It is not welcome and it is not fair. As I said, the cabinet secretary talked about a fair system. We do not have a fair system. That system is not working. Sue Webber spoke about the new charges, penalties, fees and permits in Edinburgh. Those are all having a massive impact on individuals the length and breadth of her community. People are paying parking charges outside their own front door, and businesses are suffering from stealth taxes and continued piecemeal charging.

This SNP Government insists on endless tinkering with devolved taxes in the hope that it will fix some of the problems that it has created. If councils continue to be squeezed, no amount of tinkering with the tax system will prevent them from raising bills. That is what we have seen today. This Government needs to be honest about the financial pressures facing local government, and about the political will to address that properly. It has to talk about that.

Whether it is income tax, council tax, business rates or stealth taxes, this Government cannot be trusted to reshape Scotland's tax system in any shape, way or form. As today's motion sets out, the SNP should step back from this flawed consultation and focus instead on delivering, and on talking about stable funding and genuine partnership in local government. That is what local government wants to see and wants to be involved in, instead of seeing us crying out for that. It has been crying out for that for years.

As we are going to see, people will pay more and get less. That is the SNP's local government tax policy, and that will continue to be it.

The Presiding Officer (Alison Johnstone): That concludes the debate on opposing the Scottish Government's proposed council tax rises.

The rest of this Official Report will be published progressively as soon as the text is available.

European Charter of Local Self-Government (Incorporation) (Scotland) Bill

The Presiding Officer (Alison Johnstone): The next item of business is a debate on motion S6M-20525, in the name of Mark Ruskell, on a motion on reconsideration of the European Charter of Local Self-Government (Incorporation) (Scotland) Bill.

I would be grateful if members who wish to speak in the debate were to press their request-to-speak buttons. I call Mark Ruskell, the member in charge of the bill, to speak to and to move the motion.

17:08

Mark Ruskell (Mid Scotland and Fife) (Green): I am happy to move the motion to enable the reconsideration of the European Charter of Local Self-Government (Incorporation) (Scotland) Bill. Some members may be surprised to hear me speak to a second member's bill, just days after seeing my Greyhound Racing (Offences) (Scotland) Bill through stage 1, so a little explanation is perhaps required, especially for members who were not present in session 5.

The Euro charter bill, as I call it, was introduced by Andy Wightman in May 2020, and it passed stage 3 on 23 March 2021, shortly before dissolution.

The bill incorporates the European Charter of Local Self-Government into Scots law. The fundamental purpose of incorporation is to strengthen the standing of local government in the democratic governance of Scotland through a range of measures relating to the Scottish ministers, the courts and this Parliament.

The bill was widely supported on a cross-party basis. I pay tribute to Andy Wightman for seeking to elevate the status of local government at a time when concerns about the centralisation of decision making in Edinburgh were rife and the Verity house agreement had yet to be signed.

In summary, the bill places a duty on the Scottish ministers to act compatibly with the charter and to promote self-government. The bill requires the courts to give effect to legislation in a way that is compatible with the charter. It also enables them to declare legislative provisions to be incompatible with the charter and require the Scottish ministers to take remedial action, as well as giving them powers in relation to decisions of Scottish ministers that breach their duties under the charter. Finally, the bill says that bills introduced in the Parliament need to be accompanied by a statement on their compatibility with the charter.

Following stage 3, the bill, together with the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Bill, was referred to the United Kingdom Supreme Court by the Attorney General and the Advocate General for Scotland under section 33(1) of the Scotland Act 1998. In October 2021, the Supreme Court found that the referred provisions were outside the Scottish Parliament's legislative competence.

The two bills were drafted differently and, therefore, the issues before the court were slightly different, but the key question on the Euro charter bill was whether the bill conferred powers on the courts to interpret and scrutinise the legality of legislation passed by the sovereign UK Parliament and whether that modified the effect of section 28(7) of the Scotland Act 1998, which states that the conferral of power on the Scottish Parliament

"does not affect the power of the"

UK Parliament

"to make laws for Scotland."

The first provision in question was section 4(1A) of the Euro charter bill. Section 4(1) provides that legislation referred to in section 4(1A) must be

"read and given effect in a way which is compatible with the Charter".

The Supreme Court ruled that that would sometimes require the courts to modify the meaning and effect of acts of the UK Parliament, which would produce results that the UK Parliament did not intend. Accordingly, the court decided, for the same reasons as applied to the similar section 19(2)(a)(ii) of the UNCRC bill, that section 4(1A) of the Euro charter bill would be outside the legislative competence of this Parliament.

The second provision of this bill that was in question was section 5(1), which confers on the courts the power to declare that a provision of an act is incompatible with the charter. For the same reasons as applied to the similar section 21(5)(b)(ii) of the UNCRC bill, the court decided that section 5(1) of the Euro charter bill

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would affect the power of the UK Parliament to legislate for Scotland, because it would modify section 28(7) of the Scotland Act 1998, so it fell outside the legislative competence of the Scottish Parliament.

If members in the chamber are still with me, we will move to session 6. With Mr Wightman not being returned as an MSP, the responsibility fell to me, as the designated member now in charge of the bill, to decide whether to move towards a reconsideration stage.

Martin Whitfield (South Scotland) (Lab): Will the member take an intervention?

Mark Ruskell: If there is time in hand, I will.

The Presiding Officer: There is a little.

Martin Whitfield: I am grateful to Mark Ruskell for taking the intervention and explaining the anomaly that we face. There are proposals with regard to how the bill, if the motion is agreed to this evening, can be rectified, but does he agree that the parliamentary process does not involve quite the same questions as confronted us with the UNCRC bill? There will have to be careful consideration of how we propose to amend this bill so that, if it comes back, we do not find ourselves in a horrible roundabout that takes us back to where we were.

Mark Ruskell: I agree with the member on that. Clearly, a long time has elapsed, and there have been considerable conversations as well as consideration by both Governments about what would be a legally robust way forward. I look forward to hearing the cabinet secretary's comments later in the debate, but I think that we have enough time to process the bill efficiently towards a reconsideration phase.

In May 2022, John Swinney gave a statement to Parliament with an update on next steps following the judgment. He said that, although the Euro charter bill was a member's bill, the Scottish Government remained committed to supporting it. Since then, my approach as the designated member has been to respect the will of the Parliament that was expressed in session 5 and to allow the Scottish and UK Governments the opportunity to resolve the issues at the heart of the Supreme Court judgment.

During session 6, I have kept the opportunity to fix the bill open, and I have liaised with both the Scottish Government and the Convention of Scottish Local Authorities throughout.

In October 2024, the Scottish Government confirmed that it would lodge and speak to the necessary amendments, given its experience with the 2023 bill reconsideration stage.

Under standing orders, only the member in charge of a bill may propose that the Parliament reconsider a bill following a reference to the Supreme Court. I have lodged the motion to do so, which we will consider today. I urge members to vote for the motion so that we can allow amendments to be made and so that the bill can, I hope, be agreed to again and move towards royal assent.

I thank the cabinet secretary for engaging with me on the bill. As I said, it has taken a long time to get to this point. I am aware that there are many bills up for debate at this late stage of the parliamentary session, but I hope that it will be a relatively easy and efficient process to get the bill back over the line to the satisfaction of all who are concerned and that there will be no further delay.

I move,

That the Parliament agrees to reconsider the European Charter of Local Self-Government (Incorporation) (Scotland) Bill.

17:15

The Cabinet Secretary for Finance and Local Government (Shona Robison): I am pleased to contribute to the debate following the opening remarks from Mark Ruskell, who is the member in charge of the bill. I pay tribute to him for the constructive engagement that we have had.

The Scottish Government remains committed to the European Charter of Local Self-Government (Incorporation) (Scotland) Bill and to the charter's principles. That sits alongside the Verity house agreement and the explicit commitment by ministers to support Mark Ruskell to progress this member's bill to reconsideration stage as soon as possible.

Our offer of practical support was informed by our experience of the first bill to proceed to reconsideration stage in the Scottish Parliament. That is now the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024.

As the Parliament will be aware, the European Charter of Local Self-Government (Incorporation) (Scotland) Bill was the second of two bills that were referred to the Supreme Court and found to be outwith the Scottish Parliament's legislative competence by it. In my letter to Mark Ruskell last month, which was published by the

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Local Government, Housing and Planning Committee, I confirmed that, if the Parliament agrees to reconsider the bill, the Scottish Government will lodge and speak to the amendments that we deem to be necessary, drawing on our previous experience of supporting a bill's progress through reconsideration.

If the Parliament agrees to Mr Ruskell's motion, I intend to lodge amendments as soon as possible that will be designed to achieve three things. First, the amendments will retain as much of the bill's original purpose and practical effect as possible. Secondly, the amendments will clearly frame the applicable duties and remedies in the bill within the boundaries of devolved competence, in order to address the findings of the Supreme Court judgment. Thirdly, and crucially, the amendments will minimise the possibility of a further Supreme Court referral.

My officials have been engaging constructively with UK Government officials for a period of time, sharing draft proposals and pursuing a co-operative dialogue on the implications of the Supreme Court's judgment for the bill's key operative provisions. That engagement and the process of developing amendments has once again highlighted the challenging practical effect of the restrictions on the Scottish Parliament's scope to legislate that result from section 28(7) of the Scotland Act 1998. That section states that the power of the Scottish Parliament to make laws for Scotland

"does not affect the power of the Parliament of the United Kingdom"

to do so. Discussion of the implications of the Supreme Court judgment continues, and we expect further academic and stakeholder commentary on the matter.

Although the amendments that I intend to lodge would limit the legal impact of the bill to some extent, it should be remembered that the Verity house agreement, although not legally binding, already commits ministers to act consistently with many of the charter's principles. Those include subsidiarity and

"a presumption in favour of local flexibility",

using language that was drawn directly from the charter. The agreement has already helped to realise many of the aspirations of the charter by strengthening and framing the relationship between our two spheres of government and setting out how we will work together to better deliver improved outcomes for the people of Scotland.

The agreement also committed ministers to ensuring that local government has greater flexibility to tailor solutions to meet local needs. By the end of this parliamentary session, we will have baselined more than £2 billion of the general revenue grant, jointly published a fiscal framework with COSLA, completed the local governance review, taken forward short-term action to enhance the ability of councils to innovate, meaningfully progressed work towards a power of general competence, introduced new revenue-raising powers and commenced groundwork to support future council tax reform.

Reconsideration of the bill is the logical next step to enshrine that existing good practice in law. Crucially, COSLA, as the key local government representative organisation in Scotland, supports the amendments that I intend to lodge; it shares the priority of completing reconsideration in this session of Parliament and avoiding a further referral. I put on record my thanks to COSLA for all the work that it has done in this area so far.

Agreeing to the motion to reconsider the bill is the necessary first step to allow Parliament to scrutinise and decide on my amendments. I invite members to support Mark Ruskell's motion so that we can, before the end of this session of Parliament, deliver a bill that remains faithful to the charter's purpose, is workable in practice and strengthens local self-government in Scotland.

17:20

Alexander Stewart (Mid Scotland and Fife) (Con): I am pleased to speak on the motion to allow the Parliament to reconsider the European Charter of Local Self-Government (Incorporation) (Scotland) Bill.

As the closest level of government to communities, it is right that councils, and elected councillors, are given the powers to act in the best interests of local residents. The Scottish Conservatives will therefore support the motion, so that Parliament can consider which amendments are needed to bring the bill within this Parliament's legislative competence.

It is regrettable that the Parliament has had to wait so long for progress to be made. It is notable that more than 1,000 days have passed since the Supreme Court delivered its judgment in October 2021. Further, almost exactly a year ago, the Government said that it was working on the bill and that reconsideration would take place as soon as practical. It is only now, with just two months remaining before the end of this session of Parliament, that we have got to this point. However, I am glad that we have done so.

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I would like to reflect on how the political debate around local government has developed since the Parliament debated the bill at stage 3, which is nearly five years ago. COSLA has long supported the principles behind the bill, but it has also indicated that local government is facing a “dire financial situation.”

In 2023, the Verity house agreement was published, which aimed to strengthen the Scottish Government’s working relationship with councils. Many of the principles in the agreement can be welcomed, but too much of what is in it has yet to become a reality, and councils are frustrated with the lack of progress so far. It was never intended that the agreement would have any legislative backing, but its principles draw on the European Charter of Local Self-Government. I hope that we can see genuine progress on the relationship between local and central Government, which the Scottish Government has been promising for years.

There is very limited time remaining in the current session of Parliament to reconsider the bill. I hope that the Government can work with Mark Ruskell to progress matters. It is right that the bill progresses to reconsideration stage, but the Government still has much more work to do if it is to regain the trust of local government.

17:23

Mark Griffin (Central Scotland) (Lab): The bill has always had a simple and widely supported purpose: to incorporate the European Charter of Local Self-Government into Scots law. In practice, that means giving local authorities clear legal rights, requiring the Scottish ministers to act in line with the charter and ensuring that Scotland meets the democratic standards that are expected across Europe. It will strengthen local autonomy, improve transparency and allow councils to challenge actions that undermine their role. This was never a constitutional provocation; it was a practical measure to protect and empower local democracy. The Supreme Court did not strike down that purpose; it struck down the drafting.

The then Deputy First Minister promised in May 2022 to work at pace to lodge amendments. He promised engagement with COSLA and with Parliament, but, since that statement, nothing of substance has happened—no amendments, no timetable and, seemingly, no progress.

COSLA’s briefing to its own convention in March 2023 highlighted the lack of apparent progress and urged early ministerial engagement. COSLA seemed to be doing everything that it could. The only thing missing was meaningful action from the Scottish Government, which seems to be a pattern.

Local government has become an afterthought for this Administration—not a partner, but the body that is expected to administer cuts, absorb blame and take the flak when services are hollowed out.

The much-lauded Verity house agreement, once heralded as bringing in a new era of respect, lies in complete tatters, abandoned the moment its political usefulness expired. Over the past decade and more, councils have faced cuts of around £7 billion, and they are left carrying an unsustainable financial burden. That is not just my view or that of my Scottish Labour colleagues—Scottish National Party councillor Ricky Bell, who is COSLA’s spokesperson for resources, has warned that

“local government finances are under severe and growing strain.”

He went on to say that councils have already delivered

“significant savings year on year”

and that

“there is a clear limit to what can be achieved without impacting the services communities rely on.”

He said that reliance on reserves and borrowing is

“not a sustainable long-term solution”,

and that the medium-term outlook is for

“continued de-prioritisation and the prospect of significant real-terms cuts.”

The SNP councillor’s conclusion is that

“Urgent action is needed”.

The bill was universally supported. Passing it promptly should have been the easy part, yet the Government managed to turn that consensus from years ago into delay—six years of it. Local government deserves better, and Scotland deserves better. Today, at long last, we have the chance to put that right, without excuses or constitutional theatre and with the respect that our councils and communities are owed.

17:26

Alex Cole-Hamilton (Edinburgh Western) (LD): I welcome the opportunity to speak on behalf of the Liberal Democrats in support of the motion. I was one of the original signatories to Andy Wightman's bill in the previous session of the Parliament. At its heart, the bill is about a simple idea: that the power to make decisions that affect communities should always sit as close as humanly possible to the people whom those decisions serve.

Too often, under successive SNP Administrations, power in Scotland has gone the other way. It has become too centralised, and local government has been treated less like a democratic partner and more like a delivery arm for the Scottish Government. We have heard a lot about the Verity house agreement, but it has had a coach and horses driven through it several times. I therefore welcome the motion, and the signal from the cabinet secretary of the Government's support.

As we have heard, the Parliament passed the bill back in 2021, and it had strong cross-party backing. Since then, we have had the Supreme Court judgment, which was clear that certain provisions, particularly sections 4 and 5, went beyond the limits of the Parliament's power in how they interacted with United Kingdom legislation.

The reconsideration stage gives us a chance to finally respond to that judgment responsibly, but without losing sight of what the bill is trying to achieve. The proposed amendments to the bill do just that. They are focused and proportionate, and they closely follow the approach that the Parliament took in its reconsideration of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Bill. Although it is regrettable that, by necessity, the amendments will narrow the scope of the legislation somewhat, it is still a big improvement on not having the legislation enacted at all and, clearly, we cannot proceed with another bill that might not be competent.

I acknowledge the decision to amend section 2. I understand the reluctance to narrow its scope and I share the frustration that that creates, particularly among our council colleagues, but it is right to be honest about the risk of further legal challenge. Another referral to the Supreme Court would help no one, least of all local government, which has already waited long enough for the bill to progress. What is important is that the bill still marks a significant step forward. It embeds the principles of the European charter into Scots law and strengthens the culture of respect, partnership and mutual trust between national and local government.

Agreements such as the Verity house agreement already point us in that direction but, as we have seen over the past few years, the Government can run roughshod over those principles. The motion is not about reopening old arguments; it is about finishing the job properly within our powers and sending a clear signal that the Parliament believes in strong and empowered local government. For those reasons, we will, of course, support the motion.

17:29

Mark Ruskell: I thank members for their contributions, and I thank COSLA and, in particular, those in its political leadership, who have been absolutely relentless over the past four years in driving towards the line and trying to get the bill back over the line. It has been great to work with them. I also thank Roz Thomson from the non-Government bills unit, who has kept the bill on life support over the past five years.

Before returning to Holyrood in 2016, I spent five years as a councillor in Stirling, and it really left a mark on me, with the importance of strong, accountable, empowered local government. It is absolutely critical; it is the level of government that works closest to the people.

Comments have been made about the Verity house agreement. I do not view it as an end point; it is a start, and it has helped to reset the relationship. I agree with Alex Cole-Hamilton and Alexander Stewart that there is a long way to go.

The bill gives us an opportunity to embed the principles further into the work of both the Scottish Government and the Parliament in the next session. I note that the Verity house agreement committed the Government to embed the European charter into law. That is what local government wants, and it is normal across Europe. If we can get the amendments through and get the bill over the line, that is exactly what it will do.

I will make some brief comments about the amendments that the Government will be proposing. Sections 4 and 5, on interpretation and declarations of incompatibility, will be amended to restrict their application to acts of the Scottish Parliament and Scottish statutory instruments. As the cabinet secretary has outlined, the Government amendments will go further than the two sections of the bill as considered by the UK Supreme

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Court. They will include amendments, under section 2, to the duty on Scottish ministers to act compatibly with the charter.

We have heard that that is being done on the basis that the Scottish Government, through engagement with the UK Government, has not been able to rule out the possibility of a further referral if section 2 is not amended during the reconsideration stage. That is regrettable. I would ask Mark Griffin to reflect on the fact that there has been a conversation between two Governments—a Labour Government and an SNP Government—and I would have preferred those amendments on section 2 not to have been drafted. However, we are where we are. The amendments will reduce the reach and effect of the bill, because much legislation in devolved areas, such as in education, is still contained within the UK legislation.

My priority, as the designated member, is to see the bill pass the reconsideration stage, avoiding any further referral to the UK Supreme Court. COSLA is content with that approach. It is disappointing that it has taken so long to get clarity on that point from the UK Government but, on balance, it is a lot better to have a bill moved to royal assent than for it to be struck down again and to have an uncertain future, dragging into session 7 of the Parliament.

I will end with the words of Andy Wightman, who said in the stage 3 debate five years ago:

“We are strengthening our democracy; in particular, we are strengthening the institution of our system of government that lies closest to the people ... so that it might serve them better and more effectively and be more responsive to the wishes of local communities, rather than the political imperatives in Edinburgh.”—[*Official Report*, 23 March 2021; c 80.]

I agreed with those words then and I agree with them now. I urge members to back the motion for reconsideration of the Euro charter bill.

The Presiding Officer: That concludes the debate on the motion on reconsideration of the European Charter of Local Self-Government (Incorporation) (Scotland) Bill.

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