

MEETING OF THE PARLIAMENT

Wednesday 13 December 2000

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CONTENTS

Wednesday 13 December 2000

Debates

Col.

TIME FOR REFLECTION	833
BUSINESS MOTION	834
<i>Motion moved—[Tavish Scott] and agreed to.</i>	
<i>Amendment moved—[Tricia Marwick].</i>	
The Deputy Minister for Parliament (Tavish Scott).....	834
Tricia Marwick (Mid Scotland and Fife) (SNP)	835
Tavish Scott.....	836
MOTION OF NO CONFIDENCE	841
<i>Motion moved—[Mike Russell].</i>	
Michael Russell (South of Scotland) (SNP).....	841
Mr Brian Monteith (Mid Scotland and Fife) (Con).....	845
Ian Jenkins (Tweeddale, Ettrick and Lauderdale) (LD)	847
Mr Kenneth Macintosh (Eastwood) (Lab).....	849
Nicola Sturgeon (Glasgow) (SNP).....	851
Cathy Jamieson (Carrick, Cumnock and Doon Valley) (Lab).....	852
George Lyon (Argyll and Bute) (LD).....	854
Mr Monteith.....	855
Mr John Swinney (North Tayside) (SNP)	856
The First Minister (Henry McLeish)	859
SCOTTISH QUALIFICATIONS AUTHORITY	864
<i>Motion moved—[Mrs Mulligan].</i>	
Mrs Mary Mulligan (Linlithgow) (Lab)	864
The Minister for Education, Europe and External Affairs (Mr Jack McConnell)	868
Michael Russell (South of Scotland) (SNP).....	873
Mr Brian Monteith (Mid Scotland and Fife) (Con).....	876
George Lyon (Argyll and Bute) (LD).....	879
Irene McGugan (North-East Scotland) (SNP)	882
Cathy Peattie (Falkirk East) (Lab)	883
Nick Johnston (Mid Scotland and Fife) (Con).....	885
Donald Gorrie (Central Scotland) (LD)	886
Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP).....	888
Johann Lamont (Glasgow Pollok) (Lab)	889
Marilyn Livingstone (Kirkcaldy) (Lab)	891
Miss Annabel Goldie (West of Scotland) (Con).....	892
Mr Kenny MacAskill (Lothians) (SNP)	894
The Deputy Minister for Education, Europe and External Affairs (Nicol Stephen).....	896
Alex Neil (Central Scotland) (SNP).....	898
BUDGET PROCESS 2001-02: STAGE 2	902
<i>Motion moved—[Mike Watson].</i>	
Mike Watson (Glasgow Cathcart) (Lab)	902
Andrew Wilson (Central Scotland) (SNP).....	910
Mr David Davidson (North-East Scotland) (Con)	916
Mr Keith Raffan (Mid Scotland and Fife) (LD)	920
The Minister for Finance and Local Government (Angus MacKay)	925
Alex Neil (Central Scotland) (SNP).....	932
Mr Kenneth Macintosh (Eastwood) (Lab)	935
Fiona Hyslop (Lothians) (SNP).....	938
Miss Annabel Goldie (West of Scotland) (Con).....	940
Brian Adam (North-East Scotland) (SNP)	942
Dr Richard Simpson (Ochil) (Lab)	944
Donald Gorrie (Central Scotland) (LD)	946
Nick Johnston (Mid Scotland and Fife) (Con).....	948
Mr Adam Ingram (South of Scotland) (SNP)	950

Elaine Thomson (Aberdeen North) (Lab)	953
DECISION TIME	957
ABERCORN PRIMARY SCHOOL	960
<i>Motion debated—[Lord James Douglas-Hamilton].</i>	
Lord James Douglas-Hamilton (Lothians) (Con)	960
Mrs Mary Mulligan (Linlithgow) (Lab)	963
Fiona Hyslop (Lothians) (SNP)	964
David McLetchie (Lothians) (Con)	966
Michael Russell (South of Scotland) (SNP)	967
The Deputy Minister for Education, Europe and External Affairs (Nicol Stephen)	969

Scottish Parliament

Wednesday 13 December 2000

[THE PRESIDING OFFICER *opened the meeting at 09:30*]

Time for Reflection

The Presiding Officer (Sir David Steel): Good morning. We welcome today to lead our time for reflection Rev Dr Gordon Murray, minister of the Edinburgh and Forth Methodist Circuit.

Rev Dr Gordon Murray (Edinburgh and Forth Methodist Circuit): In the Christian calendar, we are at present celebrating the time of Advent—a time of waiting for Christmas. It may seem rather odd for people to celebrate a time of waiting. Waiting is usually something that we seek to avoid. It is frustrating and annoying. It seems that the longer the wait, the higher the probability that things will go wrong.

Perhaps the reason why we do not like waiting is that it implies that we are dependent on other people and, for religious people, dependent on God. We are not, as it were, in charge of our destinies. Dependence on other people can be a highly frustrating business. However, Christians celebrate Advent—the time of waiting—because, just like children during the month of December who trust their parents for what will come at Christmas, Christians trust their heavenly parent for the promise of Advent.

What is our expectation of Advent? We read in chapter 1 of St Luke's gospel, verses 50 to 53:

"God's mercy extends to those who fear him from generation to generation.

He has performed mighty deeds with his arm.

He has scattered those who are proud in their inmost thoughts.

He has brought down rulers from their thrones but has lifted up the humble.

He has filled the hungry with good things but has sent the rich away empty."

That is why we may celebrate Advent. Let us pray.

God of power and purpose, help us so to respect your power and to understand your purpose that we may celebrate Advent and celebrate the coming of the Christ child at Christmas, so that we may receive strength from his weakness and inspiration from his simplicity. In his name we ask it. Amen.

Business Motion

The Presiding Officer (Sir David Steel): The first item of business this morning is consideration of Parliamentary Bureau motion S1M-1457, in the name of Tom McCabe, which proposes an addition to the business to be taken today, together with an amendment to that motion.

09:34

The Deputy Minister for Parliament (Tavish Scott): Before moving the motion on behalf of the Parliamentary Bureau, I should note that it is disappointing that we find ourselves debating a motion that provides the Scottish National Party with an early opportunity to debate its motion of no confidence.

It is important to set out what is proposed in the business motion: it allows for the motion of no confidence that was lodged on Friday last week to be debated at the earliest opportunity. It is important that the seriousness of a motion of no confidence is recognised, and that the decision to lodge such a motion is not taken lightly. When proposing this morning's business as set out in the business motion, the Executive took into account the fact that the allegations against Mr Galbraith were linked inextricably to the Scottish Qualifications Authority issue. The points that are likely to be made in the debate on the motion of no confidence will no doubt also be made in the main debate on the SQA reports. The time allocated to the SQA debate reflects that. Brian Monteith recognised that there would be a separate debate on a motion of no confidence by withdrawing his amendment to motion S1M-1446, which called for Sam Galbraith's resignation.

The Parliament will have the same amount of time to debate the issues as it would have had under the motion agreed to by Parliament last week. The proposed amendment to today's business motion would simply structure the debate in a way that reflects the wishes of those who signed up to the motion of no confidence. I believe that the motion before Parliament is fair and will allow members ample time and opportunity to address issues that are raised by both committee reports.

I move,

That the Parliament agrees, as an addition to the Business Motion agreed on 7 December 2000:

Wednesday 13 December 2000

after the first Parliamentary Bureau Motions, insert

followed by

Debate on Motion of No Confidence

09:35

Tricia Marwick (Mid Scotland and Fife) (SNP):

Yesterday I indicated to the other business managers that I could not support the business motion that is before us today. On behalf of the SNP, I recorded my group's objections with the bureau and advised that today I would move an amendment to the business motion.

The purpose of my amendment is to allow the reports by the Enterprise and Lifelong Learning Committee and the Education, Culture and Sport Committee to be debated fully by the Parliament. Last week the Parliament approved a business motion that provided for a debate lasting almost three hours. Today the Parliament is being asked to agree to a motion that would slash an hour off that time. The effect of that would be to deny 15 back-bench members the opportunity to contribute to the debate on the SQA and the exams crisis. If the debate was important enough last week to warrant three hours, it is important enough this week to warrant three hours.

The Executive will claim—Tavish Scott already has—that the SNP motion of no confidence has impacted on the time available for the SQA debate. Let me deal with that charge right now. What has impacted on the time available for the SQA debate is the sheer intransigence of the Executive. The standing orders of the Parliament are clear. When a motion of no confidence has been lodged and has attracted 25 signatures, it must be debated by the Parliament—no ifs, no buts, no maybes. The role of the Parliamentary Bureau is to find the time for that debate. It was the Executive's business managers who timetabled the two debates to run consecutively this morning.

As I could not accept that one hour should be slashed from the SQA debate, I offered the business managers two other options. The first was that this morning's business should continue until 1.30 pm, to allow one hour for the debate on the motion of no confidence, which would be followed by the previously agreed three-hour debate on the committees' reports. That offer was turned down. I then suggested that the SQA debate should take place this morning, as originally timetabled, and that the SNP group would give up an hour of its Opposition time on Thursday morning so that the motion of no confidence could be debated. That suggestion was also rejected.

I do not intend to speak about the debates that will follow. However, we all recognise the work that has been done by the committee conveners, Mary Mulligan and Alex Neil, by the members of the Education, Culture and Sport Committee and the Enterprise and Lifelong Learning Committee, and by the clerking staff. I pay tribute to them for that.

They have investigated the debacle of the past year and have made important recommendations for next year's exam process. The Executive has let down the two committees, which have worked tirelessly on behalf of the Parliament to take evidence and to produce their reports. Those reports deserve to be debated properly and thoroughly. According to one commentator, they are reports that

"made this Parliament worth having."

Students, teachers and parents will not understand why the Executive has prevented a full debate today. The message that will go out from the chamber is that the agony and heartbreak of the summer are worth only two hours of the Parliament's time. That is a shameful message. Thousands of young people are relying on the Parliament to make things right for them this year and next year. I say this to the Executive, as gently as I can: by its actions today it has not even begun to put things right.

I urge members of all parties to support the amendment and to extend the SQA debate until 1.30 pm to allow a proper debate of the issues. The committees and Scotland's young people and teachers deserve no less.

I move amendment S1M-1457.1, to insert at end:

"and after the 'Education, Culture and Sport Committee and Enterprise and Lifelong Learning Committee Debate on SQA Inquiries' insert

to be concluded at 1.30 pm".

09:40

Tavish Scott: I am bound to say that the Executive has done what I thought the SNP wanted, which is to create time for the motion that the SNP wants to debate. It is now 9.40 am; the longer that we spend discussing the timing, the less time there is to debate the motion of no confidence and the committee reports. There would have been howls of protest had the Executive not timetabled the no confidence motion that the SNP wanted.

We should get on with discussing the committee reports. As Tricia Marwick said, they are important and we must treat them seriously and not waste time on a sterile argument about time. That does a disservice to the committees that Tricia Marwick mentioned. The Education, Culture and Sport Committee report has 56 recommendations. Let us get on and debate them now.

The Presiding Officer: I will now put the questions on the amendment and the motion to the chamber. The first question is, that amendment S1M-1457.1, in the name of Tricia Marwick, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Adam, Brian (North-East Scotland) (SNP)
 Campbell, Colin (West of Scotland) (SNP)
 Grahame, Christine (South of Scotland) (SNP)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Elder, Dorothy-Grace (Glasgow) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Ewing, Dr Winnie (Highlands and Islands) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Gorrie, Donald (Central Scotland) (LD)
 Hamilton, Mr Duncan (Highlands and Islands) (SNP)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Lochhead, Richard (North-East Scotland) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 MacDonald, Ms Margo (Lothians) (SNP)
 McGugan, Irene (North-East Scotland) (SNP)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 McLeod, Fiona (West of Scotland) (SNP)
 Neil, Alex (Central Scotland) (SNP)
 Quinan, Mr Lloyd (West of Scotland) (SNP)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Russell, Michael (South of Scotland) (SNP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Ullrich, Kay (West of Scotland) (SNP)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Wilson, Andrew (Central Scotland) (SNP)

AGAINST

Aitken, Bill (Glasgow) (Con)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Davidson, Mr David (North-East Scotland) (Con)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fergusson Alex (South of Scotland) (Con)
 Finnie, Ross (West of Scotland) (LD)
 Galbraith, Mr Sam (Strathkelvin and Bearsden) (Lab)
 Gallie, Phil (South of Scotland) (Con)
 Godman, Trish (West Renfrewshire) (Lab)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 Harding, Mr Keith (Mid Scotland and Fife) (Con)
 Harper, Robin (Lothians) (Green)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, Mr John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)

Jenkins, Ian (Tweeddale, Ettrick and Lauderdale) (LD)
 Johnston, Nick (Mid Scotland and Fife) (Con)
 Johnstone, Alex (North-East Scotland) (Con)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lyon, George (Argyll and Bute) (LD)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 McGregor, Mr Jamie (Highlands and Islands) (Con)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McAllion, Mr John (Dundee East) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)
 MacKay, Angus (Edinburgh South) (Lab)
 McLeish, Henry (Central Fife) (Lab)
 McMahon, Mr Michael (Hamilton North and Bellshill) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Munro, Mr John (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland) (LD)
 Simpson, Dr Richard (Ochil) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Thomson, Elaine (Aberdeen North) (Lab)
 Tosh, Mr Murray (South of Scotland) (Con)
 Wallace, Ben (North-East Scotland) (Con)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)
 Young, John (West of Scotland) (Con)

The Presiding Officer: The result of the division is: For 33, Against 79, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The second question is, that motion S1M-1457, in the name of Tom McCabe, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Aitken, Bill (Glasgow) (Con)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)

Davidson, Mr David (North-East Scotland) (Con)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fergusson, Alex (South of Scotland) (Con)
 Finnie, Ross (West of Scotland) (LD)
 Galbraith, Mr Sam (Strathkelvin and Bearsden) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Gorrie, Donald (Central Scotland) (LD)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 Harding, Mr Keith (Mid Scotland and Fife) (Con)
 Harper, Robin (Lothians) (Green)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, Mr John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Jenkins, Ian (Tweeddale, Ettrick and Lauderdale) (LD)
 Johnston, Nick (Mid Scotland and Fife) (Con)
 Johnstone, Alex (North-East Scotland) (Con)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lyon, George (Argyll and Bute) (LD)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 MacKay, Angus (Edinburgh South) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McAllion, Mr John (Dundee East) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)
 McLeish, Henry (Central Fife) (Lab)
 McMahan, Mr Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Munro, Mr John (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland) (LD)
 Simpson, Dr Richard (Ochil) (Lab)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Thomson, Elaine (Aberdeen North) (Lab)
 Tosh, Mr Murray (South of Scotland) (Con)
 Wallace, Ben (North-East Scotland) (Con)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)
 Young, John (West of Scotland) (Con)

AGAINST

Adam, Brian (North-East Scotland) (SNP)
 Campbell, Colin (West of Scotland) (SNP)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Elder, Dorothy-Grace (Glasgow) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Ewing, Dr Winnie (Highlands and Islands) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Grahame, Christine (South of Scotland) (SNP)
 Hamilton, Mr Duncan (Highlands and Islands) (SNP)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Lochhead, Richard (North-East Scotland) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 MacDonald, Ms Margo (Lothians) (SNP)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 McGugan, Irene (North-East Scotland) (SNP)
 McLeod, Fiona (West of Scotland) (SNP)
 Neil, Alex (Central Scotland) (SNP)
 Quinan, Mr Lloyd (West of Scotland) (SNP)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Russell, Michael (South of Scotland) (SNP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Ullrich, Kay (West of Scotland) (SNP)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Wilson, Andrew (Central Scotland) (SNP)

The Presiding Officer: The result of the division is: For 78, Against 32, Abstentions 0.

Motion agreed to.

That the Parliament agrees, as an addition to the Business Motion agreed on 7 December 2000:

Wednesday 13 December 2000

after the first Parliamentary Bureau Motions, insert

followed by Debate on Motion of No Confidence

Motion of No Confidence

The Presiding Officer (Sir David Steel): We come straight to the first debate, which is on motion S1M-1448.

The Deputy Presiding Officers and I have looked at the request-to-speak lists. Even before the screen has displayed the electronic list, it is clear that more members want to speak in both debates than can be called in the time. We are therefore very tight for time, so I ask for strict adherence to the time allowed for speeches.

09:43

Michael Russell (South of Scotland) (SNP): Before I move the motion in my name, I must say that SNP members regret that the Executive parties—both parties—refused the offer of SNP time tomorrow to debate the motion properly. It was their decision to interfere with the proper conduct of the important Scottish Qualifications Authority debate that lies ahead. It was their decision to cut the time for that debate. It was their decision to misrepresent that situation in the press and in the chamber.

Such decisions smack more of the bad old ways of South Lanarkshire than the new ways of the Scottish Parliament. Many of us regret that the bad old ways of South Lanarkshire are now also infecting Shetland.

This is the first no confidence motion to be debated in the Scottish Parliament. Contrary to the view that the First Minister expressed at the weekend that the debate was opportunistic, it is a debate that is governed by clear rules in our standing orders. The procedure exists for a clear purpose. No confidence debates can take place only if the motion attracts at least 25 signatures. As of this morning, the motion had attracted 32 signatures.

No confidence debates are designed to indicate that a minister has performed badly or behaved badly. They provide the mechanism by which the Parliament can say that in a way that should result in the minister being removed from office. No confidence debates are serious parliamentary occasions. They should be—and they are—used very sparingly.

However, the circumstances of the summer's disaster for Scotland's pupils, teachers and parents—the disaster of the failure of the SQA—are surely serious enough for us to consider whether there is an element of ministerial blame to be attached to what took place. If such blame is attached, surely the unprecedented events of the summer demand unprecedented ministerial and

parliamentary responses.

The motion is narrowly drawn; it relates to the actions of one minister between specified dates. Some people would argue that the minister is culpable for much more than I shall indicate this morning, but I shall stick to the terms and dates in the motion.

The information on what took place between those dates comes from the evidence given to the Education, Culture and Sport Committee and the Enterprise and Lifelong Learning Committee, which includes evidence from the internal documents of the Executive, which were given to the committee in a cumbersome process of disclosure.

I suspect that there is more information than we have now. I find it astonishing, for example, that in all those documents there was no mention of advice from Her Majesty's inspectors of schools to the minister or to his department. It beggars belief that there was no such advice; it should have been disclosed. However, we know from the documentation that on 26 June, Ron Tuck, the chief executive of the SQA, indicated in a telephone conversation with an official in Mr Galbraith's department that there were difficulties in delivering accurate and timely results.

On that day, Peter Peacock, Mr Galbraith's deputy minister, received advice—which he presumably asked for—about actions that could be taken with regard to those problems. That advice indicated that ministers could ask the SQA board to dismiss the chief executive. That would have allowed the appointment of a crisis manager.

Mr Galbraith was aware of difficulties at the SQA before 26 June. There had been press reports and he had received advice that indicated that all was not well. The confirmation from the SQA that a crisis was looming took place against an established background. Given the urgency of securing exam results, Mr Galbraith should have acted on 26 June.

Mr Galbraith will argue, or someone will argue for him, that that would have been an overreaction. But how is it an overreaction when, within six weeks, the chief executive had gone and a crisis manager had been installed? Ex post facto, those changes were made. Would those changes, which Mr Galbraith could have made at that moment, not at the very least have provided additional help in diminishing the scale of the crisis that was looming? However, Mr Galbraith chose not to act.

Between 26 June and 17 July there were regular—one might say frenetic—meetings between the Scottish Executive education department and the SQA. There was, in the words of the senior civil servant in Sam Galbraith's

department, no longer a “normal relationship” between that body and the Executive.

It is clear that by 17 July Mr Galbraith's officials were apprising him of a situation that had not got any better. I will quote one of the pieces of advice. On 17 July, officials told the minister that the probability—I stress, the probability—

“of a failure of some part of the system appears to remain distressingly high”.

They also told the minister that it was inevitable that some students would get inaccurate results. In an attempt to quantify what might be acceptable, they advised that up to 1,000 candidates with inaccurate results out of the total of 140,000 candidates should not prevent the exam results from going out on time.

On 25 July, Mr Galbraith met the chairman and chief executive of the SQA—who are both now out of post, unlike the minister. At that meeting they assured him—the words “assured” and “reassured” keep appearing in this saga—that the number of candidates likely to be affected would be no more than 7,000, although they knew at that moment that they were nowhere near that figure.

Seven thousand or 1,000? Do something and delay the results, or do nothing and let them go out? Mr Galbraith chose to do nothing. He allowed the SQA to proceed; he should not have done so. He should have told the SQA not to issue the results; he should have insisted upon it. He should have insisted on the checking and rechecking of the announcement details, so that at least schools, pupils and parents would be forewarned. He should have insisted on taking charge, but he did not. Instead, he said that it was all up to the SQA.

However, the minister did one thing at that meeting. He told his deputy minister, Mr Peacock—to whom he is now speaking—not to attend the SQA press conference launching the results. Mr Peacock had already said that he would be there—indeed, the SQA expected him to be there—but Mr Galbraith pulled him out. Why? Perhaps he did so because the scale of the failure was now so obvious; perhaps it was time to get ministers away from the scene of the crime as fast as possible.

From 25 July until the date of the announcements, Mr Galbraith's civil servants were constantly in touch with the SQA and were reassured many more times. By 9 August, even the plans to let MSPs into the secret that there would be an awful lot of disappointed young people were abandoned, because the draft letter that Mr Galbraith planned to send each of us was scrapped.

We know what happened next. The unanimous report of the Education, Culture and Sport

Committee paints a shocking picture. A telephone helpline had the wrong information; schools had no information; and young people were left distressed and depressed on what should have been a day of achievement.

However, at that moment, the minister sprang into action. He apologised from Stornoway, and apologised again when he got home. He then insisted on changes at the SQA and demanded corrections within days. He did things. Why could he do things such as instruct the SQA after the disaster happened but not do the same things before it happened? That is the key question.

Johann Lamont (Glasgow Pollok) (Lab): Will the member give way?

Michael Russell: No, I am sorry—I have a lot of material to get through.

If the minister could act after 9 August—which action culminated in the resignation of the chief executive—why did he not act before that date? Why did he not insist on management changes or on delaying publication of the results? Why did he not tell MSPs and the public what was about to happen?

There are three good reasons why Sam Galbraith should not be a minister today. First, as I have indicated, he failed to act at key times during the SQA crisis, which was an operational failure on his part. He failed what is called the Carrington test.

Secondly, there was a failure of policy in Sam Galbraith's department while he was minister. The policy of allowing the SQA to operate not just at arm's length, but at fingertip length failed, as did that of implementing higher still by his inspectors. He failed what is called the Howard test.

Sam Galbraith failed a third test. This week, Labour spin doctors and others have been saying, “Sam might have made mistakes, but he is no longer at education. There is no need for him to go now.” In that case, let us apply the third test, which we shall call the Mandelson test. If Sam Galbraith had resigned on 13 August, not even this First Minister would have brought him back within two months. He would not be a minister today.

Sam Galbraith stayed—so he said—to sort things out and informed us that that was his duty. His sense of duty lasted two months and during that time, he did little to sort things out. His successor has shown some commendable energy and determination—and I do not often praise Jack McConnell. Sam Galbraith showed none.

No one wants a situation to get so bad that the only remedy is a motion of no confidence. However, in the light of the failures that I have pointed out, that is the only remedy left to the chamber. Sam Galbraith must go, and if he cannot

see that fact, it is up to the chamber to point it out to him. I believe that the evidence supports my motion of no confidence and ask the chamber to support it as well.

I move,

That this Parliament has no confidence in Sam Galbraith in his role as a member of the Scottish Executive, by reason of his failure to act decisively on the matter of the Scottish Qualifications Authority between 26 June 2000 and 13 August 2000.

09:54

Mr Brian Monteith (Mid Scotland and Fife) (Con): I support Mike Russell's motion. As members will be aware, we lodged our own motion of no confidence several months ago, and we believe that events have borne out that decision.

At the time, we said that we were lodging the motion not so much because of the minister's conduct in connection with the way in which the crisis came about. That would be for the committees to establish. However, we felt that the minister had to answer for his role in the handling of the crisis.

Some have said that the debate is a waste of parliamentary time and that because we cannot win it, it is futile. If the minister has been cleared of direct blame by the committees, why should we seek his resignation? Surely we have moved on. Mr Galbraith has certainly moved on. However, many pupils today still do not know the final outcome of their exams and will not know until after the new year.

Although ministers might move on, the problems remain—as does the responsibility for those problems. The minister cannot be reshuffled out of that responsibility. There is no statute of limitations on ministerial responsibility, nor should there be. What is the Parliament for if not to hold to account majority rule over the minority? What is it for if not to allow real debate on real issues that matter to real people? What is it for if not to give a voice to the tangible anger of the pupils, parents and teachers who have been let down by the Government?

I have consistently argued that Sam Galbraith was not directly to blame for the exams crisis that ruined the credibility of Scottish education this autumn. Indeed, as the former Minister for Enterprise and Lifelong Learning can testify, I have defended the former Minister for Children and Education at public meetings and to the press. Having heard the evidence, I believe that he remains innocent of blame for the exams crisis.

However, I have also argued—and, having heard further evidence, believe more strongly than ever—that the minister's handling of the crisis was not only complacent, but negligent—if not

reckless. Members might disagree with that, but we must consider the evidence in the unanimous committee report—and not the evidence on which the committee disagreed.

In written and oral evidence, Scottish Executive officials admitted that, on at least three occasions, relationships deteriorated between the Scottish Executive and the SQA. Although the collapse of such normal relationships raised doubts in the minds of ministers and officials, they told us that they were constantly being reassured that the problems were being resolved. Indeed, on a number of occasions, the Executive offered help, but it was turned down.

On 26 June, the then chief executive of the SQA, Ron Tuck, alerted ministers to the developing problems at the SQA. On the same day, presumably because of that phone call—and I would be interested to hear any evidence that contradicts that assertion—ministers received advice that they could call upon the SQA board to dismiss the chief executive if required. They did not act on that advice, because they obviously felt that such action was not required.

On 17 July, officials told ministers that the “probability of a failure of some part of the system appears to remain distressingly high”

and that certificates with missing data would be issued to a substantial number of candidates. Officials advised that the issuing of certificates to more than 1,000 candidates might need to be delayed.

On 25 July, at a meeting between Mr Galbraith and the SQA, the minister accepted that, even though the SQA's estimate was that as many as 7,000 candidates might have inaccurate or incomplete certificates, the decision on any postponement of the issuing of those certificates should rest with the SQA.

The Presiding Officer: Time.

Mr Monteith: That is not in the brief that was sent to me.

Even with all the information, the minister left the SQA to determine when the issuing of certificates would go ahead, and pulled his deputy minister out of a press conference on the launch of a helpline. There was no communication strategy to deal with the issuing of incomplete certificates.

Although Sam Galbraith might not be directly responsible for the crisis, he had enough warning to intervene and take control of the situation before it reached meltdown. Sam Galbraith may be excused for the Hampden fiasco and may be forgiven for the embarrassing fact that Scottish Opera was bailed out with money that was meant for schools, but he will never be excused or

forgiven for letting down Scotland's schoolchildren when he was needed most. I support the motion.

10:00

Ian Jenkins (Tweeddale, Ettrick and Lauderdale) (LD): I begin, perhaps surprisingly, by paying tribute to Mike Russell and Brian Monteith. In the Education, Culture and Sport Committee, they played a significant and valuable role in helping us to come to terms with the catastrophe that we faced and the agony that was experienced by youngsters this summer. However, they have now spoiled that, as they are taking a self-serving approach to the matter and putting party political ends before proper discussion of an important topic.

The motion is misguided in two ways. First, it is a diversion from our serious business. Secondly, it seeks to blame a minister who is clearly not to blame—as Brian Monteith said—and who is no longer the Minister for Children and Education. It is a mean-spirited motion that is not worthy of Mike Russell, who is better than that. Today we are seeing the darker side of the debater of the year. All that the motion calls for is a wee bit of blood letting, by catching ministers out and finding fault—that is what it is being made to look like, and it is not a pretty sight.

Brian Adam (North-East Scotland) (SNP): Will Ian Jenkins give way?

Ian Jenkins: No.

Brian Monteith and Mike Russell have cobbled together a flimsy list of incidents that they claim shows that ministers and civil servants hesitated to take action at key points from the end of June until the day on which the results were issued. That is dead right—they hesitated because the actions that have been suggested would have been stupid.

It has been suggested that Ron Tuck should have been sacked on 26 June. What on earth good would that have done anybody? How could that have prevented anything from happening that was going to happen? It has also been suggested that the release of the exam results might have been delayed. That was a judgment call. I accept that that decision could have been made; it would have been fine if it had been thought that, by delaying release for a week, the results would have been right, but there was no way in the world that everything was going to be right with the system. The crash had to happen so that we could see what the fallout would be; the problem could not be seen clearly until after the results had been issued.

Ministers were in a damnable situation—they were damned if they did and damned if they did

not—and there but for the grace of God and the good sense of the Scottish electorate would go Mike Russell.

Phil Gallie (South of Scotland) (Con): Will Ian Jenkins give way?

Ian Jenkins: No.

As I hope to explain in the next debate, the seeds of the disaster were sown before the Scottish Parliament and its ministers got near the issue. The problems were to do with the design of higher still, its premature implementation and the excessive burden of data that the system involved. There is no way in the world that, from 26 June and the subsequent dates that Mike Russell mentioned, anything could have been done to avert the crisis. The issuing of results was not handled terribly well, but there is no way that altering the timing could have averted the crisis.

Shona Robison (North-East Scotland) (SNP): Will Ian Jenkins give way?

Ian Jenkins: No.

If members of the Education, Culture and Sport Committee—and Mike Russell, on the radio today—are saying that we are not sure whether we can get things right next year, how in heaven's name can Sam Galbraith be criticised for not getting them right in six weeks or in the 10 days leading up to the issuing of results? Sam Galbraith was not responsible for the exams fiasco. Members will remember that, in a television programme on the problems with the exam results, I was asked whether I thought that he should resign. I said that we should clear up the issue first, after which the inspectorate, the higher still development unit and the minister should consider their positions.

Phil Gallie: Will Ian Jenkins give way?

Ian Jenkins: No.

I do not deny the fact of ministerial responsibility. Following a catastrophe of this scale, at some point, probably about now, the minister would have to accept that he was accountable—that goes with the territory of the job—and would have to be seen to carry the responsibility. People must see that things cannot go on as before, as though nothing had happened. Politicians must and should be affected when things go wrong on such a scale.

In the sad circumstances surrounding Donald Dewar's death, Sam Galbraith has lost a post that he prized highly. He has lost it not because he was incompetent—as this mean-spirited motion suggests—and not because we have lost confidence in his ministerial ability, but because in an unfair world that has damaged the lives of many young people, their parents and their

teachers, it would have seemed wrong to many of us if the minister with responsibility had stayed in post. Sam Galbraith was not to blame, but the Minister for Children and Education had to go.

Things could not stay the same and a necessary change has taken place. Following that change, my colleagues and I look forward with real confidence to working with both Jack McConnell and Sam Galbraith in their respective ministerial posts, which hold the key to the future of Scotland. Those posts carry great responsibilities and I know that the ministers will fulfil their duties with all the wisdom and experience at their disposal. It is time to move on. Therefore, I oppose the motion.

10:06

Mr Kenneth Macintosh (Eastwood) (Lab): All members of this Parliament are proud of the way in which our committees operate. The committees are genuinely cross-party bodies that have demonstrated time and again that they will not hesitate to use their powers to hold ministers or the Executive to account.

As a member of the Education, Culture and Sport Committee, I have no doubt that all members of that committee tried extremely hard to approach our inquiry into this year's exam results in a genuinely cross-party manner. I echo Ian Jenkins's point—although many of my colleagues might find this hard to imagine—that Mr Russell and Ms Sturgeon played their part and contributed to that consensual approach; I pay tribute to their efforts.

The committee's report—all 80 or so pages and 56 recommendations—is testimony to that communal effort. It is as thorough and detailed an examination of what went wrong over the past year as could be wished for. It is hard hitting, damning in its condemnation of failure and far reaching in the range of measures that it recommends to put things right. Aside from the majority of its comments, which are directed at the SQA, the report does not hesitate to comment on all matters or actions that may have had a bearing on the difficulties that were experienced this year.

The report criticises the implementation of higher still and the manner in which the curriculum has become assessment driven, and it is especially scathing about the role of Her Majesty's inspectors of schools. No one could suggest that any member of the committee approached the task in hand with any objective other than to get at the truth. The committee did not try to shield anyone from blame—far from it. So why—in all those 80 or so pages and 56 recommendations—is there no condemnation of the former Minister for Children and Education? Why did the committee not blame the minister and call for his resignation?

The answer is simple: there was no evidence to support such a call.

That is why this debate, which has been called for by the SNP, is all the more disappointing. The SNP members on the Education, Culture and Sport Committee worked with colleagues from all parties until we had to accept the logical and reasoned conclusions of our inquiry. Ultimately, the SNP members had made their minds up on one subject: they wanted Sam Galbraith's head and were not about to let a few facts get in the way of that objective.

Members may remember the behaviour of the former shadow education spokesperson, Ms Sturgeon, when the news began to break about the exam results. If I heard her calling for the minister's resignation once, I heard her call for it a dozen times, yet at that stage no one—let alone Ms Sturgeon—knew the full extent of the problems. Frankly, the SNP members were made to look foolish by their lack of responsibility. It is lucky for Ms Sturgeon that she has moved posts, otherwise we might be the ones calling for her resignation today.

Where is the evidence that the SNP could spot that was somehow missed by the rest of us lesser mortals? The SNP's argument is put in a minority view that is published at the end of our report. At first glance, it makes convincing reading. However, it depends on just that—a cursory glance. It relies on the fact that most people will not read the full report, let alone look at the so-called evidence. It is a model of self-justification. It is a disingenuous account, consisting of evidence that has been judiciously edited and quoted not liberally, but selectively. It is prejudice dressed up as reason; it is fiction dressed up as fact.

I will deal with a few of the assertions and inferences to demonstrate what I mean. Mr Russell mentioned several of them earlier, for example the advice to the Deputy Minister for Children and Education

“that the Executive could call on the Board to dismiss the Chief Executive.”

That is a prime example of selective quotation. The full advice was not that the Executive could sack the chief executive. The minister was specifically advised that he should not do so.

Another example is the conclusion that the benchmark number of candidates above which the Executive might intervene

“should be ‘under 1000’”.

The advice was that that was a possible target, but the minister was advised that the decision was not his to take, but the SQA's.

Mr Russell concludes that, in the application of

what he calls the Carrington and Howard principles,

“a case for resignation could be made out.”

Why take those examples when we had our own evidence? Ms Sturgeon called for evidence, particularly from Tom Mullen, her old lecturer. Would anyone like to hear what he said, given that Mr Russell did not quote him? Mr Mullen said:

“Whereas the Minister is obliged to give an account of anything that has gone wrong within the area of responsibility, it does not follow that the Minister is personally culpable for all errors of administration, far less obliged to resign when such errors occur.”

The SNP has put together a list of points and suggested that they add up to a devastating critique of the Executive. Not only do they not add up; they stretch credulity to breaking point.

The Education, Culture and Sport Committee report looks at what went wrong. It does not shy away from apportioning blame, but that is not good enough for the SNP. I resent having to defend the minister. This inquiry was not about him; it was about pupils, parents and teachers. No one comes out of the exams debacle with much credit, but this morning's behaviour from the SNP is to be regretted as much as any. I urge members to reject the motion.

The Presiding Officer: I call Nicola Sturgeon.

10:12

Nicola Sturgeon (Glasgow) (SNP): Thank you, Presiding Officer. [MEMBERS: “Resign!”] Thank you, everybody.

The decision to lodge the motion of no confidence was not taken lightly by Mike Russell or the SNP, and anyone—I hope that Ken Macintosh is listening carefully—who doubts that should remember that when the Conservatives lodged a similar motion in August, the SNP refused to support it. The reason was simple: although we in the SNP and, according to all the available evidence, a significant number of people in Scotland believed that at that time Sam Galbraith should have resigned as a matter of principle, we also recognised that, prior to the committee inquiries into the fiasco, there was no evidence of wrongdoing or inaction on his part to justify a motion of no confidence at that stage.

That is no longer the case. The Education, Culture and Sport Committee inquiry examined at great length the issue of ministerial responsibility. It is the conclusion of the SNP members of that committee that, given the information that Sam Galbraith had between 25 June and 9 August, he did not do everything that he could have done and should have done, even if that would not have prevented the disaster from happening. I say to

Ian Jenkins that nobody is suggesting that anybody at that stage could have prevented what happened, but the minister could have taken action at the very least to minimise or manage better the disaster that ensued, thereby saving at least some pupils the misery that they suffered during the summer.

Mike Russell detailed forensically the evidence that supports that argument, which we must remember is only the evidence to which the committee had access. Had the committee been given full access to, for example, the advice given to ministers by HMI—which Sam Galbraith promised on 6 September, when he assured me in the chamber that there would be full disclosure from the Scottish Executive—the case against Sam Galbraith today would be even weightier.

All through this saga, we have heard time and again that the minister was unable to act, yet what the Education, Culture and Sport Committee heard about the relationship between the Scottish Executive and the SQA immediately before the disaster, and since, gives the lie to that assertion. Even the minister's senior official admitted during the inquiry that the question was not whether the minister could act, but whether there was anything that the minister could have done. Mike Russell has given at least two examples of actions that the minister could have taken, but failed to take, to minimise what happened over the summer. It is that evidence that justifies the motion.

Some action has already been taken to restore confidence in the Scottish education system, although, as the SQA admitted yesterday, that will be a lengthy process. However, there is something else in which confidence must be restored—the notion that politicians, when found wanting in their obligations, should take responsibility, and that the buck stops with those who are ultimately responsible. In the minds of Labour members and the Liberal Democrats, that may be an old-fashioned notion, but it is one that the Scottish people hold dear. It is faith in that basic principle of democratic accountability that will be restored in the chamber today if the motion is agreed to. I support the motion in the name of Mike Russell.

10:16

Cathy Jamieson (Carrick, Cumnock and Doon Valley) (Lab): It will not come as a surprise to anybody that I am not supporting the motion lodged by the SNP. I, too, am a member of the Education, Culture and Sport Committee; I came to the inquiry as a new member of the committee with an open mind. People who know my history in the Labour party will know that I am not afraid to criticise my colleagues if I feel that it is appropriate.

The committee took evidence from people whose lives were affected by the fiasco. We heard from children and young people about what had happened to them. We heard from members of the teaching profession. We heard from people in the Scottish Executive. We heard from the ministers. All that evidence highlighted a number of serious difficulties within the SQA and a number of things that had to be put right. As has been mentioned this morning, however, the logical train of that evidence did not lead us to believe that calling for the minister's resignation would make a difference in solving the problems. Mike Russell has suggested that the minister could have taken other action. I await to be told what specific action could have been taken that would have made a difference. Nicola Sturgeon made the same point as Mike Russell.

Nicola Sturgeon: Will the member give way?

Cathy Jamieson: No, I am going to finish this point.

Nicola Sturgeon: I have the information that the member asks for.

Cathy Jamieson: I got the information in the committee when I challenged Mike Russell to tell me what could have been done differently. His answer was that a crisis manager could have been appointed. I am not sure that a crisis manager could, by that stage, have made a difference.

The SNP has also talked about the responsibility of politicians. I was brought up to believe that responsibility means not walking away from problems. It means staying in the situation to work through and solve the problems. It is to Sam Galbraith's credit that he did not walk away. He took decisions and he took action, and he took the flak from all sides while he was doing it.

As I said, I have yet to hear from Mike Russell what specific action could have been taken. Between the dates that he mentioned, many thousands of young people were waiting for their results. Mike Russell seems to suggest that one of the decisions that the minister could have taken was to delay the delivery of those results. My view, like that of the committee, which was based on the evidence that we heard, was that Sam Galbraith took the best decision that he could have taken on the basis of the information that was presented to him.

I stress my disappointment that the motion was lodged at all. As others have said, the inquiry showed the workings of the Parliament and the committees at their best. We were able, for the most part, to put aside the party political views that we might have brought with us. We attempted to work on a cross-party basis. It is a matter of regret to me that we were not able to see that through and to reach a unanimous conclusion in the way

that the Enterprise and Lifelong Learning Committee did. It is also a matter of regret that SNP members seem to have gone into the inquiry with one notion in mind: to come out of it calling for the resignation of a minister rather than putting the interests of Scotland's children and young people first.

10:20

George Lyon (Argyll and Bute) (LD): From day one, the Liberal Democrat position on the SQA disaster has been clear. We said that we would wait until the committee's report was published before making judgments. I put it to Nicola Sturgeon that it is an important principle that someone is innocent until proven guilty. That is the principle on which the Liberal Democrats have worked. That has been in stark contrast to the Opposition. Monteith and Sturgeon ran around like headless chickens day after day, shouting, "Resign, resign! The minister must go!"

Michael Russell: Will the member give way?

George Lyon: I do not recall Mr Russell giving way during his speech.

Michael Russell: I must point out that Mr Rumbles called for the minister's resignation at that time as well.

The Presiding Officer: Order. Mr Russell, you know perfectly well that, if the member is not giving way, you cannot keep shouting.

George Lyon: We have had four inquiries into the matter, none of which has found a shred of evidence that ministers were negligent. That is a fact and we should be discussing facts today, not invented reasons why ministers were culpable. There is no smoking gun and there were no bullets, as was evident from Mike Russell's speech.

The report of the Enterprise and Lifelong Learning Committee, of which I am a member, says:

"the Committee finds that there is no evidence that Ministers, or their officials neglected their monitoring role. Given that the real problems were not being communicated by SQA staff to the Board, it is difficult to argue that Ministers should have been aware of, or responded to, these specific problems."

That is not only my opinion; it is the opinion of Fergus Ewing, Alex Neil, Margo MacDonald, Annabel Goldie and Nick Johnston. Do Mr Monteith and Mr Russell disagree with their colleagues?

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): Will the member give way?

Mr Monteith: The member has mentioned my name. Will he give way?

George Lyon: I am sorry; I have already given way once.

What the motion tells us about the approach of the SNP and the Tories to the SQA disaster is that they are not interested in identifying the problems or coming up with solutions and they are not interested in the future of our children, some of whom have started the 2001 higher still exam diet. They are interested only in scoring cheap political points to cover up their embarrassment at the fact that the committee has found no evidence to support their repeated calls for Sam Galbraith to go.

By hijacking the committee debate in the chamber on the SQA, the SNP has wasted our time instead of allowing us to use the full morning to engage in constructive debate on how to resolve the serious and difficult problems that the SQA faces. We should be debating the most important issue and finding ways of ensuring that every child who sits an exam next year gets a result at the end of that school year. The Parliament should condemn the SNP and the Tories for bringing this silly motion before us.

10:24

Mr Monteith: It is interesting to hear George Lyon say that the committee report for which he was partly responsible cleared the minister of blame. We should remember that the role of the minister was not part of the remit of that report. Although it is true that the minister did not fail to monitor what was happening at the SQA, that fact only strengthens the Opposition parties' argument that the minister knew about and understood what was happening. The report of the Education, Culture and Sport Committee also shows that the minister did not know the full scale of the impending disaster. He could not know, because the SQA and its board did not know. However, we argue that what he knew at the time was enough to act on. The report that Mr Lyon quotes in the minister's defence serves only to help to prosecute the minister.

We were told today that the situation is a matter of regret. It is a matter of regret that the Education, Culture and Sport Committee could find unanimity on issues such as HMI, the SQA, the SQA board and the design of higher still, but not on the role of the Scottish Executive and the credibility of the Executive on its flagship policy, on which issue the committee split down party lines, as can be seen in the report. For that reason, the committee failed; it could not cross that bridge of political credibility. The report is strong—I think that it is the best report to have come out of the Parliament so far—but, because the committee split on party lines, it fails on the issue of political blame. I regret that.

The evidence is there for all to see. We have argued not that the minister caused the crisis—a red herring that keeps occurring—but that, on the basis of the information that was available to him, he pulled back from having his deputy at the SQA press conference, walked away from the crisis and went on holiday. He and the Executive had serious doubts about the SQA, yet they still let the SQA deal with the crisis.

As I have said, there was no communication strategy and no understanding of how to deal with the situation. As Ian Jenkins said—and if the minister has friends like Ian Jenkins, he does not need enemies—of course Sam Galbraith had to give up the education portfolio. However, if he had to give up that portfolio, why should he not also give up the environment portfolio? How can anyone have faith in him as the Minister for Environment, Sport and Culture when they would not have had faith in him if he had remained as the minister with responsibility for education?

We might not win the vote today—as usual, whether we do will be down to the consciences of the Liberal Democrats, if they have not left them at home—but we can be confident that we will win the argument. The evidence in the report is damning. There is no doubt in my mind that the minister handled the crisis badly and that he exacerbated the crisis by his handling of it. He stands condemned by the evidence in the part of the report on which the committee was unanimous. I support the motion and think that it is time for the minister to accept his responsibility and resign.

10:28

Mr John Swinney (North Tayside) (SNP): The Executive parties have contended that this debate should never have happened—I am sure that the First Minister will repeat that. That raises the question of what the point of parliamentary democracy is, if not to allow the Opposition to hold the Executive to account for its actions and to hold ministers responsible for their decisions and for the powers that they have.

The familiar political debate about power and responsibility lies at the heart of this debate. The Education (Scotland) Act 1996 gave the Secretary of State for Scotland then, and gives the Scottish Executive's ministers now, the power to

"give SQA directions of a general or specific character with regard to the discharge of its functions and it shall be the duty of SQA to comply with such directions."

On 6 September, the then Minister for Children and Education, Mr Galbraith, told Parliament:

"as will now be clear to everyone, I have absolutely no powers to instruct the SQA to do anything."—[*Official Report*, 6 September 2000; Vol 8, c 30.]

That statement from Mr Galbraith flatly contradicts the word of the law. If that was the attitude that prevailed in his dialogue with civil servants and informed the way in which he made decisions on the issues, it is no wonder that he dodged his responsibilities at that time. Despite telling Parliament that he had absolutely no powers, he still felt that he had the power to preside over the removal of the chief executive of the SQA, among other things.

The minister was getting round to taking action, but only when the stable door had been open for ages and the horse had well and truly bolted and was out over the hills. That is the truth about the Galbraith tenure at the Scottish Executive education department. The minister contended partly that he was staying on to sort out the problem, but he left office two and a half months after he said that, having made no major announcements to the SQA.

After that, a series of actions were taken by Mr McConnell—the new Minister for Education, Europe and External Affairs. Allow me to go through them. On 3 November, Mr McConnell announced:

“I have accepted the resignation of David Miller . . . I have appointed John Ward as interim chairman . . . I am instructing the SQA to provide me immediately with a formal compliance statement on how they intend to put the recommendations into practice . . . I will set up an early warning system . . . I will insist that the SQA . . . report to me in writing at monthly intervals . . . I will report to Parliament regularly on the progress made by the review group and on the reports made to me by SQA.”

[MEMBERS: “Hear, hear.”] Yes—exactly. Those are very good measures and we give them a warm welcome. But what was Mr Galbraith doing during all that time? Absolutely nothing.

George Lyon: Is John Swinney arguing that ministers should have acted without waiting for committees to report with facts about what needed to be done?

Mr Swinney: Unless I am mistaken, that announcement by Mr McConnell on 3 November preceded the publication of both parliamentary committees’ reports. I am sorry, but George Lyon is—not for the first time today—completely misinformed and totally wrong about the whole fiasco.

The welcome actions that Mr McConnell took could quite conceivably have been taken by a minister who was determined to sort out the problem, but not by a minister who stayed in office and did absolutely nothing about it.

The exams issue is serious, because it is at the heart of Mr Galbraith’s continuing responsibilities. Section 9 of the Education (Scotland) Act 1996 says that Scottish ministers can

“give SQA directions of a general or specific character with regard to the discharge of its functions”.

The Environment Act 1995 set up the Scottish Environment Protection Agency. The Minister for Environment, Sport and Culture—Mr Galbraith—is now responsible for that agency. Section 40 of that act states:

“The appropriate Minister may give a new Agency directions of a general or specific character with respect to the carrying out of any of its functions.”

According to the Galbraith maxim, section 9 of the Education (Scotland) Act 1996 allows ministers to do absolutely nothing but to think, “I have no powers to intervene.” Heaven help us when we come to the Environment Act 1995. The Scottish Environment Protection Agency—which is responsible to the Minister for Environment, Sport and Culture—has the power, or rather

“a duty, on request, to advise planning authorities . . . regarding potential flooding”.

For heaven’s sake, as I leave Perthshire in the morning in a deluge of rain, with the rivers overflowing, am I to depend on Mr Galbraith doing something about that? Furthermore,

“SEPA has the lead responsibility to control discharges (to land, air and water) from the larger and more complex ‘prescribed’ . . . Integrated Pollution Control (IPC) authorisations”.

Most worryingly, SEPA has the duty to

“register the keeping and use of radioactive substances and authorise the disposal of radioactive waste.”

So—there we have it. Using the Galbraith approach to the exercise of his powers in relation to the environment, he will take the same attitude: that, just as he had nothing to do with the SQA, he has nothing to do with SEPA. We will be left in a position where the Minister for Environment, Sport and Culture is unable to perform his duties and functions, because he will exercise the same approach to SEPA as he did to the SQA.

Mr John Home Robertson (East Lothian) (Lab): Mr Swinney seems to be displaying the King Canute school of nationalism. Is he suggesting seriously that any minister of any political persuasion could stop the water rising when it rains?

Mr Swinney: I am making a serious point to the Executive. If Sam Galbraith brings the same approach to his new ministerial responsibility and SEPA that he brought to the education authorities and the Scottish Qualifications Authority, which was to say that he had no powers under the Education (Scotland) Act 1996 to intervene—the same wording is used in the Environment Act 1995 with regard to ministers’ powers in relation to SEPA—we will have serious problems with the management and welfare of our environment.

We have to deal with a new problem concerning the Scottish Qualifications Authority. The First Minister got himself into that problem on Sunday, when he said:

"I want to say that it will never happen again because of the actions that we have taken."

Yesterday, the SQA chairman said:

"Henry has his views . . . how he based that comment you would have to ask him."

On Sunday, it sounded like blood and thunder from the First Minister; by Tuesday it was thud and blunder.

This debate comes down to a critical issue: what is the point of ministers? We have ministers who have power in law, but who do not exercise that power and who do not accept their responsibilities. This debate is necessary because we, as Opposition parties, must hold the Executive to account.

In a most remarkable statement, Ian Jenkins said that Sam Galbraith was not responsible, but that the education minister had to go. Does not that illustrate why this debate is necessary, why Mr Galbraith was unfit for office as the then Minister for Children and Education, why he is unfit for office as Minister for Environment, Sport and Culture and why he should resign now?

10:36

The First Minister (Henry McLeish): Just to ease John Swinney's dilemma, let me repeat for the chamber and for the country that the chaos that occurred in the summer must never happen again. I will put it on record: it will not happen again.

If there is one thing that this country could do with, it is a bit of honesty. Does anyone think that we could approach August of next year, anticipating the same chaos that we had this year? The answer to that is, simply, no. Two days ago in Inverness, nearly 300 people attended a question-and-answer session. The loudest applause came when I said that, for our children, for our parents and for the credibility of the examination system, such chaos will not happen again. I do not mind being repeatedly quoted on that.

If John Swinney was careful enough to read the comments that are being made by people such as John Ward, he would find that they say that there is no reason why young people should not get their examination results on time at the end of this academic year.

This morning's debate is on a motion of no confidence in one of my ministers. In the four months since this year's exam results came out, we have all spent a lot of time asking the question,

"How could this possibly have happened?" The Executive commissioned the consultants Deloitte & Touche to investigate that. Their report was published some six weeks ago. The Enterprise and Lifelong Learning Committee has investigated the governance of the SQA in some detail, and the Education, Culture and Sport Committee conducted an extensive inquiry into this year's exam results. The SQA has conducted its own internal review.

The evidence that has been taken in all those reviews must represent hundreds of hours spent looking back over what happened in the run-up to the issuing of this year's exam results. We have spent another hour looking back on it this morning. The consensus is that we heard no insights and no new facts—I believe that we have simply wasted an hour this morning.

It is striking that after all that time, and with the benefit of hindsight, we are still hearing that decisive action should have been taken, but we are still unclear about what that action should have been. The reports that have been produced all acknowledge that the SQA is in very deep trouble. Sam Galbraith recognised that months ago. The actions that he took between 26 June and 13 August were aimed at providing the SQA with the support that it needed to deliver its promise to the young people of this country. That promise—accurate results on time, on 10 August—was not delivered, but I still believe that Sam Galbraith acted with the best interests of young people at heart.

What did Sam Galbraith do between 26 June and 13 August? Both through his officials and in direct contact with the chairman and with the chief executive of the SQA, he sought to understand properly the scale of the problem. The lack of vital management information in the SQA has been highlighted by all the inquiry reports as a major factor in this year's exam results problems. It was also a major factor in preventing the Scottish Executive from having an accurate understanding of the situation.

Without verifiable figures on missing assessment data, Sam Galbraith had only the information that was given by the SQA management team to rely on. We know now that that information seriously underestimated the scale of the problem. Although ministers and officials were very worried about the reliability of the information that they received, they continued to act to achieve the best possible outcome. Sam Galbraith had his officials working closely with the SQA to attempt to identify and resolve all the problems. The Executive wrote to local authorities to ask for their help in identifying a contact point for each school during the summer vacation, to allow the SQA to continue to pursue assessment

data queries.

The Education, Culture and Sport Committee's report acknowledges the hard work that was done by SQA staff to obtain and input missing data. Without the efforts of that experienced group of staff—who were working at full capacity—and the time that was given up by school and college staff during the summer, even more young people would have been affected.

Sam Galbraith also had his officials working with the SQA on contingency planning, in case there were still problems with some results by the time of publication. Key aspects of that contingency plan, such as ensuring that schools and colleges had all the information that was necessary to answer queries from worried candidates, were not delivered by the SQA. If the SQA had delivered on that contingency plan, the large number of candidates who were unaffected by the problems would have been quickly reassured and more attention would have been paid immediately to getting the final correct results for those who were affected.

Phil Gallie: Does the First Minister still believe in the principle of ministerial accountability? Does he agree with Sam Galbraith, who said in a Scottish Television news broadcast in August that the buck stops with the minister? Why is it that, immediately after that, the chief executive and later the chairman of the SQA resigned, yet Sam Galbraith stayed in post?

The First Minister: I value the committees—one reason why we set up the Parliament was to treat their integrity seriously. With the greatest respect to Phil Gallie's question, the two committee reports did not say that Sam Galbraith should have resigned. We had two independent reports, which also concluded that that was not the issue that was at stake.

At the end of the day, this is about ministerial responsibility. I am putting my head on the block—I am promising the people of Scotland that such a fiasco and chaos will not happen again. That is what we mean by taking the matter seriously and giving ministerial responsibility a high priority.

When it became obvious that the SQA would not deliver a fully accurate set of results on publication day, Sam Galbraith ordered a full independent inquiry. He did so before we discovered that the SQA had failed to post thousands of certificates on time, before any of us understood that the number of candidates who were affected was much higher than the SQA had stated, and before candidates were given incorrect results by the SQA's telephone helpline. There was a cascade of mistake after mistake.

The facts began to come to light in the days immediately after the results were published. At

that stage, the Executive moved quickly to protect the position of candidates who were affected. Discussions with the Committee of Scottish Higher Education Principals ensured that conditional offers of university places were held open until final results were determined. Let us put on record what the universities and colleges did at that time. If they had not done what they did, many young people in Scotland would have lost opportunities.

Mr Monteith: The First Minister says that ministers were alerted only as the matter came to light. Is not he aware that it came to light in the public domain, in *The Sunday Times* and the *Daily Mail* on the Tuesday prior to the issue of certificates? Those news reports showed that the number of students and pupils who would not receive complete or correct certificates was escalating. Therefore, was it the case that the crisis came to light before the issue of certificates and that, having commissioned reports, ministers still took no action to deal with the crisis that was unfolding before their eyes?

The First Minister: I do not accept what Brian Monteith says. The debate often obscures the fact that the Minister for Children and Education and a host of officials were dealing with the matter. The crisis involved the catastrophic problems of an organisation that was in meltdown. At the end of the day, when all the reports are properly debated, as they will be later, that is the point that will emerge.

Michael Russell: The First Minister is talking about a series of operational failures. Surely he will accept that the minister who is responsible for the delivery of exam results—the operation—should have a responsibility under any theory to resign if those operations go wrong.

The First Minister: If Mike Russell had been listening, he would know that I am outlining what the Minister for Children and Education did when he was faced with the problems that arose. I will now say briefly what he did not do. Some people have suggested that Sam Galbraith should have taken over the running of the SQA completely. Taking management out of the hands of the SQA would have been a huge risk. Some people have said that we should have ordered the SQA to delay the publication of the results. That option was discussed but, in the circumstances, it could clearly not proceed.

There was much discussion about the extent of ministers' legal powers over the SQA and how those powers might have been used to change the outcome. To worry about what is meant by

"directions of a general or specific character"

or about what form the prior consultation with the SQA would take is simply to miss the point. What direction could Sam Galbraith have given the SQA

at that stage?

Later, we will consider the results of the two inquiries. I hate to finish on a discordant note, because I think that the mood in the chamber is that this has been a wasted hour. I want to trace the genesis of the debate. It lies in what Nicola Sturgeon said on 25 August. She said that through the Education, Culture and Sport Committee's inquiry, the minister's role and culpability would be plain for all to see and that after that inquiry there would be only one possible outcome—Sam Galbraith's removal from office.

Mr Kenneth Gibson (Glasgow) (SNP): Will the First Minister give way?

The First Minister: No.

It is a pity that, although two committees of the Parliament examined the matter in depth and there were two independent inquiries, all that work seems to have been ignored. The facts do not justify the assertions in the motion. That is bad enough, but what is worse is that the committees are being treated with more than a hint of contempt by the SNP, because those committees' findings are not being recognised.

I hope sincerely that in discussing this issue we will look forward rather than backward. Let the Parliament unite around one issue: no child, young person or adult who will sit examinations next year should face the chaos that we faced this year. We should be dedicated to ensuring that that does not happen again. I urge all colleagues to reject the motion.

The Presiding Officer: That concludes the debate on the motion of no confidence.

Scottish Qualifications Authority

The Presiding Officer (Sir David Steel): We move to the main debate, which is on motion S1M-1446, in the name of Alex Neil, on behalf of the Education, Culture and Sport Committee and the Enterprise and Lifelong Learning Committee, on the inquiries into the SQA. I call Mary Mulligan, who is the convener of the Education, Culture and Sport Committee, to open the debate.

10:48

Mrs Mary Mulligan (Linlithgow) (Lab): It is unfortunate that this debate follows the one that we have just had, because this debate could have been very constructive. I hope that we can move on from the discussions of the past hour.

To change the tenor, I will begin by thanking the people without whose help the report would never have been as complete or as comprehensive as it is. First, I thank the clerks to the Education, Culture and Sport Committee, who could have been forgiven for thinking that, because we dealt with legislation last year, this year would be quieter. That was not to be, and I am sure that committee members want me to thank Martin Verity, David McLaren, Ian Cowan and, latterly, Peter Reid. I also thank Sue Morris and Camilla Kidner from the Scottish Parliament information centre for their patience and forbearance, and I thank the adviser to the committee, Hamish Long, who is here this morning. His great knowledge and understanding of the exam system was a big help. Finally, I thank Professor Andrew McGettrick—special adviser on information technology—who helped us tremendously with IT issues and gave our report the breadth that it needed.

On 6 September 2000, the Education, Culture and Sport Committee agreed to my proposal to hold an inquiry into why the process of issuing exam results on 10 August had gone so badly wrong. The agreed remit was:

“to gather information on the remit and role of the Scottish Qualifications Authority in relation to the issuing of . . . Certificates . . .

to review the impact on school pupils, and on their future prospects . . .

to identify the causes of the difficulties encountered this year, including:

- aspects of the marking process
- problems within the administration of SQA
- the implementation of Higher Still

to examine the role of the Executive and its relationship with SQA . . .

to make recommendations on how such difficulties may be avoided in future”.

The remit was very clear about avoiding the question of governance of the SQA. It was agreed that, because that fell within the remit of the Enterprise and Lifelong Learning Committee, that committee would hold its own inquiry into governance of the SQA. Members of that committee will talk about its findings during the debate.

The Education, Culture and Sport Committee took oral and written evidence from a wide variety of individuals and organisations, including the Minister for Children and Education and former and present officials and board members of the SQA. I should mention the young people who gave evidence when the committee visited Hamilton. They put their case across clearly and concisely and assisted us greatly in understanding how young people had been affected. I also thank South Lanarkshire Council for its assistance during that visit.

As most people now know, the SQA is a non-departmental public body that was established by the Education (Scotland) Act 1996. It was formed by merging the Scottish Examination Board and the Scottish Vocational Education Council and its establishment was directly linked to the development of higher still.

The committee heard evidence from pupils who received wrong results or no results at all. We heard how the continuing confusion at the SQA led to anxiety, not only for those students, but for all students. We heard grave concerns about the young people who were going on to further or higher education. Although the figures in paragraph 64 of the report show how many young people gained entry to their first or second choice of institutions, we do not have full information on what courses they are taking, or on how content students who went through clearing are. However, it is possible to say that overall numbers of students who gained places were up on the previous year. I acknowledge that the Universities and Colleges Admissions Service and the Committee of Scottish Higher Education Principals did everything they could do to assist students at that difficult time.

There were problems for students who were staying on at school when it came to deciding this year's courses. The committee was also concerned about students moving on to employment, but we were unable to identify any such students who had problems at the time of the inquiry, so we could not pursue that matter further. Earlier difficulties appeared to have been dealt with.

So what are the problems that the report identifies? The first is the problem with registration of candidates, which had the knock-on effect of the SQA recruiting too few markers too late.

During the early stages of our inquiry, there was some concern about the standard of marking. However, the committee was unable to find any substantial evidence that marking standards had suffered. A major feature of the new higher still exam was the use of unit assessments. In evidence, many comments were made that questioned the level of competence at which the assessments were set.

Dorothy-Grace Elder (Glasgow) (SNP): Can Mary Mulligan assure members that every marker was qualified in the subject they were marking?

Mrs Mulligan: Six people who were probationers marked papers—I think it was six but I am sure members will correct me if I am wrong. That practice had not previously been used but, when they were reviewed, those markers' standards were found to be among the best. We have no doubts about the standard of marking.

The fact that the unit assessments were a hurdle and did not contribute to the final exam mark was also questioned, as was the passing on of results to the SQA, which added to the burden of data that it had to deal with. We found that there was still general support for higher still, but great dissatisfaction that neither the higher still development unit nor HM inspectors of schools had responded to the concerns that were raised. The Executive is reviewing the development of higher still—we await its findings with interest.

I turn now to the SQA itself. Although it was set up in 1996, the true merger of the SEB and SCOTVEC did not really happen. The operation unit was significantly understaffed and no one in the unit, including the head of the unit, was qualified in data management or information technology. Staff rarely took up training opportunities, because they were far too busy. Many staff were working very long hours to try to deal with the problems that they faced, but they lacked the guidance that was needed. I will not comment on the SQA board—my colleagues on the Enterprise and Lifelong Learning Committee will do that—except to say that we were very surprised and disappointed at how relaxed board members appeared to be while the crisis was building.

In considering the relationship between the Executive and the SQA, we must remember that the SQA is an NDPB. The committee has not sought to change the arm's-length nature of that relationship. However, we felt that it was important to look at that relationship and at when and how any intervention could or should have been made. In March 2000, the relationship began to change because of concerns that were raised by teachers and others. In June 2000, the relationship changed further—Scottish Executive officials described it as much more interventionist. During

all that time the SQA continued to reassure everybody concerned that everything would be okay.

The committee heard evidence about only two points at which the Minister for Children and Education might have intervened. They have been referred to, but I will repeat them. The first is the date on which the results were issued and the second is the handling of the information after 10 August. We must accept, however, that even if he had intervened, that would not have prevented the debacle on 10 August.

There has been much discussion about the committees' requests to see civil service advice to ministers. The convener of the Enterprise and Lifelong Learning Committee and I arrived at a settlement on the questions that committee members wanted to be answered by civil servants, which was that both conveners would be given sight of the relevant papers. If Parliament wants to go further than that, Parliament will have to debate it. That procedure allowed the committees to obtain the information that was needed to complete our reports.

Annexe 1 of the report deals with information systems and technology, on which a number of specific recommendations arise. The evidence to the Education, Culture and Sport Committee suggested that the basic principles that are associated with the development of a computer system were not employed. The committee therefore recommends an independent, external investigation of the SQA software to consider any so far unidentified problems that could have contributed to the events of diet 2000. We also recommend that the system should be checked to ensure that it is millennium compliant. We were surprised to hear that that had not been done.

I will leave others to enlarge on specific recommendations but, in general, we suggest that no individual is responsible for the problems that occurred. However, there are those who must take some blame. Officials and board members of the SQA made mistakes and the lack of openness and accountability meant that those mistakes went undetected. The difficulties of introducing the new exam system were ignored and were not dealt with by HMI or the HSDU. The committee recognises that a number of changes to personnel and structures have already been made and we hope that the Minister for Education, Europe and External Affairs will act on the other recommendations in our report.

The Education, Culture and Sport Committee discussed the release of exam scripts and took a considerable time to arrive at a conclusion. I reject out of hand Brian Monteith's assertion that the committee divided only on party lines. On the release of exam scripts in particular, that was not

the case. The committee agreed that exam scripts should be released to try to re-establish confidence in this year's results, but we should await the outcome of the review before deciding on action for future years. I have noted recent discussions on that, and I look forward to the minister making some announcements—maybe even today.

As a committee, we are very sorry for all those who were affected by the exam chaos in 2000—particularly pupils, parents and teachers. We will start to make amends only by ensuring that that chaos is not repeated. The committee worked hard to gather the information that informed our recommendations. It is amazing that there are 56 recommendations that members from across the political parties were able to sign up to, especially when we consider the membership of the committee. Do not worry—I am not looking at any member in particular. The unity of the members is the report's strength. If the report and its recommendations are acted on, we can ensure—and, as the First Minister said this morning, we must ensure—that the chaos of 2000 never happens again.

I move,

That the Parliament notes the 11th Report 2000 by the Education, Culture and Sport Committee *Exam Results Inquiry* (SP Paper 234) and the 6th Report 2000 of the Enterprise and Lifelong Learning Committee *Inquiry into the Governance of the Scottish Qualifications Authority* (SP Paper 232) and urges the Scottish Executive to give urgent consideration to their findings and recommendations.

The Deputy Presiding Officer (Patricia Ferguson): I call Jack McConnell to open for the Executive.

11:01

The Minister for Education, Europe and External Affairs (Mr Jack McConnell): All of us have moments in our lives that are so significant we can always remember the details. For many, receiving examination results is such a moment. It is a traumatic time and an event that affects life choices and opportunities. I recall the three weeks I waited in 1977 when I was not sure that my higher grades had made the standard set for my chosen university course. I remember opening the envelope and the feeling of a future in doubt.

I spent nine years as a teacher and, every August, I would check carefully how those I had taught had performed—pleased for those who had seen their hard work rewarded, and disappointed when an expected grade had not been realised. I have felt those emotions even more strongly as a parent watching both my daughter and my son open those envelopes and discover their results. Those occasions are stressful and significant enough, but to see those emotions and doubts

multiplied by the chaos and uncertainty of this year's exam results was intolerable, and it must not happen again.

The focus of the previous debate was past events; now we need to look to the future. The committee reports are a vital part of examining what went wrong and learning lessons—lessons that I want to act on. I am pleased to add my support to the motion and to confirm that we will indeed give urgent consideration to the recommendations. Such wide-ranging reports deserve serious and in-depth consideration, and we will formally respond to Parliament at the earliest opportunity.

The Education, Culture and Sport Committee report rightly states:

"Measures must be taken to ensure that pupils should never have to face such an experience again and that the credibility of the Scottish examination system is restored".

That is my overriding goal and the top priority is to ensure that next year's exam results are accurate and on time. Delivering next year's exams successfully must also be the key priority of the SQA, and its achievement needs to be supported by everyone in the Scottish education system. Diet 2001 is already under way; for candidates, the dates of their summer exams are already looming large. Those dates are also at the forefront of my mind and our decisions on the recommendations must, and will, be designed to ensure that diet 2001 is delivered successfully and that confidence in Scotland's examination system is restored.

The SQA's role is not confined solely to schools. The SQA occupies a crucial position in relation to vocational qualifications, skills and lifelong learning. I know that further education colleges, training providers and employers are concerned that discussion of the exams problems centres only on schools, but I can give an assurance today that any changes to exams and the new national qualifications will take account of the needs of all sectors.

The Enterprise and Lifelong Learning Committee recommended sweeping changes to the SQA board. I have already replaced the chair of the SQA and reduced SQA board membership. The committee was particularly critical of the performance management arrangements. To address that criticism, the SQA will now provide me with monthly reports, and the SQA has already provided a compliance statement setting out the key actions that it will take towards diet 2001. Progress will be monitored by the review group chaired by the Deputy Minister for Education, Europe and External Affairs. I am pleased to announce that that group, which includes parents, pupils and teachers, will meet for the first time on 19 December.

The Enterprise and Lifelong Learning Committee report contained a number of recommendations on future governance arrangements. The policy and financial management review—the quinquennial review—which will begin in earnest in January, will examine all those options.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): The measures that Jack McConnell has described are welcomed by, I believe, all members. Has he seen a report in one of today's newspapers in which the SQA states that, in respect of the vital process of registration, it is perhaps one month behind where it would have been had that process been correct? Has he received particular reports about that? Does he believe that the measures that he has thus far announced will, in themselves, be sufficient to solve the serious registration problems that were the subject of detailed comment in the report of the Education, Culture and Sport Committee?

Mr McConnell: It would be wrong and complacent for us to suggest that anything we do at this stage will be sufficient. That is why we have to have a review group and regular reports. We need to be open and transparent in our reporting to Parliament, so that MSPs will be involved in that monitoring. We will do that. When the review group meets for the first time next Tuesday, the information that school registrations are behind schedule will be one of the items on its agenda. I do not want to attach any blame for that situation to any part of the organisation or the system. We have to get at the truth and ensure that, where a problem needs to be corrected, it can be corrected and corrected quickly.

The report of the Education, Culture and Sport Committee contains 56 recommendations. I have already acted on many of those recommendations. The SQA will review markers' fees. I know how arduous marking can be, even in a normal year. I also know that teachers do not mark simply because of the money; they are involved because they recognise that marking is important. We appreciate the efforts of all involved, especially last year. It is time that markers received the pay that they deserve, and the Scottish Executive will fund the SQA to ensure that markers are fairly rewarded.

The Education, Culture and Sport Committee is critical of elements of the new national qualifications. We are carrying out a general review of the new qualifications, which will seek the views of teachers, parents and students. It will be published before the end of the academic year.

Already data returns to the SQA are being simplified and internal assessment will be improved. I am writing to schools and colleges to explain what is being done; a copy will be placed in the Scottish Parliament information centre this

week.

I am establishing a new group—the national qualifications steering group—which will merge the roles of the higher still implementation group and the higher still liaison group, allowing all those with an interest to have an important voice in the process of developing qualifications in Scotland.

I agree with the Education, Culture and Sport Committee that the Scottish qualifications certificate is too complicated. The SQA will adjust the certificate for diet 2001 so that it is simpler to understand for students, parents, centres and employers. However, the core skills element of the certificate should not be entirely removed. Employers strongly advocated the inclusion of core skills and, for candidates moving directly into employment, they will provide a valuable record of competences.

Another key area of simplification is the process by which centres submit internal assessment data to the SQA. I have listened carefully to the ideas that have been presented on that issue and agreement has been reached on proposals for implementing a simpler system for submitting internal assessment data to the SQA. The SQA is currently carrying out a feasibility study to ensure that the new system works, with a view to introducing the system for the exams next summer.

The Education, Culture and Sport Committee also calls for a review of the role and accountability of Her Majesty's inspectors of schools. I announced on 23 November that I would reform the inspectorate by establishing an executive agency to focus on inspection and reporting. In addition, there will continue to be a role for officials with professional education experience in contributing to the internal advice that I receive. That is an important step and I am pleased that the Education, Culture and Sport Committee's recommendation supports that decision.

Concerns continue to be voiced about the appeals process; I want to address that issue specifically. The Association of Directors of Education in Scotland played an important role in overseeing the appeals process this year, to ensure that there was independent quality assurance of that system. I have just received its report and a copy was sent to the convener of the Education, Culture and Sport Committee last night and placed in the Parliament's information centre this morning. Overall, ADES concluded:

"Appeal teams carried out their duties efficiently and to the established performance standards. On the whole the appeals process by appeals teams was thorough, rigorous and consistent."

However, I am conscious that the questions that

candidates and centres have about their appeals are continuing to cause uncertainty and in some cases distress. I want everyone—especially the candidates—to have confidence in the final results for this year.

The Education, Culture and Sport Committee has called for the scripts of all candidates whose appeals have been declined to be returned to centres along with the assessors' reports. However, that would not correct any outstanding wrong. In order to restore confidence in the appeals process, I am convinced that independent verification of those appeals, where there are significant concerns, is required. Therefore, with the agreement of the SQA, I can announce that we will establish an independent panel of subject experts, made up of experienced teachers and markers, to review cases that continue to give grounds for concern. Directors of education and college principals will be asked to identify such cases.

Those higher appeals will then be scrutinised by the subject experts, who will either confirm or query the outcome of the appeal. In both cases, the experts will produce a report for the centre explaining their decision. If the subject experts disagree with the initial appeal result, the case will be independently adjudicated. That is a vital step if we want candidates, their parents and centres to believe in this year's results.

Mr John Swinney (North Tayside) (SNP): I am encouraged by the minister's comments, particularly given the number of relevant cases from my constituency that I have raised with him. Has he any idea how many cases are likely to be reviewed as a result of the mechanism that he is announcing? I realise that it is dependent on advice from college principals and directors of education.

Mr McConnell: I do not. I hope that a sensible approach to the matter will be taken. There will be cases in which people are genuinely disappointed and where the results matter to them personally, although the outcome is not life threatening. Members have identified several cases in which an individual young student's choice of course, university or college, or their future employment prospects have been affected by a result that the student believes to be wrong. On some occasions, the student will be wrong. However, we must reassure them either that we can correct the wrong if there is one, or that the result that they have is the final and correct one. I want to ensure that the directors of education identify those extreme groups of cases, so that we can deal with them and give everyone confidence in the final outcome of the system. We want to ensure that no one's prospects are affected as a result.

That procedure will supply important information

for teachers as they provide their estimates of grades in future years. The need for feedback is not unique to this year. We will build on this year's new arrangement, in consultation with education authorities, colleges and teachers, to develop longer-term feedback arrangements.

I want to move forward and the SQA has already stated that its priority must be next year's exams. The SQA wanted diet 2000 to be resolved on 31 December. However, the further examination of appeals will inevitably mean that the final end point of this year's summer exams will be later. I am sure that all members will agree that the extra effort is entirely justified.

Mr Brian Monteith (Mid Scotland and Fife) (Con) *rose*—

Mr McConnell: I am about to conclude.

For hundreds of years, Scots have taken pride in their education system. That pride has suffered a blow this year. However, there is much that is good throughout our system. The professionalism of our teachers, the commitment of parents and the political will of MSPs of all parties can work together to restore pride and confidence in the system.

Today's debate should herald a watershed in this affair. The committee reports rightly concentrate on what went wrong and who was responsible. However, we—I emphasise the word "we", because exams must go beyond party politics—need to move into a new phase. By our working together, diet 2001 will be delivered, and I hope that we can agree that from today we will join in that national effort to deliver the qualifications. As the real new millennium approaches, let us ensure that we are giving Scotland's young people our very best. They deserve nothing less.

11:13

Michael Russell (South of Scotland) (SNP): I regret the fact that we could not have a full three-hour debate today. That would have been important for the many members who want to speak and the many views that should be heard. I regret the fact that the Executive insisted on coupling the issue with the earlier debate instead of accepting the SNP offer of using time tomorrow. Having said that, I agree with Mary Mulligan that it is important to separate the issues.

We have already debated the issue of ministerial responsibility this morning. In this debate, we can take a much broader view of the unanimous recommendations of the Education, Culture and Sport Committee. It is important to note that there was no recommendation in the printed report that was not unanimous. There was division on one recommendation, but the printed report presents a

unanimous view of what the committee said. That is vital because it shows the huge consensus on the issue. The committee report is a model of its kind in many ways, in particular because it takes a minority position into the body of the report, allows it to be presented, indicates how that was voted on and takes the view that a diversity of opinion on some issues does not jeopardise the unanimity of view on many others. I hope that other committees will take that stance.

Like Mary Mulligan, I pay tribute to the range of people involved in the report. At times, taking part in this detailed inquiry was a rather surreal experience—I found myself enjoying debating with Johann Lamont and agreeing with Ken Macintosh and his obsessions with grammar. At times, the entire committee was in agreement and pursued questions and points as a single entity. That is a great encouragement to the Scottish Parliament, just as today's debate and the scrutiny of the SQA should be a great encouragement. I pay tribute to the clerks, who worked very hard and to the advisers, particularly Dr Hamish Long, who is sitting in the visitors gallery. Dr Long's voluminous knowledge of Scottish examination procedure was absolutely essential. As I said at Friday's press conference, if he had not existed, it would have been necessary to invent him.

I welcome the minister's statement. In recent weeks, it has become almost a tradition for me to welcome what Jack McConnell says. I will take issue with one of his comments in a moment, but I think that he has grasped both the urgency and significance of the situation. We need to make radical changes, but in such a way that we can attempt—that is an important qualification—to guarantee not only a smooth diet next year, but that we get the Scottish examination system back on the rails.

The announcement on the remuneration of markers is welcome. That is a huge issue. People do not mark exam scripts just for money, but they certainly need an adequate reward. I accept that the supervision arrangement has been set up, although I do not think that it will be as effective as having an individual supervising the SQA day to day. The new arrangement may be helpful and I look forward to seeing how it works. I hope that the deputy minister will keep the committee members informed about its progress.

The simplification of certificates is essential. I regret the decision not to return appealed scripts. That was a matter of debate. There were different views in the committee. I know that the suggestion has met resistance from some of the teaching unions, among other groups. I am not saying that Ian Jenkins speaks for the teaching unions, but he certainly argued that case strongly in the committee, as did Johann Lamont. However, the

matter raises issues of accessibility and openness. There is no reason why the pupils involved should not see scripts that have been marked and assessed. That principle of accessibility and openness applies to the Parliament and its founding principles and should apply throughout Scottish public life. I will argue that the system that is already in place south of the border should be implemented in future years.

Mr McConnell: I would like to clarify my response this morning and my longer-term intentions. To return the scripts at the moment would impose an administrative burden and would not solve any difficulties if any wrong results remain. However, I am not against that happening in principle in the future. We will discuss that with the SQA as a matter of urgency, in advance of confirming next year's markers. People who mark exam papers next summer should know in advance that the scripts could potentially be returned to pupils.

Michael Russell: That is a key issue. When I visited the SQA, I asked to see several scripts to see what the marks on the paper looked like. I hope that the minister will consult more widely than just the SQA on the return of scripts.

I want to stick to two issues: first, the events of yesterday, and secondly, what happens from now on. If I may fall into what might be called a McCliché, yesterday starts today. Yesterday's announcement from the SQA, coupled with the First Minister's comments, creates a problem. If, almost halfway through the period between exam results and the start of the exam diet, the Executive and the SQA demonstrate that they are not talking to each other—that was the significance of yesterday's announcement—it is clear that there is a problem. The committee's report said that one of the reasons for the crisis last August was a failure of communication between the SQA and the Executive. If that has started again, a considerable difficulty is ahead of us. I urge the Minister for Education, Europe and External Affairs and the First Minister to re-establish communication, if it does not seem to be taking place, to find out what the problem is and to ensure that everybody is singing from the same hymn sheet.

I do not consider the First Minister's assurances today and at the weekend to be leadership, as Duncan McNeil has described them, but I consider them to be a touch of playing to the gallery. I want the system to succeed. Everybody wants success next year, but we cannot stand here and will it. We must take action to produce success. I hope that the action that the Minister for Education, Europe and External Affairs and his department are taking will produce success, but let us try to keep to that level at that moment. We should put in the effort,

not just make the statements.

Another issue arises from the report. It is touched on only tangentially, but it might be the most significant issue of the entire SQA crisis. Even in the huge dark cloud, there is the slightest part of a silver lining. I do not take Ian Jenkins's view that we had to have the crash to know what was wrong. That is a highly cynical view for a Liberal Democrat. It surprises me, and I am a great admirer of Mr Jenkins. A tiny sliver of hope lies in the fact that the crisis might make us question our whole system for educating our children. Professor Lindsay Paterson develops that point well in his new book on the exam crisis. I will not précis that, but I will say that we have accepted for too long that our education system requires—in the words that the English schools minister used a couple of weeks ago—pressure and support.

We put substantially too much pressure into the system, and not enough support. Pupils are subject to the demands of continuous assessment, league tables, performing and even the demand that—a generally accepted view in the chamber, but perhaps not a wise one—all education is focused simply on the need to find jobs and that all education is for work. I asked the Minister for Education, Europe and External Affairs about that when the Education, Culture and Sport Committee discussed the national priorities last week. Even he could not answer one of my questions about what the national priorities mean. We accept those ideas too readily. Some systems in Europe and elsewhere do not lean so heavily on pressure or continuous assessment, and they are not less successful. Indeed, often they are more successful. They educate the whole child, develop the whole personality and contribute to the whole of society.

Much must be done between now and next summer, and much must be done thereafter. I hope that, as we work our way through the crisis, the small sliver of silver lining will begin to grow and that we will all be able to examine the purpose of education, to make pupils, parents and teachers more satisfied and perhaps make them enjoy the educational experience more. If we enrich the experience, we will have a better Scotland. Out of the tragedy comes that possibility. I look forward to debating it over the weeks and months to come, as part of the process of change that the SQA requires and which is taking place now as a result of the reports.

11:23

Mr Brian Monteith (Mid Scotland and Fife) (Con): I, too, will pay my respects to and thank several people before I discuss the report. The work done by the clerks—Martin Verity, David

McLaren, Ian Cowan and Peter Reid—was a tremendous effort. Especially when we approached the closing stages of discussion, many drafts of the report were produced not just expeditiously, but accurately. It is obvious that much work was done into the wee sma hours. Draft reports were available for members of the Education, Culture and Sport Committee in time to allow us to check what had been discussed the previous day. The clerks deserve a great deal of thanks.

As was said, the committee's advisers Hamish Long and Professor McGettrick contributed a great deal, not just by giving advice, thoughts and insight, but by helping to confirm the pertinent questions for committee members and by ensuring that we got to the root of many problems. That was particularly helpful. Most committee members thought that they knew about higher still—it is probable that members who are or were education spokesmen thought that—but there is no doubt that once the committee started to investigate the exam chaos, it was clear that not even we knew about many of its aspects. That told us something. If we did not know about some aspects of higher still, teachers, parents and pupils could not have known about them.

The convener, Mary Mulligan, chaired the Education, Culture and Sport Committee's inquiry well and competently, especially when she showed how to chair a meeting at which pupils and parents gave evidence. I thank pupils, parents, teachers and others who gave oral evidence to the committee. That did a great deal to strengthen the evidence.

I pay tribute to several groupies, who constantly attended the committee's meetings. I will not embarrass them by naming them, but some people thought that it was important to come along and contribute in many other ways. I think that they found the meetings enjoyable and illuminating. I thank them for attending.

As has been said, there was a great deal of consensus. Last Friday, I calculated that 96.5 per cent of the report was agreed. Of course, I have made my comments, and I stand by them. In the political sense, the committee failed. I will clarify that comment, for the convener's benefit. I mean that the recorded divisions were about political aspects. No member noted any dissent from the report, apart from on those noted divisions. At times, the debate was fierce, especially on matters such as HMI and the return of scripts. Having negotiated, changed lines and changed our drafts, we coalesced around the report. The only subject on which we could not agree was the amount of guilt, or responsibility, of the ministers.

It is worth talking about the advice that was available from the Scottish Executive. It was

helpful to have the advice, limited as it was. I supported the method of obtaining it. I felt that it was better to ensure that we received some of the advice that officials gave to ministers, or evidence of it. With the minutes of the meetings and telephone calls, and the copies of correspondence, we had probably 80 per cent to 90 per cent of the background advice to ministers.

Had we held out for more information, we might not even have received the material that we did in time to inform the inquiry. On that point, I disagree with Mike Russell. It should be noted that most of the attacks on ministers during the no confidence debate were based on the evidence that the committee received. Therefore, a useful precedent was set. Availability of some advice can certainly be improved, but I think that the committee will take advantage of the precedent if similar circumstances arise.

The report shows that the SQA staff worked tirelessly. As I have said, they fitted the description of lions led by donkeys. They worked beyond the call of duty to try to get the exam results out on time. Had they not done so, the crisis would have been worse.

It is clear that the SQA board failed. What is worrying for many people who study quangos and non-departmental public bodies is that they thought that the board represented a cross-section of the educational establishment. Many members of the board were from organisations that were giving warnings about and making criticisms of higher still. It was clear from the evidence that we took that those warnings were all about difficulties in schools. Nobody focused on difficulties in the SQA.

The report considers the design of higher still. It must be noted that there was consensus about introducing higher still and about creating the SQA out of the SEB and SCOTVEC. However, the design of higher still contributed to the problems.

The markers have been discussed. They cannot continue to receive less than the minimum wage. I welcome the minister's announcements on that matter and look forward to its being resolved. Likewise, the matter of certificates must be resolved. Anyone who has seen the certificates wonders how they ever came to be issued.

I support the return of scripts in future, as is done in England. I supported the return of scripts on this occasion, for appeals. While I welcome the minister's announcement about setting up an independent panel, we did not hear from the minister—he ran out of time to take my intervention—whether that panel will make the scripts available. It is a matter of confidence; I have sufficient faith in the marking system and in the standards of marking that the scripts could be

returned—I hope that that might still be allowed. There are problems with subjects such as the art higher that need to be addressed.

I welcome the new, fresh attitude of John Ward—as chairman of the SQA—and Bill Morton, in saying that there are problems and that they are still dealing with them. Only by being so realistic, open and informative can we identify those problems and seek to resolve them. It is important that the minister's guarantee is honoured. I do not want to be here, again, attacking the minister next year; I want his political salvation to be the fact that he could deliver on that guarantee.

For those of us in politics and in the media, and for those of us who had that debate, the situation was a crisis and a shambles. However, for those who were part of it, it was a tragedy that we must ensure will not happen again. The report goes a long way towards ensuring that it will not; with the backing and initiative of ministers, we can ensure that there is no embarrassment for Henry McLeish.

Michael Russell: On a point of order, Presiding Officer. The opening speeches have taken us almost to 11.35 am—the debate is due to finish at 12.30 pm. I believe that, under rule 8.14.3, I may suggest that the debate be extended by half an hour, with the agreement of the chamber. Otherwise, few back benchers will have the opportunity to speak.

The Deputy Presiding Officer: That requires the agreement of the chair—the chair does not agree, because a motion on that very issue has already been voted on this morning. I call the final opening speaker, Mr George Lyon.

Michael Russell: Further to that point of order, Presiding Officer. With respect, we have not voted on the issue of extending the debate because of the number of back-bench members who wish to speak. It is therefore possible for the chamber to vote on that issue.

The Deputy Presiding Officer: I will not accept a motion on that issue. I call Mr George Lyon, as the final speaker in the opening part of the debate.

11:33

George Lyon (Argyll and Bute) (LD): I thank all those who gave evidence to the Enterprise and Lifelong Learning Committee and the clerks for their hard work and perseverance in ensuring that the committee came to a unanimous conclusion and that everyone on the committee agreed to the final report. I welcome Jack McConnell's announcements this morning. He has implemented many of the committee's recommendations—he should be congratulated on that.

As everyone will be aware, the committee's remit was to consider issues of accountability and governance and whether they contributed to the problems faced by the SQA. In our deliberations, it became clear to us all that the board and senior management were negligent in a number of the ways in which they dealt with the problems that presented themselves, not only last year but right back to the formation of the SQA. We have to go back to the beginning to see where the seeds of the problems were sown.

To merge the SEB and SCOTVEC was to try to bring together not only two organisations, but two different cultures. It is clear from the evidence that was presented to us—and that in the Deloitte & Touche report—that convergence of the two cultures was never achieved. Indeed, right until the end, when the whole disaster unfolded, it was still two separate cultures and organisations—one based in Dalkeith, the other in Glasgow—that were operating independently of each other. That was a major contributory factor in the failure to deliver on this year's exam results. The board did not seem to be aware that those problems still existed.

The second failure was the failure to carry out a proper risk assessment. Any organisation that embarks on the introduction of a brand new form of exam—higher still—and the extra work load and information needed to implement it over 12 months, while implementing a brand new IT system, is taking on a very difficult job indeed. We would have expected senior management and the board at least to carry out a proper risk assessment of whether the organisation could deliver on the day. That risk assessment was not carried out properly; the risk was not evaluated and, at the end of the day, the SQA embarked on a high-risk strategy, seemingly unaware of how risky it was. Ultimately, it failed in its objective.

The third major area where we found fault was the failure to put in place proper reporting systems to monitor the performance of the SQA over the year. Not only did it embark upon a high-risk strategy and a challenging work load, but it had no management information system to tell it, on a monthly or weekly basis, where the organisation stood in its delivery of the 2000 exam diet. That fundamental issue lies at the heart of why the SQA did not recognise early enough what was going wrong inside the organisation. Even the day before the problems came to light, the SQA chairman, David Miller, held a press conference and was still insisting that 99 per cent of the exam results would be delivered the following day. It was only the next morning, when Mr Miller and his chief executive trotted along to Dalkeith, that they discovered just how bad the situation really was.

Those failures can be laid at the door of the

chief executive and the board of management. It should also be highlighted that although the chairman was on the senior management team, no board members were. Although many concerns were coming up to senior management team level, there was no conduit between the board and the management team, so that the board could be made aware of the concerns within the organisation.

Looking ahead, we must consider how to deal with those issues and take the matter forward for the coming year. Jack McConnell has already implemented a number of recommendations. The first and most important point is that the committee did not believe that the SQA could be taken apart and reassembled for the coming year. The real challenge is to deliver the 2001 exam diet; we must therefore make do and mend the organisation that exists, then consider stripping out its functions. I am glad that Mr McConnell is moving on that matter.

In the longer term, we believe that there must be a fundamental discussion in the Parliament on the relationship between ministers, the Executive, the Parliament and quangos, and how we monitor the performance of quangos. There are 200 to 300 quangos in Scotland. We must be able to understand what they are doing on behalf of the Scottish Parliament and the Scottish Executive. We have a new, devolved Scotland—it is time that the quangos came into line with that. I hope that, in the coming months, ministers will look seriously at how we deal with that matter.

Dorothy-Grace Elder: I agree with the member about quangos but, unfortunately, his coalition partnership is yet to find the box of matches to burn them. In fact, it has created more quangos. Has he any answer to that?

George Lyon: I believe that the Scottish National Party is also in favour of creating a large number of quangos.

I will finish on the importance of the role of the Parliament's committees. It seems that, over the past month or two, there has been a sustained and systematic attempt to undermine our committees, through leaks and briefings that take place before the committees report. That happened to the Health and Community Care Committee and to both the Education, Culture and Sport Committee and the Enterprise and Lifelong Learning Committee. Such action and behaviour should be utterly condemned by everyone in the chamber, as it amounts to an attack on the parliamentary system and is a systematic attempt to devalue and undermine the Parliament's committees. It is high time that action was taken.

The Enterprise and Lifelong Learning Committee reported to the Standards Committee the briefings

that took place before the committee had produced its report. I suggest that the Standards Committee must take action to hunt out the individuals responsible and, once they have been identified, they should be suspended from the Parliament as a sign that we will not condone the systematic undermining of the integrity of the committees. That integrity is sacrosanct and must be protected.

The Deputy Presiding Officer (Mr George Reid): We move now to open debate, which must conclude by 12 noon. Significantly more members are asking to speak than we have time available to hear them. I will be rigorous in keeping speeches to four minutes, which will allow time for five speakers.

11:41

Irene McGugan (North-East Scotland) (SNP): All the inquiries have been completed, the findings have been set out and analysed in great detail and the recommendations are being considered, but today's debate is by no means the end of the matter. The real work starts now. Restoring public and professional confidence in our exam system, which was badly undermined by the SQA's handling of the higher results, is a big job.

There is no doubt that the situation has been a tragedy for the young people involved who, at the least, should have been able to rely on the Government and its agencies to deliver their exam results. As Moray Council's education service said:

"Pupils have no concept of over a century of SEB credibility. Most of them have simply had a very bad experience, and teachers are finding it difficult now to motivate pupils who are still waiting for their final 99-00 results."

In fact, the crisis affected the whole nation, and the damage has been felt even furth of Scotland. Every effort must be made to restore credibility and confidence in our country, in its record of academic excellence and in its economic potential.

Even though we now know most of the answers about the causes of the crisis, sufficient evidence of continuing problems can be found in the report of the Education, Culture and Sport Committee to require on-going, rigorous monitoring of the SQA to ensure that it is doing its job properly.

There is concern about next year's exam diet—it may be that not enough has been done sufficiently quickly to guarantee that summer 2001 will be problem free. Outstanding appeals remain to be resolved and the Education, Culture and Sport Committee strongly recommended that scripts be returned. While it is disappointing that that will not happen this year at least, the introduction of an independent review of the appeals is important.

A new element was introduced in recent days, and it appears likely that the appeals process may face a significant challenge in the courts on the ground that the process breaches the European convention on human rights. The challenge is based on the fact that the SQA marks exams and handles appeals; the ECHR requires that people should be able to appeal to an "independent and impartial" hearing. Should that challenge proceed, it could throw this year's results into even more doubt and the matter could take even more time to resolve. Time is something that we do not have.

It has also been reported in recent days that up to one third of schools have missed the deadlines and have not registered their candidates for next year. That seems to underline the need for decisive action by the minister on the eminently sensible recommendations of both committees. I acknowledge that that process has begun already.

Measures must be taken to ensure that never again will pupils have to face such an experience. To mention but a few of the principal recommendations, we must simplify the exam certificate, the disputed exam scripts should be reviewed, if not returned, and the SQA must adopt a new culture of transparency, openness and co-operation.

It will, however, be difficult to make next year's exams work. Despite the undoubted and, as yet, unresolved difficulties, the First Minister is on record as promising that there will never be a repeat of this year's chaos and that no child will be affected next year. It is interesting to note that those pledges have not been endorsed by the new chair of the SQA, who realistically acknowledges the difficulties and says that he cannot guarantee the effectiveness or efficiency of the organisation for three years.

It is not helpful to make cheap media soundbites that might mislead the pupils, parents and teachers of Scotland. We need evidence to show that everyone involved, particularly the Administration, is working together to resolve these problems.

11:45

Cathy Peattie (Falkirk East) (Lab): Crisis, fiasco, disaster and tragedy are some of the words that were used to describe the events surrounding this summer's examination results. Young people who put their faith in the system were let down by the system. Teachers and others highlighted concerns about time scale, assessment and the sheer volume of work, but no one seemed to be listening. Young folk and their families waited for examination results on the morning of 10 August, but were disappointed. In some cases, pupils got nothing at all; in others, they got only part of their

results. SQA telephone helplines were not helpful at all, with staff telling young folk and their families to check with the school. Teaching staff went into schools over their summer break—as they always do—to help young people deal with their exam results, but they were unable to help because the organisation that asked pupils to contact their school did not provide the information that schools needed to help the young people.

The words that I used at the beginning of my speech were fitting. The situation did not arise as a result of a fluke or bad luck—it was mismanagement on a large scale. The Education, Culture and Sport Committee report gives a comprehensive review of the committee's findings and, as it would be impossible to cover all of them in four minutes, I draw members' attention to the issues that relate to the management of the SQA.

It is easy to be wise after the event—the more evidence the committee heard, the less surprised we were to learn that the organisation simply did not work. SQA committees failed to record their proceedings and there appeared to be no communications link between those committees and the SQA board.

The finance and general purposes committee—the SQA's main committee—met only three times a year. There appeared to be a lack of strategic planning prior to the year 2000 diet. No one questioned whether the SQA was able to deliver or whether the operations department had the staff and the skills to undertake the task in hand. While staff and others raised concerns, there appeared to be no efficient communication mechanisms to deal with them. Indeed, communication in the organisation appears to have been non-existent.

Despite all that, the chairman described the SQA as a can-do organisation. Even when the scope of the problem was realised, self-deception appears to have been rife and it seems that no one took on board the issues that had arisen. While I do not believe that Sam Galbraith or any other minister was responsible for the events at the SQA, I believe that it is vital that an appropriate structure is developed to ensure a clear line between the SQA and the Scottish Executive.

The report highlights the conflicting roles of HMI in the development of higher still. I welcome Jack McConnell's actions to date on HMI and the SQA. I also welcome the comments he made this morning about appeals. To be able to draw a line under this year's results and to restore confidence in the exam system, we must be clear that appeals have been dealt with.

I suggest that we consider a long-term structure for the SQA and that the minister should involve the committee and the Parliament in such a

consultation.

In relation to exam results, the important people are young people. If both we and the SQA follow the recommendations of both committees, the events of this year will not happen again.

11:49

Nick Johnston (Mid Scotland and Fife) (Con):

Seldom can so much scrutiny have been directed at an organisation by so many people over such a short time. I pay tribute to the many people who gave evidence to the committees as well as to the committees' clerks. Seldom can such a catalogue of confusion and chaos have been revealed. It is plain that the pupils of Scotland have been badly let down by the staff, the management and the board of the SQA, and by ministers.

The Enterprise and Lifelong Learning Committee's role was to investigate the governance of the SQA. If the peculiar governance of the SQA—being governed by two ministers—played a role in the failure of the organisation, I have to say that no evidence was laid that the split in responsibility was in any way to blame. What was revealed was a failure of management, a failure by the board to inquire deeply enough into the organisation and an acceptance of assurances that all would be well. We found that the board of the SQA was not informed and that its members did not try to inform themselves, even though problems were raised at every board meeting. The board relied on the chief executive, the chief executive relied on management, and it seemed to the committee that the credo that all will be right on the night was king.

The fact that one minister was enjoying a sojourn in the Western Isles while the other was conveniently half way across the world did not add to the crisis. Nor, in my view, did it really matter whether ministers were in Western Australia or in the Western Isles. They could have been in Florida, Capri or Ice Station Zebra and there would have been little they could have done. They could have been wading in the depths of the Orinoco river or wrestling bears in Russia and they would have been impotent to prevent the tragedy from unfolding.

There were deep flaws in the system that even the most effective minister would have been powerless to foresee. If the Education, Culture and Sport Committee lays the blame on the basis of its evidence or if Mr Russell and his ilk posture and pout in front of the cameras and huff and puff, I cannot say whether they are correct to do so. I cannot say whether the evidence given to the Education, Culture and Sport Committee is strong enough to justify censures, as I did not hear it. However, what I can say is that there is something

profoundly wrong with a system that allows governance to degenerate to the extent that it did in this case.

The evidence from the former minister, Mr McLeish, led the Enterprise and Lifelong Learning Committee to believe that, in his view, there was a relationship between the amount of money an organisation seeks from the Scottish Executive and the amount of contact and scrutiny thereby exercised. It does not bode well for the governance of Scotland that the governance of the SQA was reduced to the ministerial equivalent of a vicarage tea party. There can be no way in which effective governance is reduced to "One lump or two? And would you like a Rich Tea biscuit or a custard cream?" That is what governance of the SQA amounted to for the minister.

On 6 March, Mr McLeish sat down with the chairman and chief executive and discussed the corporate plan, the financial reserves, the board composition and staffing matters. No direction was given by ministers. That was the extent of the supervision that Mr McLeish exercised. The same minister has now pledged that there will be no repetition of the difficulties. It does not bode well if the reports in today's press about difficulties with this year's exam registrations are accurate or if John Ward's report that it will take three years to solve the problems is true.

The Enterprise and Lifelong Learning Committee has made recommendations that are sound and based on good practice. That the new minister has acted on some of them already is welcome. Ministers must take heed and move towards implementation of the other recommendations to rescue the reputation of Scotland's education system and to ease the worries and allay the fears of Scotland's pupils and their families. The Conservatives welcome the move made by the Minister for Education, Europe and External Affairs today and wish him well in sorting out the problems of the agency.

11:53

Donald Gorrie (Central Scotland) (LD): This debate is much better than the lamentable first hour or so, not only because I am participating in it, but because other members have made very constructive speeches.

I would like to begin by making two procedural remarks. First, I could not understand why the Executive did not accept the SNP's offer to use that party's time tomorrow for the no confidence motion so that there could be a longer debate on the SQA—and I voted accordingly. Secondly, although the Opposition parties are perfectly right to introduce motions about people resigning if they see fit, they must accept that the effect of that is to

polarise the debate. The people on the Government side will never admit that anything is wrong, and they rally round the minister. The more they think the minister is wrong, the more they rally round. The people on the other side—

The Deputy Presiding Officer: That is one of your four minutes gone already, Mr Gorrie. To the subject please.

Donald Gorrie: The First Minister has said that the Executive promises to deliver. It is important that he has said that, and Jack McConnell has made a good start in delivering but, by God, we have to deliver, because we will be clearly judged on that. It is not an issue that can be fudged. Almost anything in politics can be fudged, but if it is seen that the delivery of the exam system next year in Scotland is not satisfactory, public support for this Parliament and for the Executive will collapse completely. Delivery is therefore vital.

The problem with the two reports is that there has been a long build-up. It is rather as if we were having a discussion about the Dunkirk fiasco and whether our lorries performed well during the retreat. The whole build-up was caused years before. Like other MPs, I responded soon after the general election to calls by constituents to table questions at Westminster about higher still. It is to the credit of Brian Wilson that he at least postponed implementation for a year, but the conduct of the affair by the Scottish Office before the Scottish Parliament came into being is open to serious criticism.

Anyone who creates a new exam board, bringing together two very disparate organisations in the hope that they will fit together instantly, who introduces a new exam that is repeatedly criticised by those who are supposed to implement it, and who then introduces a new computer system without running it in or trying it out—and expects to have no disaster—must be idiotic. Who was pushing that through? Whoever was doing that should be held to account, whether they are ministers, civil servants, HMIs or computer buffs.

How we construct our policy and hold people to account for it is a very serious issue. We must have a thorough review of the position of civil servants and how they conduct affairs. The minister has started dealing with the HMIs, which is good, but the quangos that George Lyon mentioned must also be reviewed.

The way in which we conduct our government has been brought into the open by recent events and we must examine that very carefully, in addition to doing the things that are recommended in the two committee reports.

11:57

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): Events tend to move more swiftly than the production of parliamentary reports. I feel that this morning's debate has moved to such an extent because of the announcements that we have heard from Mr McConnell, who I see is choosing this moment to leave the chamber. His announcements were worthy of serious scrutiny. Members of all parties recognise that the action that has been taken by the new minister is welcome, but I am seriously concerned that he may need to take other steps and that the independent appeal process that he has announced must be considered very carefully.

I say that because we know that there is a possible threat of court action, which has been the subject of publicity. It is based on the simple proposition that the existing process does not comply with article 6 of the European convention on human rights, which states that everyone shall have the right to a full and fair hearing before an impartial tribunal. We have already seen in the case of County Properties and Developments that Scotland's planning law is essentially in abeyance because it does not comply with article 6.

At first glance, it seems to me that the existing system of exam appeals is in breach of the ECHR and I therefore welcome Jack McConnell's announcement that there will be a panel, but will the panel be independent? Will the teachers—experienced teachers, I believe he said—who serve on the panel be involved in teaching? Might that be said to compromise their independence? Do not we need an entirely different, separate and independent panel, whose members are not involved in the teaching process?

I understood Mr McConnell to state that he rules out the return of papers at the moment. That is what he said and it seems to me that the implication of that is that he is not ruling out the return of papers quite soon. I urge Mr McConnell to accept the recommendation, which I believe was made by the Education, Culture and Sport Committee, that papers be returned, and I do so for one simple reason. If they are not returned, I fear that there is a possibility—how great a possibility it is not for me to say—that we will face the spectacle of a court action in which pupils say, "Why didn't they let my teacher see my paper?" That point is unanswerable.

Today, I received the distinct impression that Mr McConnell has conceded that papers must be returned—if not to pupils themselves, to their head teachers or at least to the education authorities. I welcome the announcements that Mr McConnell has made and I make my comments in the hope that the decisions that he has announced today will be considered carefully and, perhaps, fine-

tuned, so that imminently we may have a further decision to return the papers.

This episode shows that there is an unhealthy relationship between quangos and the Government. Quangos are very useful things, because they cushion the Government from the impact of unpopular decisions. That is convenient for the Government from the point of view of news management, but if we regard being accountable for our actions as an essential principle of democracy, it is wrong.

It is essential that the SQA should complete its work for this year. As a result of today's news reports, however, I am becoming concerned that there is trouble afoot and that the existing measures, welcome though they are, will not be sufficient to solve the problem.

12:01

Johann Lamont (Glasgow Pollok) (Lab): Thank you, Presiding Officer, for giving me an opportunity to contribute to this debate.

I want to return briefly to the earlier debate on the motion of no confidence. It is true that in the Education, Culture and Sport Committee there was a discussion of things that the minister could have—rather than should have—done. However, it was accepted that, given the seriousness of the crisis, those things would have made no difference. It is ironic that, after the committee's report criticised the blame culture within the SQA, the SNP should have chosen to play hunt the minister, rather than to confront the problems that developed. That was out of kilter with what was said by SNP members at meetings of the committee.

There is no doubt that the views of members of both the committees involved in these inquiries were shaped by a sense of crisis, which led people to make bold assertions about its causes. Some said that it was the result of a failure to delay the introduction of higher still. Others said that it was caused by SCOTVEC, by higher still itself or by the former Minister for Children and Education. None of those assertions survived scrutiny by the committee. The real causes of the crisis were much more frightening and much more complex.

All members of the committee were horrified by the chaos within the organisation of the SQA. The problems were compounded by bad decisions taken during the process—such as to have a helpline that not only gave no help, but actively undermined the credibility of the examination system. Given that confidence in the examination system and its credibility are so delicate, I urge caution on those members who are now talking about the return of scripts, about restoring faith in

the system and about the dangers that we face next time round.

The SQA was reluctant to admit to the existence of problems. The Universities and Colleges Admissions Service gave evidence that, if it had been told that there was a problem, it could have helped, which would have reduced the scale of the crisis that occurred. We were all shocked by the breathtaking meltdown that took place. It was horrifying to realise that it was difficult to see how that could have been stopped. When we asked the Scottish Executive whether it could have intervened further, we were told that there was no safety net. I agree with those members who have said that we need to explore further how public bodies can be held to account. We need to ensure that crucial work that is being done on our behalf is not left vulnerable to organisations that have sole responsibility for it but fail to deliver.

The report of the Education, Culture and Sport Committee reaffirms the importance of the higher still approach, which upholds the rights of all the young people in our education system. However, it also addresses the question of cumbersome assessment. The committee is not saying that there should not be internal assessment. I believe that that is as important as ever in valuing all our young people. However, we need to examine the way in which internal assessment is managed. Some of the comments that were made about SCOTVEC and internal assessment gave evidence of hostility towards an examination process that seeks to meet the needs of all our young people. In this area, too, I urge caution. When we call for change, we are not saying that we want a purely academic education system that does not meet the needs of a broader group.

There was an interesting discussion about the assessment tail wagging the education dog. In evidence we have seen that parents and young people attach huge importance to results—to the product of education rather than the process. We must have a further debate on what rights we, as a society, seek from education in addition to exam results at the end of it.

On freedom of information, those who examine the tortuous process that our committee went through to get information should reflect that it highlights the problem with a system that is not open and accountable. I hope that that will be used to change the system so that we can get information, call people to account and ensure that those who act on our behalf do so responsibly.

The Deputy Presiding Officer: That ends the open debate. For the record, since much was made of it, three members who wished to speak were not called.

I have used my discretion in respect of the

motion to allow an overrun of five minutes to ensure overall balance. I expect the debate to finish at about 12:35. I call Marilyn Livingstone to close for the Labour party.

12:06

Marilyn Livingstone (Kirkcaldy) (Lab): This debate is, and has to be, about our young people who have been caught up in the SQA debacle. They and their families have suffered from the mismanagement within the SQA.

As a member of the Enterprise and Lifelong Learning Committee, I will take this opportunity to thank all the members, the convener and especially all those who gave evidence in a frank and honest way. That honesty and frankness has enabled us to publish a comprehensive and far-reaching report. Our report, which covers governance, rightly examines short and long-term issues. Everyone wants faith and confidence to be restored to a system that has been fundamentally damaged this year.

In my constituency of Kirkcaldy, I am dealing with a case load of queries surrounding this year's appeals process. I was delighted by the minister's announcement that he is going to consider an independent review. Young people's lives have been affected. Many of the measures that Jack McConnell has already taken will go a long way to restore confidence.

Many administrative and managerial fundamentals were absent from the confines of the SQA. Both reports cite significant managerial omissions, especially in risk management, in which the SQA has critically failed. A major theme that has run through the inquiries has been lack of communication, lack of management information, no performance management and no direction from the boardroom and senior management. Communication difficulties within the mishmash of management tiers, including that of an overweight boardroom, compounded by complex structures that were set well below board level, led to the meltdown of the SQA. An "It'll be all right on the night" mentality prevailed throughout the organisation. Our inquiry has tackled the issues in a comprehensive and professional manner. We kept the needs of our young people at the core of our agenda at all times. Our young people and their families deserve no less. We must do all in our power to ensure that Scotland's youth never again have to endure a summer such as we saw this year.

The core issues in our report are clear for all to see. There was a lack of risk management—or rather far too much risk and no management. A considerable target-setting deficiency ensured the absence of proper performance evaluation

throughout the process. There was a communications breakdown in the elaborate and labyrinthine tiers of governance. An oversized and under-informed boardroom lacked direction and was unable to wield effective power. All those issues, coupled with poor strategic and operational planning, contributed to the problem.

The complicated build-up of organisational weakness was coupled with no hard-core management information, which would have informed the SQA's approach to its inability, or ability, to deliver this year's programme. That was paramount among the reasons behind this summer's problems.

Our inquiry laid out a logical, commonsense framework for the way ahead. It examined the role of ministers and cleared them of all blame. We came to the view that no action taken by the minister would have stopped this year's meltdown.

In the short term, our report focuses on ensuring that systems give current students confidence in the process. They must believe that they can trust the SQA to deliver a fair and just examinations system. Jack McConnell's announcement this morning will go a long way to restore confidence.

This is not a time to look back. We must look forward for the sake of all those who are sitting the exams this year and in the future. We have made medium and long-term recommendations to the minister. The overarching theme at the core of our proposals is transparency, openness and accountability, while maintaining the SQA's independence.

In conclusion, I welcome both reports and the minister's response. Our young people deserve a true consensual attitude and way forward.

12:10

Miss Annabel Goldie (West of Scotland) (Con): As acting convener for the Enterprise and Lifelong Learning Committee for most of the inquiry meetings, I want to take this opportunity to thank my committee colleagues; Simon Watkins and the clerking staff for a tremendous job; and of course all the witnesses who so willingly appeared before us at short notice.

The fact that the Enterprise and Lifelong Learning Committee's remit was to examine the issue of governance has already been mentioned. That remit led us to consider the process of wider management of the SQA from the ministers through departmental civil servants, the chair and the board to the chief executive.

What emerged from our inquiry was a series of vacuums. The ministers and department were in one vacuum, and there was a separate, hermetically sealed SQA in which two vacuums

existed, one at board level and the other in the rest of the organisation. Quite simply, a volcano was erupting in the SQA which the board and chief executive did not know about.

That is why in paragraph 37 on page 8 of the Enterprise and Lifelong Learning Committee report, the committee concluded that the problem was not a deficiency of governance but “a failure of management”, which—to anyone who has been in business—was on a scale beyond comprehension. The committee therefore concluded that the board had been negligent. The board should have had a hunger for information and explanation, and there should have been an unrelenting insistence on answers being provided by reaching down to all operational levels to find out what was going wrong and where it was happening. After all, the SQA had agreed a corporate plan that, although perhaps unrealistically onerous, had been signed off by ministers. Both board and ministers can be criticised for not having a clearer overview of the strains that the plan would impose on the organisation.

As a result, the committee focused on several essential issues such as an absence of a proper performance management network within the executive departments; an absence of an effective risk assessment process in the SQA; an absence of clarity about the role of SQA board members; and an absence of a lean, robust board structure with clarity about its role. I welcome Mr McConnell’s initiative in taking steps in connection with the SQA board. The committee’s specific recommendations address those points of concern, as do its suggestions for a better operational model. I very much hope that the minister will be minded to consider the committee’s proposals and suggest that they be rigorously and positively pursued.

Three broad consequences flow from the report, the first of which relates to devolution. The arrival of the Parliament has changed for ever the relationship between NDPBs and Government. When things go wrong in Scotland, people will look first to this Parliament to put them right. The Executive must recognise—and, to be fair, has recognised—that that element needs to be considered. Indeed, further action might be necessary to regulate or determine how we deal with the relationship between NDPBs and the Parliament from now on.

Secondly, the improvements recommended in the report should certainly be pursued vigorously. Most important, the reports from the two committees should not be regarded as the end of the matter—they have to be the new beginning. That is essential for public confidence. This Parliament must hold a magnifying glass over the

SQA and take on board the alarming and very real concerns expressed by Professor John Ward, to devise a structure that will allow the Executive to report to the Parliament regularly in the forthcoming year about what is happening in the SQA.

12:14

Mr Kenny MacAskill (Lothians) (SNP): Marilyn Livingstone said that we must look forward, not back. Although that has been the general ethos of this debate, I will highlight one caveat: those who do not learn from history are condemned to repeat it. We must look back if we wish to ensure that next year’s exam results situation does not mirror this year’s chaos.

We have heard from two ministers this morning. We heard from the First Minister in the earlier debate. I welcome his further commitment to ensure that the crisis will not be repeated in 2001, notwithstanding the comments that were made by Professor Ward, which Annabel Goldie touched on. I trust that the resources will match the rhetoric, as Professor Ward clearly highlights a problem. Additional resources must be provided. As Mike Russell said, we must not simply wish that to happen.

We also heard from the new Minister for Education, Europe and External Affairs, Jack McConnell. Where criticism is due, it is appropriate that criticism should be given; similarly, where credit is due, credit should be given. The Scottish National Party welcomes the outline of actions that have been taken to date, which was given by the minister, and the additional comments that he made today. We broadly welcome those actions and look forward to seeing the improvements that will be made as a result of them.

It has been said that the reputation of Scottish education has been tarnished. That is true. It has also been suggested—although I cannot remember by whom—that, to some extent, we have been resting on our laurels. That is also true. For too long, we have dined out on our reputation. Much credit is due to the Scottish education system, the structure and ethos of which are correct. The broadly based education that it provides is to be welcomed and is superior to that which is provided elsewhere, including south of the border. However, as is the case with our transport infrastructure, the education system is creaking and groaning. It has been under-resourced and we have failed to address that fact. The situation must be addressed now.

Education in Scotland is no longer simply a matter of educating our youngsters: it is part of one of the new economic sectors for Scotland in the 21st century. We ignore that sector at our peril

if we fail to educate our youngsters for the 21st century economy or fail to recognise it as a core sector of our economy.

I reiterate what has been said by other members. I pay tribute to the members of both committees, the clerks and those who gave evidence and provided information. The committees' inquiries have contrasted with what takes place at Westminster and with the actions of members of the Executive and their predecessors in the Scottish Office. The Scottish Parliament's committees were clearly focused and worked with speed and urgency. They, and all who took part in the inquiries, deserve credit. Their actions contrast with the dilatoriness and dithering of the Executive, when alarm bells were ringing, and with previous actions of the Scottish Office.

Recommendation 29 of the Education, Culture and Sport Committee's report talks about

"a moratorium on the introduction of further phases of Higher Still until successful delivery of the 2001 package".

It is clear that the problem was not only with the SQA. An attempt was made to fit an educational square peg into an educational round hole, by trying to implement higher still when teachers were saying that there was a problem and that it could not be done at that pace. That advice was ignored, reflecting an ethos that was perpetuated by Helen Liddell and encouraged by Tory Administrations, which held that the Executive or the Government knows best, not the teachers.

We denigrate teachers and other public servants at our peril. We can never take Scotland back to the days when the dominie knew best and had a special place in the ethos and structure of our society, but we can certainly treat our teachers better. We should respect them and listen to what they say.

Mr Monteith: Will Mr MacAskill give way?

Mr MacAskill: I am sorry, but I do not have time.

Ironically, the good that we can draw from all this is the fact that the Scottish Parliament is taking responsibility. I have been asked at meetings to name the most successful thing that the Scottish Parliament has done. I say that it has been to address this crisis. Nobody has suggested that we should return to direct rule. No member of any political party has said that we should hand over the Scottish education system to David Blunkett.

When there is an error, whoever it is made by, it is the duty of this Parliament to address it. We must address the problems in our society and rectify them. Our education is heading in the right direction. If the Transport and the Environment Committee took over the railway network, and if

we empowered the Minister for Transport to look after the railways, we might expect a better transport system in future, just as we expect a better education system.

12:20

The Deputy Minister for Education, Europe and External Affairs (Nicol Stephen): In my view, and in that of many others, this is the most serious issue to face our new Parliament. The documents that we are debating are the most important and authoritative of the reports that our new committees have produced to date. I would like not simply to thank members of both committees for the work that they have put into the reports, but to assure the committees and Parliament that the Executive is giving, and has given, urgent consideration to the findings and recommendations of both reports. However, the challenge now is not only to turn the words and insights of the recommendations into action, but to turn them into results—results that restore confidence in Scotland's exam system.

Action has already been taken, but the most important message to Scotland's pupils is this: we are all determined to do everything that we can—with the SQA, schools, colleges, teachers and lecturers, and most of all with parents and pupils—to rebuild an exam system in which everyone can have confidence.

Fergus Ewing rose—

Nicol Stephen: In Mike Russell's words, we are doing things to succeed. The actions taken so far have been sensible and significant, but before going on to talk about them I will take Fergus Ewing's intervention.

Fergus Ewing: If the minister will not announce today that papers will be returned to pupils, will he accept the recommendation by Bruce Robertson, the director of education of Highland Council, that anomalous papers—where the results do not reflect the expected result—be returned, either to the head teacher or to the education authority of the local council area in which the school is located?

Nicol Stephen: The important thing is that for the first time we have a new, independent stage in the appeal system to ensure, not compliance with the ECHR, but fairness and equality. The matter has been discussed with Bruce Robertson and others, and there will be further announcements soon, because we must get moving with that new stage in the appeal process.

Michael Russell: The minister indicated that the new system will not ensure compliance with the ECHR. That implies that one of the issues that must be considered over the next year is

compliance with the ECHR. Will the minister address that?

Nicol Stephen: I said that the reason for the new stage is not to address ECHR issues; we believe that the current system is ECHR compliant. The independent stage goes further, and is an improvement for reasons of fairness and equality because it gives extra reassurance to pupils who still feel a sense of injustice.

Action has been taken in the SQA, such as the simpler internal assessment system, which removes the need for 500,000 pieces of data to be transferred from schools and colleges to the SQA. The need for a simplified exam certificate has been acknowledged and there has been a commitment that that will be delivered. An increased fee for markers is a relevant issue. I know, because I witnessed it at first hand—my father was a marker for many years—that for too long our exam system has been run on a shoestring. We have depended upon good will and professionalism on the part of our schools, colleges and teachers. This year, teachers, perhaps above all others, have delivered and worked beyond all expectations to resolve the many problems.

The Executive has acted. This morning an independent panel to resolve outstanding higher appeals where there are still serious concerns was announced. Her Majesty's inspectorate of schools is to be reviewed. There will be a new, streamlined national qualifications steering group. The SQA's board will be reorganised, and weekly meetings will now take place with the SQA at officer level.

There also will be monthly meetings of the new ministerial review group, which will involve teachers, lecturers, directors of education, parents and pupils in an early warning system to alert us to emerging problems in any part of Scotland as next year's exam process moves forward. I regard chairing that early warning group as the most important responsibility that I could have over the next 12 months, and I want to hear from MSPs, parents, teachers and pupils if problems are emerging. I have already asked that the problem of missing pupil registrations for next year's exams be discussed at the first meeting on Tuesday, not to lay blame, but to ensure that the problem is sorted out. I make a commitment to the Opposition parties to keep them well briefed on the progress of the group and to discuss how the committees should be involved in reporting back.

The committee reports are authoritative documents. They show a remarkable degree of unity and reflect the scale of the cross-party commitment to work together to support the teachers, the schools and colleges, the markers and assessors and the SQA so that all of them together can support the people who matter most:

Scotland's pupils. The Executive must do everything that it can to make certain that we get it right next year and in the future. The First Minister has made it clear that, if more resources are required, they will be delivered.

I know that the commitment that I have mentioned is shared by every MSP. Our national priority now must be to work together to make certain that Scotland's young people are served by an exam system of the quality and reliability that we expect and that they deserve. There is a lot to be done. Let us get on with it.

12:26

Alex Neil (Central Scotland) (SNP): The debate is historic: it is the first time in the history of the Scottish Parliament that we have debated reports from two committees at once, although the committees' inquiries have slightly different remits.

As convener of the Enterprise and Lifelong Learning Committee, I want to place on record my gratitude to the members of both committees for the sterling work that has been done in preparing the reports. I particularly want to express my gratitude to Annabel Goldie, who stood in for my predecessor, John Swinney, who was often otherwise engaged during the inquiry. Since this is Mary Mulligan's last appearance as the convener of the Education, Culture and Sport Committee in a major education debate, I congratulate her on her appointment as parliamentary private secretary to the First Minister. Even though she has a new position, I am quite willing to continue to offer her free advice.

I want to thank our support staff, particularly our clerk, Simon Watkins, and his team, without whom we would not have been able to produce such professional reports. I also thank the two rapporteurs. The committees worked so well not only because of co-operation at convener and clerk level, but because of the rapporteurs. Cathy Peattie was the rapporteur from the Education, Culture and Sport Committee and Marilyn Livingstone was the rapporteur from the Enterprise and Lifelong Learning Committee.

It is worth mentioning that, had the crisis occurred before the creation of the Scottish Parliament, it is almost certain that there would not have been the level of detailed scrutiny and debate that there has been. Westminster would never have got to the root of the problem. We would not have had two committee reports, we might not even have had a Deloitte & Touche report and we would not have had the kind of insight into the problems of the SQA that the Scottish Parliament has gained.

As members have said, the time has come for us to move on. Members will have seen with

regret the headlines in *The Herald* today, forecasting a continuing three-year crisis in the exam system. However, there is cross-party determination at ministerial level, at committee level and at parliamentary level to ensure that that does not happen. We cannot afford for a crisis to happen again and we dare not accept the prophecy that it will.

On behalf of both committees, I congratulate the Minister for Education, Europe and External Affairs on the action that he has taken. The message from the Parliament must be "action this day". I am glad that, on the appeal process and on the measures that must be taken to ensure success in 2001, there has been "action this day". There must be action for many more days to ensure that we live up to our moral responsibility to the young people of Scotland, to the further education sector students—who should not be forgotten in the debate—to parents and to Scottish society.

My second point is that we must learn the lessons of what has happened in the SQA fiasco over the past 12 months or so. I believe that we have seven fundamental lessons to learn for the future.

The first lesson is that, when we are merging organisations, be they quangos or any other type of organisation, that merger is not simply a legal process. It must be much more than that. The two cultures of the old organisations must be brought together. Both the old organisations cannot be allowed to remain located in their previous sites without any coming together and without the full integration required to obtain the benefits of the merger.

When we consider the merger of other organisations, it is important to do so in the round, to ensure that the full benefits are reaped and that we do not end up effectively having two organisations running the show. I have already said privately to the Minister for Education, Europe and External Affairs that we should ensure that there is no repeat performance with the recent merger of the Scottish Council for Educational Technology and the Scottish Consultative Council on the Curriculum.

The second lesson relates to the make-up of the SQA board. There were several fundamental flaws built into it. First, it was far too big. There cannot be decisiveness or a proper level of governance when a board holds mass meetings. A board with a job of management to do must be limited in number, while representing the broad band of skills that are required. Those skills are primarily managerial. Secondly, one of the major problems in the whole fiasco is that members of the board were chosen because they were themselves stakeholders. Stakeholders can be another word for vested interest. The minister is correct to

accept the Enterprise and Lifelong Learning Committee's recommendation to split the role of the stakeholder from that of the management of the board. They are two decidedly different roles, with two decidedly different sets of skills. Thirdly, holding the board meeting once a quarter is totally ridiculous for an organisation with a budget of £27 million and employing more than 500 people full time.

The third lesson relates to overload, which is primarily a ministerial responsibility. Let us not overload the organisations with too much to do. If we do so, objectives fall between two stools and are not achieved.

The fourth lesson is on computer systems. The problems at the SQA represent the latest in a series of failures of organisations because of the introduction of new, expensive computer systems without proper risk assessment, without a proper trial period and without proper cognisance of the impact of the introduction of the new system on external organisations. Whether we take the example of the passport office or others, such introductions of new systems have been a major contributory factor to crises.

The fifth lesson, on management information, is absolutely essential. It was not conveyed before; it is being conveyed now. I welcome the fact that the minister is demanding monthly reports from the SQA, and I am sure that he will ensure that those reports will be not just prose and text but hard fact. Let us examine the performance indicators and the performance targets and ask the hard questions about what is happening on the ground vis-à-vis those indicators and targets.

The sixth lesson relates to communication, both the extremely poor communication within the SQA and that between it and the education department. There was almost a culture of trying to hide the problems instead of discussing them openly and seeking assistance where possible.

The final, seventh, lesson applies across the board: the need for a proper system of ministerial scrutiny of quangos. I do not believe that we have ever had one. There are many accountability systems across the board in Government, but we found that, until the minister introduced his recent reforms, there was no proper system of performance monitoring of a quango.

I have outlined the seven lessons that we must learn, in relation to other organisations as well to the SQA.

Clearly, our top priority must be to deal with the aftermath of the 2000 exam diet crisis, and with the appeal process in particular. We must also deal with the 2001 diet to ensure that there is no repeat of the previous year. Once those immediate issues are tackled, let us have a medium-term

review of the SQA. In particular, let us ask whether one organisation can carry out the five big remits that are under the one umbrella that is the SQA, and ask what the future structure should be.

My final point is one that all members have made. The debate and—given that it is the final speech of the debate—my speech should draw a line under the crisis of 2000. Let us move on to 2001 in unity—in a consensus for Christmas—to ensure that our pupils, our parents and our population can have full faith in the Scottish Qualifications Authority and the education system.

12:36

Meeting suspended until 14:30.

14:30

On resuming—

Budget Process 2001-02: Stage 2

The Presiding Officer (Sir David Steel): This afternoon's debate is on motion S1M-1449, in the name of Mike Watson, on behalf of the Finance Committee, on the budget process.

14:31

Mike Watson (Glasgow Cathcart) (Lab): I welcome the opportunity to open this debate on the Finance Committee stage 2 report on the 2001-02 budget process. I cower slightly in the face of the information that I have 20 minutes for the opening statement. [MEMBERS: "Oh dear."] Twenty minutes is quite enough for me. I may not use it all and so I wonder whether I might prevail on you, Sir David, to bank any unused time for me to use in any back-bench speeches that I make in the near future.

The Presiding Officer: It seems to me that there are excitements elsewhere—you may have some latitude on time today.

Mike Watson: Thank you.

This may not be startlingly original—indeed, I made similar comments when I introduced the stage 1 debate in the chamber on 28 June—but we are, in this process and in today's debate, indulging in what might loosely be termed groundbreaking stuff. We are two thirds of the way through the first year of the Parliament's budget process and two thirds of the way through the time allocated to the process.

As members may recall, that process began way back at the end of March, when the then Minister for Finance, Jack McConnell, announced the Executive's spending plans in the annual expenditure report, "Investing in You". In stage 1 of the budget process, the Parliament's subject committees examined the plans for their departments and reported to the Finance Committee. Their comments informed the report, which we in turn presented to Parliament for debate as the culmination of stage 1.

That report did not pull many punches and was critical of the structure, content and presentation of the information contained in "Investing in You". We called for radical changes and made a total of 14 recommendations on how the annual expenditure report should be improved in future. Following the stage 1 debate, the Parliament agreed to commend the report's recommendations to the Scottish Executive.

The fact that some of those recommendations had been acted on promptly became evident in September, when the Executive published its spending plans for this year, in "Making a Difference for Scotland". The plans were again referred to the subject committees for scrutiny.

It is worth contrasting this year's budget process with last year's. Last year, the Finance Committee alone subjected the draft budget to what was, in reality, rather cursory scrutiny; this year, nine of the Parliament's committees have examined it on two occasions—although not, as I will report, in quite the detail that was intended. Twelve months ago this week, the Parliament debated an Executive motion on the 2000-01 draft budget; this year, we are debating a motion on the Finance Committee's report. A year ago, the debate was opened and closed by the Minister for Finance; this year, it is opened by the convener of the Finance Committee and will be closed by its deputy convener. Last year, the Executive hosted the party; this year, it is the guest.

The Finance Committee report makes it clear that we regard the embryonic system of scrutinising the Executive's budget proposals as—to put it mildly—less than perfect. However, that should not be taken as a damning indictment. In a sense, the budget process is a microcosm of the Parliament. Both started from scratch, without a template to refer to. Both have begun the climb of a steep learning curve and both have had their setbacks—some of which, it has to be said, have been self-inflicted. Both will improve with time and in due course will, I am convinced, come to be accepted as fundamental changes to what was the established order, with both having far-reaching effects on the day-to-day lives of the people of Scotland. That the Parliament might reasonably lay claim to having advanced further up the curve is merely a reflection of the fact that it is into its second year, while the budget process remains in its first year.

As the Finance Committee report recognises, the fact that the new arrangements for scrutinising the budget are in operation is an achievement in itself. The underlying message is that a rigorous annual examination of the Scottish budget is now an established fact and will become a recognised part of the Scottish political landscape. That may merit restatement, because ministers, departments and their officials, as well as the subject committees, must also recognise that fact. Key dates must be marked in calendars and detailed forward planning must become the norm. I guarantee that the Finance Committee will remain assiduous in ensuring that the process evolves successfully. Ultimately, maximum benefit will be derived from the process only if departments and subject committees work in harmony.

At stage 1, the Minister for Finance signalled his intention to encourage the people of Scotland to engage in the budget process by participating in four public meetings around the country. As part of our stage 2 scrutiny, the Finance Committee maintained that trend by meeting in Aberdeen. We took evidence from representatives from a considerable number of sectors in the north-east and completed the day by questioning the Minister for Finance and Local Government. In so doing, we broke new ground on two scores: it was the first time that the Finance Committee had met outside Edinburgh and it was the first occasion on which a Scottish Executive minister had given evidence outwith the capital to one of the Parliament's committees.

The committee believes that meeting in public beyond the well-trodden territory of the central belt is an important means of connecting Scotland's Parliament to its people. We also see such meetings as an integral part of the budget process and intend that they should become a regular feature of our consideration at stages 1 and 2.

In the body of our report, our main concerns relate to the fact that, due to the lack of detailed expenditure figures, the Parliament will be, to a significant extent, unable to undertake proper scrutiny of the Executive's spending plans. Of course, this is not a typical year, given that, in July, the Westminster Government announced its comprehensive spending review and additional spending statements. The committee welcomes the additional resources, but it remains a matter of concern to us that a full breakdown of that additional funding has yet to be published.

We anticipated the late arrival, not the non-arrival, of level III figures for our stage 2 consideration. It is unsurprising that most of the subject committees commented in their reports to the Finance Committee that they were unable to undertake their task effectively and were denied the opportunity of examining whether the expenditure proposed for the relevant departments was likely to prove adequate for funding policy commitments.

Mr Keith Raffan (Mid Scotland and Fife) (LD):

I am grateful to Mike Watson for giving way and agree with nearly everything that he has said. Although he says that this is not a typical year, we will have comprehensive spending reviews in future—they will happen every second year. Therefore, we will encounter the problem regularly, and every second year will be typical.

Mike Watson: I accept that point; I will come on to address it. We must find a means of ensuring that the difficulties that emerged this year do not recur. Of course we are aware that every two years—or possibly every three years—similar problems will arise, and we must find a way out of

those problems.

Just to show that Mr Raffan intervened at precisely the right point in my speech, I will continue by saying that such announcements from Westminster may be made at a similar time in subsequent years. The Finance Committee does not regard it as acceptable that such difficulties should arise when UK spending plans are updated, which will probably happen every other year, as I said. The committee is working towards finding a solution to that problem, although the basis on which that solution might be constructed is not yet fully clear to us.

However, that is not our responsibility alone and we call on the Executive to turn its thoughts to how the problems that were encountered this year might be avoided in future. We trust that the Executive will do so and report to the committee as a matter of urgency. The Minister for Finance and Local Government told us that he shared our concern and we welcome his willingness to engage in the process of improving the current structures.

The introduction this year of resource accounting and budgeting is both welcomed and seen as significant by the committee. By introducing the definition of current expenditure to take into account depreciation of fixed assets, RAB will change fundamentally the means by which the Executive plans and manages its spending to achieve its policy objectives. By deciding to conduct an inquiry into RAB early in the new year, the committee recognises in those changes the importance of controlling and accounting for expenditure.

The Health and Community Care Committee and the Transport and the Environment Committee reported to us that RAB was likely to have the greatest impacts on their respective departments, given that those departments have large capital programmes. The Health and Community Care Committee also drew to our attention the difficulty of comparing the figures published at stage 2 with those given at stage 1, due to RAB adjustments. We noted the minister's comment that that represented merely a difficulty in this first year. None the less, we welcome the fact that, now that a baseline has been established, such problems should not arise in future.

The Finance Committee's main concern on RAB is in relation to the separation of capital charges from service purchases. We have recommended that, in future, there should be separation in budget documentation and we cited as an example the budget submission from the Scottish Parliamentary Corporate Body. Building on that example, we looked for the disaggregation to depreciation and notional cost of capital figures to

be provided in future in respect of departmental budgets.

Shortly before the debate began, I received from the minister a copy of the Scottish Executive's response to the committee's report. I have not had time to go through it in anything like the detail that will be necessary, but I note that one of the responses that has been given is on recommendation 3 of the committee's report, on the separation of capital charges. I am slightly disappointed that the minister says:

"I am, however, concerned that separating out capital charges from service delivery could undermine the impact of this reform by giving Departments the impression they are an artificial concept rather than the real cost of capital. I hope your Committee will therefore support me in reinforcing the message that there is a real cost in consuming capital resources."

The inquiry to which I referred will be considering that, but members of the Finance Committee feel that the reason given by the minister is not sufficient for not separating the figures as we requested. I suggest to the minister that this issue will run for some time; we shall certainly revisit it in our inquiry.

Andrew Wilson (Central Scotland) (SNP): I agree with Mike Watson's analysis and endorse what he said. How is it possible for the minister to argue that we must identify the true cost of capital if he does not do so in the budget? Part of the minister's argument is for enforcing a position in which the cost of capital is assessed, so that we can see what is being spent on capital and what is being spent on everything else. I think that the minister's argument is served by the committee's position.

Mike Watson: I very much agree with what Andrew Wilson has said, which reflects the view of the committee. There was no division or difference of opinion on that matter among committee members. I cannot speak for the minister, but he will have an opportunity in due course to respond to those points.

The committee's stage 1 report highlighted some of the shortcomings of the presentation of figures in "Investing in You". We were therefore encouraged by the open and constructive approach shown by the minister and his officials when he gave evidence to the committee in Aberdeen last month. The clearer layout of the recent autumn budget provisions augurs well for further developments, and I certainly look forward to that trend continuing.

I must qualify that by saying that we remain concerned by the apparent reluctance to present figures uniformly in real terms. That is an issue that the committee has highlighted on several occasions over the past 18 months, yet tables 1 and 2 in "Making a Difference for Scotland" still do

not display figures in real terms. This is not rocket science—it should be fairly simple and straightforward to deal with the matter. Having raised the issue with the minister and with his predecessor, and having received assurances, we do not expect to have to revisit this subject in future reports.

An issue that aroused our interest during our scrutiny of “Making a Difference for Scotland” was the introduction of the provision for a reserve. Despite the minister’s assurance when he gave evidence that it was not the Executive’s intention to create what he called a contingency fund, the existence of such a reserve cannot be denied. Our concern stems from the lack of any apparent controls on the flow of funds into or out of the reserve, and we could not establish how and when departments might access it. Furthermore, the existence of a Scottish reserve calls into question the relationship with its UK counterpart. We believe that clarification of that and other aspects of the reserve is required as a matter of urgency.

The Scottish Executive has often emphasised the importance of moving away from what has been termed departmentalitis in favour of a cross-cutting, joined-up approach to government. In Aberdeen, the committee heard some evidence that that approach was often not apparent. We welcome the fact that, in his previous post, the minister implemented a cross-cutting methodology in his work on drug-related issues. We recommend that he carry forward that approach into his new role, with the annual expenditure report and draft budget clearly illustrating the source of budgets from different departments and agencies.

Over the past few months, in parallel with its consideration of the draft budget, the Finance Committee has been undertaking a review of the budget process. The committee set up two reporter groups, one of which has considered the means by which budget documentation can be improved, linking policy development and budget setting. Essentially, that involves focusing on outcomes rather than outputs. We welcome the minister’s endorsement of our belief in the importance of the measurement of performance. If “Making a Difference for Scotland” is to live up to its title, the additional funding that it outlines must demonstrably produce tangible gains. That must involve the regular updating of targets and objectives to reflect changed circumstances.

By requiring the subject committees to report at stage 1 on the issue of engendering budgets, the Finance Committee took the lead within the Parliament on the question of the impact of departmental spending plans on women. We are pleased that the committees have taken that task seriously. The demands that they make on

Executive departments for the clear publication of the relevant information will assist us in arriving at a position where it is possible to identify where policies have different effects on men and women. Once that has been established, the inequalities inherent in implementing policy without such an audit can be addressed.

We further welcome the fact that this work will be complemented by the work of the Equal Opportunities Committee, which is urging all departments to ensure progress towards the Executive’s overarching aim of mainstreaming equality in its widest sense. Before this year, the thought of including the budget in that process would have occurred to few. Indeed, we must be honest and say that it had not occurred to the Finance Committee until we were invited to consider it by the women’s group Engender. The fact that Engender has influenced not just our thinking but the budget process as a whole is to be welcomed as an example of our Parliament’s accessibility and its willingness to act on representations that are made to it.

We are aware that much remains to be done on that issue. For example, in our stage 1 report, we commented on the fact that, because of the lack of suitably disaggregated information, the then Minister for Communities was unable to give the Social Inclusion, Housing and Voluntary Sector Committee the assurance that equality issues would be integrated into policy making in her department. Six months on, the new Minister for Social Justice had to repeat that message, although she gave an undertaking to set in train the steps that are necessary to produce an improvement for next year. That is why, in calling for next year’s budget documents to present explicit information on equal opportunities policies, we highlight the specific need for detailed and robust information on the impact that departmental spending plans will have on women and men.

Earlier, I referred to the fact that the Executive responded to the recommendations contained in the Finance Committee’s stage 1 report. In addition, it was pleasing to note that two committees—the Health and Community Care Committee and the Justice and Home Affairs Committee—were able to report to us specific expenditure reallocations that they had sought and that the Executive had carried out. That is encouraging evidence that the time spent by committees in scrutinising the budget proposals is beginning to have its reward. It demonstrates that the Executive and its officials have embraced the new process and are both willing and able to demonstrate flexibility in what is developing—as it should—into an annual rolling process.

At the end of stage 2 of this inaugural year’s budget process, the Finance Committee has

produced a report that, even I would concede, may not be the most absorbing that the Parliament has seen. However, it is not the role of our committee to produce reports that are eagerly anticipated by members, the media and the public—more is the pity. There was never much likelihood that we would be able to compete with the reports on the failures of the SQA that were debated this morning. The Finance Committee is much more likely to gain a reputation for producing heavy reports. At 287 pages, the report that is the subject of this debate certainly qualifies for that description—literally, if in no other way.

To be serious, I should say that we are charged with ensuring that the new budget process is refined so that it becomes as accessible and revealing as possible. It should provide not just MSPs but the wider Scottish public with information that enables them to track the Executive's spending plans, to assess the success with which the Executive meets stated policy priorities, and to gauge the extent to which meaningful performance measurement is possible. After examining "Making a Difference for Scotland", we have produced a report that is critical where necessary but that recognises where progress is being made. Much remains to be done, and not all the required changes are minor. The lack of level III figures at this stage to enable committees—the Finance Committee included—to give the draft budget the necessary detailed scrutiny is a major issue.

The problems that led to this year's difficulties have been well rehearsed, but they must be overcome. The Finance Committee is committed to pursuing that goal to a successful conclusion. Without that, the budget process will never achieve the smoothness in its operation that is essential if it is to become fully effective. In a letter that I sent to the Minister for Finance and Local Government today on behalf of the Finance Committee, I have outlined the changes that we expect to see in time for next year's annual expenditure report. Those relate to the general readability of the document, the manner in which expenditure figures are presented and how departmental performance can be measured so that the people of Scotland can assess whether Executive spending is helping to improve their lives. If we can achieve that aim, we will provide tangible evidence that the Scottish Parliament is beginning to have the positive effect that those of us who campaigned for it over many years always intended that it should.

I am not suggesting that next year's budget process will have developed into what might be claimed to be the finished article, but it is essential that progress is seen to be made. The Finance Committee has confidence in the principles that underpin the process. There is no reason why the

process should not be subject to the performance measurement to which I have referred in respect of the Executive and its various departments. The same could also be said for the Finance Committee.

Perhaps an effective means of measuring the performance of the process—and within that the role of the committee—would be to monitor the extent to which the reports and the debates that follow them at stages 1 and 2 of the 2002-03 budget process comment on the content of the individual departmental budgets as opposed to the process. I look forward to the time—certainly within this parliamentary session—when the budget process is sufficiently well refined to ensure that the attention of the committee that scrutinises it is concentrated solely on the spending plans and priorities.

I move,

That the Parliament notes the 16th Report 2000 of the Finance Committee *Stage 2 of the 2001-02 Budget Process* and commends the recommendations to the Scottish Executive.

The Presiding Officer: Considering the number of members present and the requests to speak that are shown on my screen, we can allow back benchers six minutes in this debate rather than the usual four minutes.

14:52

Andrew Wilson (Central Scotland) (SNP): I thank the Finance Committee convener for a captivating 20 minutes. He should not do himself down. It was a very interesting report and a very interesting speech.

On behalf of the SNP, I welcome the content, conclusions and recommendations of the Finance Committee's report and I call on the Executive to implement those recommendations. Our conclusions represent the balanced and considered view of a cross-party committee. I hope that the minister will consider implementing some of the recommendations that he dealt with in his letter, which was delivered to us moments ago, and I hope that he will consider our recommendations in great detail following this debate.

On behalf of the SNP, I also thank the committee's convener and deputy convener, and our colleagues from other parties, for ably leading the process. I also thank the clerks—who are at the back of the chamber today—led by Callum Thomson, who have worked very well throughout a process that has been anything but straightforward.

Leaving aside the adequacy of the budget for now, I will concentrate briefly on the budget

process, which has been somewhat chaotic. The reason for that is that it has to fit within a UK system, which moves the goalposts for the budget considerably. That makes it difficult for the Parliament to feed anything more than marginal points of substance to the Government on the content of the budget. There is an appearance of engagement with the Parliament, but we are left to make points that are mostly about openness and the process rather than about the substance of the budget.

This year, for example, the spending plans were published just after a UK budget. Almost immediately, when the Scottish consequentialia were worked out, the plans had to be changed. That will happen every year. Moreover, the plans went to the committees for consultation only for that process to be interrupted in June when the goalposts were again moved, due to the announcement of end-year flexibility of £435 million, which had to be reallocated. A summer of public consultation was followed in September by the publication of the stage 2 plans, which was followed in October by in-year revisions. In November, the goalposts were moved yet again by the UK pre-budget report. The point is that the goalposts are constantly moving. We need better information and we need it sooner, so that there can be real consultation and input from Parliament.

If members examine our report from this stage last year, they will see that we called for greater detail earlier in the process. We called for inflation to be accommodated clearly and we called on the Government to provide information on cost inflation in different categories of expenditure. This year we are, yet again, calling for many of the same improvements. I hope that by next year the Government will have delivered.

I welcome many of the comments in the minister's letter, which, as I said, we received only at lunch time. I hope that the minister and his officials will reflect closely on several of the explanations, specifically on RAB and the reserve, which my colleagues will cover.

It would be churlish not to welcome any improvements in budgets, and I do so today as I would in any year. However, our duty is to look beyond short-term headline figures to an assessment of their implications. In a normal Parliament, the budget debate would be a wide-ranging assessment of how money is raised and allocated, what is fair and efficient in the way we tax our people, and what is the optimal choice for allocation. I suggest to the committee convener that our reports and discussions would perhaps be of greater interest in such a debate, not in these circumstances. This budget takes the funding allocated from a Westminster budget and divides it

by 10. There is little in the way of an independent approach—indeed, the situation is quite the reverse. Although devolution has created a demand among the people of Scotland for a divergence in policy, we have a financial system in the Barnett formula that is designed to produce policy convergence. That position is absolutely unsustainable.

Our criticisms in the main are levelled not at this Government's budget choices but at its lack of ambition about the tools at its disposal. The Government can do little to meet the demands of the people and their public services, as we have no responsibility for raising the revenues and funds that we allocate. In that respect, this Parliament has fewer financial powers than any other legislative Parliament on earth.

We even have less control over the size of our budget than every local authority in Scotland has over theirs. The minister has made clear his view, which is shared by other Labour members and the SNP, that Scotland's councils should have a greater say in their budgets and should be able to engage in a dialogue with their electorate and council tax payers about the appropriate level of tax. Why should that be okay for Scotland's councils but not for Scotland's Parliament?

Alex Neil (Central Scotland) (SNP): Will the member give way?

Andrew Wilson: Of course. I would be over the moon. [*Laughter.*]

Alex Neil: Does the member agree with me, as I am sure he will—[*Laughter.*] We have even got time for a laugh this afternoon. Does the member agree that the financial powers of this Parliament are fewer than those of an English parish council? Unlike this Parliament, a parish council has the right to borrow. Furthermore, a parish council has no capping level on the tax that it can raise, whereas this Parliament does.

Andrew Wilson: I thank Alex Neil for his intervention. As always, I absolutely agree with everything that he says. It is right to point out that—as I am sure the Liberal Democrats will agree—our current financial powers are weaker than those envisaged in the plans of the Scottish Constitutional Convention for a devolved Parliament. It is absurd for any body such as the Scottish Parliament that is involved in major capital projects not to be able to borrow. This Parliament has fewer powers than English parish councils, local authorities and any other legislative Parliament on earth.

Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): Will the member give way?

Andrew Wilson: Again, I am over the moon at giving way.

Mr Rumbles: I hope that the member will agree that this Parliament has the power to raise and reduce tax. However, he must recognise the political reality that the majority of elected MSPs do not want to use that power.

Andrew Wilson: Of course I accept that point. We took a policy of progressive taxation to the electorate and our vote went up; the Liberal Democrats took their policies to the electorate and their vote went down. However, we did not win the required majority. We call that progress, but not a result—and I am happy to take progress any time that it is offered.

The Parliament's specific tax powers are utterly inadequate; we have an ability to change tax at the margins but at a significant political cost. We must furnish this Parliament with the tools to make a significant difference. It is not enough for ministers to boast that, in most budget areas, there will be record spending on public services. I accept that fact. Every year tends to be a record year in public spending. Indeed, almost every year of the Conservative Administration was a record year in public spending. In fact, the only year in which a record amount was not spent was 1997, which was the current Labour Administration's first year in power. The Government was the first in history to cut national health service funding in Scotland—that was its first act in relation to the NHS after 18 long years languishing in opposition and it was a sign of things to come.

Even increases in spending do not tell us enough to judge whether actual provision will improve, because costs in many areas rise faster than spending with the result that provision declines. The Government's boasts about cost allocations are less important than actual outcomes.

Some of those outcomes make poor reading; I will highlight two for debating purposes. In Labour's 1997 and 1999 manifestos, a key election pledge from Labour was to get NHS waiting lists down in time for the next election. However, there are now 2,000 more people are on the waiting lists in Scotland even before we enter winter. Homelessness is up by 7 per cent, with nearly 3,000 more registered homeless since Labour came to power. Those are two important statistics about which any social justice agenda should be concerned—two key measures of the reality of Labour in power, away from the spin and short-term headline figures. That is the reality that creates disillusionment on the ground, and it is the outcome of the fact that the Labour Government is investing less of the nation's wealth in public services than the previous Tory Government did.

The situation regarding public investment is even worse. Last year's net capital expenditure in the public sector was the lowest share of gross

domestic product on record, with the exception of what was spent in the depths of the 1980s recession. Last year, Labour allocated only 0.4 per cent of GDP to public sector capital investment. Four times that amount was allocated in Mrs Thatcher's third year in office and 10 times that amount was allocated during the Labour Administration in the 1970s. We see the reality of this Labour Government's public investment in our rail and road infrastructure, in the NHS, in schools and around the country. The outcome is there for all to see.

There has also been a stunning growth in public-private financing, with Scotland acting as the capital of the privatisation of capital provision in Europe. Proportionally more PFI projects are under way in Scotland than in any other country in Europe. That is storing up massive problems for future generations and is completely short-termist. The current off-balance-sheet debt under PFI—by which I mean spending that is committed to cover PFI projects—is in excess of £7,000 million for projects that are worth barely £2.5 billion. That is just the beginning of the problems. The Government is planning to use PFI for everything from prisons to schools over the coming period, which may be jam today for politicians, but cuts fast and loose with the long-term well-being of the people's money. While the Executive makes big boasts about prudence, that is the expensive, privatised reality on which it will be judged.

In Scotland, no matter what the political make-up of the Government, there is little that we can do about that. However, it does not have to be like this. We do not have to watch the managed decline or privatisation of our public services. We do not have to watch as spending rises more quickly in the rest of the UK than it does here.

Mr David Davidson (North-East Scotland) (Con): Mr Wilson's time is running out. I thought that we were here to discuss the budget process. Is he going to address that?

Andrew Wilson: Mike Watson covered the bases adequately in respect of the report, and I have made my support for what he said clear. It would be remiss of members not to be expansive on the subject of the financing of Scotland's public services. The results of financing Scotland's public services cannot be addressed without discussion of how we go about it. That is what I want to discuss today. If David Davidson takes a close look at the position of some members of the Conservative party, he might find that their beliefs are in line with my thinking.

Mr Raffan: Hear, hear.

Andrew Wilson: I am sure that Keith Raffan agrees and I am delighted to see him back in firm health and joining the debate.

We have a wealth of potential in Scotland. We are a rich country, but this Parliament does not yet have the powers to turn ours into a rich society. On any analysis, over the coming financial period Scotland will send more tax to London than we will receive in spending. Even by the most conservative estimates, our surplus will be getting on for £8 billion over this year and next year—some £1,500 for every person in Scotland. We have higher spending per head in some areas—about 8 per cent, according to some estimates—but that is dwarfed by our tax contribution, which will amount to 20 per cent more tax per person in Scotland next year than in the rest of the UK.

We have a wealth of opportunity at our disposal—we do not have to be bystanders in the process of allocating the nation's wealth, which we could do in a fair, efficient and progressive way through the tax system. In Ireland, members of Parliament are not bystanders in that process: they have the financial powers and responsibilities of parliamentarians of a normal country. In the past fortnight, they have made decisions on the Irish budget, which they have debated in somewhat happier circumstances than those in which we find ourselves today. They have made the choices of a country that is wealthier than the UK and that employs more people in manufacturing than Scotland does. Ireland's surplus for next year is IR£3.9 billion—curiously similar to Scotland's projected surplus for that period.

Of that money, Ireland will spend IR£1 billion next year on social housing. Direct tax cuts will take the income tax rate below the UK basic rate for the first time. Petrol tax will be reduced by 3p; IR£420 million will be spent on public transport; IR£620 million will be invested in roads; child benefit will rise by IR£25 a week; and the state pension will be increased by IR£10 a week. That is a summary of the Irish budget, which was announced by Charlie McCreevy only last week. I am sure that the Scottish Parliament would welcome the opportunity to debate that. I know that Angus MacKay has spent some time in Ireland over the past year. If the members of the Executive could open their eyes and lift their sights, they would recognise that other European countries are taking opportunities that we should be seeking to take today.

Those are the choices made by independent Ireland using the normal powers of a normal country. Scotland would be in a stronger financial position than Ireland is. That is the opportunity before us. Today's debate may go some way towards improving the structure of the current limited budget process, which is welcome, but more than anything, this Government, this Parliament and this country need proper financial responsibilities. To have them, we need no more

than normality.

15:05

Mr David Davidson (North-East Scotland) (Con): On behalf of the Conservative party, I welcome the report. It is a thorough document and much work has gone into it, particularly by the clerks, for which we must be grateful.

On Alex Neil's point, I am a former finance chairman of an English parish council, and I point out in passing that for three years in a row, I cut the parish council tax and delivered more services, so the issue is not just about collecting money.

Andrew Wilson: Why do the Conservatives not want the opportunity to cut tax and improve public services in Scotland, given that they do not have the powers to do so at the moment?

Mr Davidson: That is because we have bought into devolution and, as far as we are concerned, as long as the Government manages well in Westminster—we look forward to doing that in the next few years—we can look thoroughly at how we spend what we have. Until we can get on top of that, there is not much point in doing as Andrew Wilson suggests.

Alex Neil: Does not the member realise that where there is devolution in other parts of Europe, for example in Spain, the provincial governments have far greater fiscal powers—the power to borrow and the power to raise their own taxation—than we have? We have minimal financial devolution, but we could have much greater financial devolution. Would he support that? As a Conservative, does not he think that the Parliament that is responsible for spending the money should be the Parliament that is responsible for raising the money?

Mr Davidson: I am hardly likely to start off by saying, "Yes, let's go independent", am I? It is a shame that Alex Neil did not speak to his colleague Mr Quinan, who came with me to a conference at the University of Aberdeen recently, at which people from Galicia described the huge internal tensions and problems that are arising because of the different forms of devolution in Spain. What we must do—and this is what the debate is about—is ensure that the budget process in this Parliament does the job that it is supposed to do on behalf of the Scottish people. We must then go on to look at what we could do within that, before we worry about rocking the boat in the United Kingdom.

However, the plain facts are—I am sorry if this is a gloomy note—that the Scottish Parliament budget process this year has failed and the spending plans of the Executive have not been scrutinised properly by the Parliament's

committees on behalf of the Scottish people. That is not because of a lack of planning by the financial issues advisory group, nor is it because of a lack of effort from the Finance Committee. It is because, under the agreed timetable, the necessary information was not available, either on time or in a form that made sense. There were many reasons for the chaos this year and they are stated clearly in the Finance Committee's report.

Some weeks ago, I said in the Finance Committee that the budget process for this year should be abandoned, thoroughly reviewed, and a new timetable for the presentation of budget information established, so that the subject committees of the Parliament could carry out their scrutinising role and produce adequate alternative proposals on time. To achieve that goal, the chamber must call on the Executive today, on the back of the report, to bring to the Finance Committee as early as possible a range of proposals that will allow for the openness and transparency with which ministers have declared their agreement.

Jack McConnell put great store in that last year. I pay credit to Angus MacKay who, when he came to the Finance Committee meeting in Aberdeen, gave the impression that that would also be his approach. We look forward to the fruits of that. However, the work cannot be done unless the Executive delivers the proposals within an agreed framework and time scale. Mike Watson clarified that point early on behalf of the committee. The issue for the future will be how we will resolve that problem.

I do not doubt that that will place a huge burden on the Executive and its staff, but in this new era of three-year budgets, much of the work will have been done early in the process and large parts of the funding will have been identified.

The doctor recommends an apple a day, but the Executive seems to have interpreted that to mean that there should be an announcement a day. The Executive must resist the temptation to litter the week with spending announcements. Under the current system, it is impossible for the subject committees to keep track of those announcements. It is hard to be sure where the money has come from; whether it is from an underspend, a new pot of gold or some other source.

As I said, the problem is not only the Westminster spending review, but the additional in-year announcements and the streams of announcements that we hear through the press, especially at weekends. If the Executive wants the process to work properly, it has a responsibility to move away from spin and the recycling of information. It must do away with the confusion that seems to be prevalent throughout the money-

handling process. We need honesty and leadership if we are to salvage the process, and a firm commitment from the minister—which I hope he will give us today—that, in future, the subject committees will receive the information that they need when they need it and in the detail and form that they require.

All the committees' reports that are included in the Finance Committee's report are clear indictments of the situation. The matter is not about party politics; it is about the image of the Scottish Parliament and its ability to manage Scotland's finances openly and honestly. Today's debate is about democratic scrutiny and accountability; it is not about the scoring of cheap points. We are two years into the Parliament and it is time that we got a handle on the budget process. Mike Watson has told the Executive that the committee has offered to participate in anything that will move the process forward.

The move to resource accounting and end-year flexibility, which Mike Watson mentioned, means that every committee will carry a heavier load. Not only are projected spends by departments to be scrutinised, but actual spending is to be trailed. Underspends are to be accounted for, new announcements checked for their funding sources and the cross-cutting budgets that were mentioned are to be properly reviewed.

Mr Raffan mentioned the minister's cross-cutting work on drugs. However, do we know how much was spent on drugs issues and where that money came from? Did it come from agencies outwith Government, from the private sector, from the voluntary sector or from charity? Those are the issues that the people in Scotland want to be addressed.

It is not good enough for ministers to tell committees that they will have the information that they need so late in the process that there can be no chance that they will influence ministers' proposals. I believe that the Rural Affairs Committee was told that it might get some numbers in February—that will be a little bit late. To do that is almost to make a mockery of the Parliament. If the ruling parties are into modern democracy—as they insist they are—we must hear some serious proposals from the minister and his colleagues early in the new year.

It is impossible to undo the damage that the process has done to Parliament's credibility, but there is a lot that we can do together. Last year, when he was Minister for Finance, Jack McConnell said that there was to be no reserve, although there was one. This year, Angus MacKay has told us that there is a reserve. At the end of his performance this afternoon, will he tell the chamber what the rules of access to the reserve are? What does it exist there to do? Will access to

that reserve mean a reduction in access to the UK reserve? Will it have any impact on the Barnett settlement? What will stop the Treasury clawing it back? Most important, why did not the minister come to the chamber to make a statement to explain the rules when the reserve was set up? Will the minister publish monthly statements on the reserve, detailing where the money came from and will he make announcements of any draw-downs as they happen? Have any programme underspends this year been placed there already? If the money is sitting in a reserve wasting away, under the RAB rules, will a charge be placed in the accounts for the opportunity costs of failing to spend the money on public services—on our health service, for example? How will the minister explain to those who are ill why they are waiting for treatment because of a shortage of medical staff that results from under-investment in the service while money sits in the reserve? Is the reserve to be used to accumulate wealth that can be spent in the year before the election? I hope not. The minister has an opportunity to explain to us today exactly what he intends to do.

The budget process is supposed to be a partnership between the Executive and Parliament. The Scottish Parliament is up to its side of that partnership—what we need is for the Executive to come out to play with us.

On a more positive note, I welcome the new Minister for Finance and Local Government's apparent willingness to be more open and co-operative with all the Parliament's committees. I hope that he and his officials, when they examine the proposals in the Finance Committee's report in detail, will return with some positive input—although that may leave us only the bare bones—as soon as possible.

A major problem of the budget process is that a standardised form of accounting and reporting is not yet in place in the Executive's departments. There must be a huge effort on the part of the Executive to ensure not only that departments issue the information on time, but that that information feeds into the centre in a uniform manner.

Other members have mentioned such issues as the use of real-terms figures. One issue that has not been fully played out is that of measurable outcomes. There are not enough statements about what outcomes are expected and there is not enough scrutiny of the desired outcomes. There is not yet enough work being done in Parliament on how to measure outcomes, in terms not only of perceived public service, but of delivery on the ground.

One of the objectives of the budget process is to explain to everybody in Scotland exactly what is proposed. One means of doing that is to produce

a proactive, web-based spreadsheet of the budget, which has regular updates on spending flows and which highlights unspent balances. One of the reporter groups, chaired by Elaine Thomson, has done a lot of work on that. I hope that we can finish that work in due course, but we would like to hear the minister's response to that idea. The budget spreadsheet could then contain hyperlinks and descriptive comment on the various aspects that might be assessed as appropriate to the interests of any sector. If such a spreadsheet was produced to allow such features, we could have—as I regularly request of the minister—quarterly management statements of the Executive's spending plans. I acknowledge that, at the Aberdeen meeting of the Finance Committee on 20 November, the minister offered to try, as a start, to get six-monthly statements out. I welcome that very much—it is a tremendous step forward.

It is essential not to try to do everything with hindsight. I had assumed that Parliament was going to set its sights high, particularly on accountability and proactive exchange between the chamber and the Executive. That challenge has still not been fully met, but I look forward to its improved delivery during the coming year.

In a previous Finance Committee debate on the budget process on 28 June, I stated that the Finance Committee report that was being debated then was a

"well-constructed report, which not only demonstrates the inadequacies of the system introduced by the Executive, but clearly sets out the Executive's failure to play its part in what is supposed to be a transparent process."—[*Official Report*, 28 June 2000; Vol 7, c 794.]

That comment is almost valid six months on, but I look forward very much to hearing the minister's reply to the detailed questions that I have posed to him this afternoon.

15:18

Mr Keith Raffan (Mid Scotland and Fife) (LD):

Before I make my main remarks, I must come to the rescue of my good friend Mr Andrew Wilson, in the face of Mr Davidson's cruel and unfair intervention on his speech. That intervention suggested that today's debate is only about the budget process. It is actually about stage 2 of the budget process. I must establish that first—otherwise I would have to throw away half my speech. If I use my 12 minutes, I will gladly give way to nearly everybody, even if they do not ask to intervene.

Before I get to the more entertaining part of my speech—I think that it is more entertaining anyway—I want to comment on the Finance Committee's report. Important points are made in it and I have no doubt that the minister will take them on board. I will put the main points in more

stark terms than the convener of the committee did. The budget process is not working, for the reason that was mentioned by Mr Wilson: as far as the timetable is concerned, we are out of kilter with Westminster. At stage 2 of the process, no committee was able to undertake detailed scrutiny of the spending plans, because we did not have the detailed level III figures. As the committee's report says, we were "thrown off course" by the Chancellor of the Exchequer's announcement of the comprehensive spending review at the end of July. At that time, Parliament was in recess, Scottish ministers were in Tuscany and officials were having a well-deserved rest. It is a major problem for Parliament that an announcement of such importance for the Scottish block was made when Parliament was in recess.

A majority of the subject committees made it clear that they were extremely concerned that the level III figures were not available. I understand that those figures will probably not be available until January. The Social Inclusion, Housing and Voluntary Sector Committee, of which I am a member, expressed that concern in the strongest terms. The committee said that it was virtually impossible to do its job unless detailed figures were available to it.

I am grateful that the minister has given an assurance that level III figures will be available in non-CSR years—I know that because I did not have lunch, but instead read the minister's response to the committee's report. I would be interested to hear when in the budget timetable he expects those level III figures to be available. Will they be available at the beginning or at the end of September? That is important. Stage 2 works to a tight timetable, not least because of the odd autumn recess, which seems to happen almost as soon as we come back after the summer recess.

As the minister said, there is "no straightforward solution" to the problem of those years in which we have a comprehensive spending review announcement. I will make two suggestions—one of which is a bit more dramatic than the other. First, he should get his good friend the First Minister to have a quiet word with his parliamentary neighbour, the Chancellor of the Exchequer, to suggest that comprehensive spending reviews should be announced sooner than they are. They should be announced at the end of May, just before the Whitsun recess, rather than at the end of July, just before the summer recess. The reviews are two-year or three-year processes, so presumably a couple of months will not rush the chancellor too much. That would be of immense benefit to the parliamentary process, to scrutiny of the budget and to Scottish Executive ministers.

The second suggestion, which is included in the

report—although I would take it slightly further—is that departments should provide level III figures for spending in the current year as well as for projected spending. Perhaps departments would also indicate their spending priorities, if those were to differ markedly from their current level III spending.

On presentation, I am grateful for the minister's assurance that he wants "continuous improvement" in budget documentation to make it clear, simple and accessible. I recommend to him as his bedside reading the Oregon budget book—one of my favourite subjects in the Finance Committee. As this is my swan-song as a member of the Finance Committee, I shall mention it yet again. Graham Leicester of the Scottish Council Foundation, who is a far more distinguished figure than I, said that he learned more in two hours about Oregon's budget after studying its excellent budget book than he had ever known about the Scottish budget. That book would repay some study.

Alex Neil: Is it the case that the Oregon legislature is responsible for the revenue as well as the expenditure side of its budget?

Mr Raffan: No, not all of it. In any case, that was not my point. My point is about presentation—if we can get away from independence and the SNP's single-issue diet that we know so well for one brief moment and on to the subject at hand.

Obviously, as part of the clarity and transparency of the budget, it is important that we see through the fog of spin that is sometimes created—unintentionally, I am sure—and are given the figures in real terms. I welcome the minister's reassurance on that point, because we have pressed for that for some time. Figures in real terms are particularly important because, as the report says, they reveal

"the cost pressures within specific budget headings."

I refer in particular to the pharmaceutical budget, which I am glad is mentioned in the report, because I know the trouble that inflation of 10 per cent or higher in that budget caused for the three health boards in my region.

Despite the minister's response in his letter today, there is still a lack of clarity on the relationship between the Scottish and UK reserves. We need clear guidelines on that. Obviously, the split should be that the Scottish reserve should deal with devolved issues and the UK reserve should deal with reserved issues. I welcome the minister's assurance that devolution will not lessen the basis of entitlement of the Scottish Executive to access to the UK reserve.

Andrew Wilson: Is the member aware that, for devolved matters, the Scottish Executive

consistently and quite rightly makes a call on the UK reserve, as many territorial and other departments throughout the UK do? If we set aside Barnett-allocated money for a Scottish reserve, we would lose out on our rightful access to allocations from the UK reserve. That is a risk against which we need to guard.

Mr Raffan: I am not sure that Andrew Wilson is correct on that point. The crucial points are that, as the minister has said, the Scottish Executive is still entitled to make applications to the UK reserve and that Scotland is not financially disadvantaged, because it has, in effect, created its own reserve.

Mr Davidson: Will the member give way?

Mr Raffan: No, I have given away enough. If he will allow me to continue I will happily give way to Mr Davidson later, if I have time.

On cross-cutting issues, the Finance Committee is yet to be convinced that holistic or joined-up government is working in Scotland, because spending can be fragmented. Public transport, rural spend and tourism have been mentioned. It is sometimes difficult to identify overall spending and to track exactly what has been spent where—as with spending on drugs misuse in relation to the percentages that are spent on treatment and rehab as opposed to what is spent on enforcement, for example. The cross-party group in the Scottish Parliament on drug misuse, of which I am convener, is sending an all-party letter to Angus MacKay's successor as Deputy Minister for Justice, Iain Gray, to try to get a detailed breakdown. Drug misuse is a prime example of an area where it is difficult to identify the money that is spent and to ensure that the money is being spent on what has been agreed.

Fiona Hyslop (Lothians) (SNP): Will the member give way?

Mr Raffan: No, I will not. I have given way quite a lot. I am running out of time and I still have a lot to say.

No less a political commentator than Mr Iain Macwhirter, when referring to the partnership, described the Liberal Democrats as being the "radical edge" of the coalition. Members will not be surprised if I warmly welcome the record spending on health and education and the real-terms rise in local government spending. We are delivering on the key priorities in the Liberal Democrats' manifesto and in the partnership agreement. Thanks to our participation in Government and to the enlightenment of Scottish Labour ministers, we are not going down the path of the UK Labour Government and Chancellor Brown. That was summed up rather succinctly in *The Economist* last week, which stated:

"Despite the Chancellor's commitment to long-term

planning for spending, Gordon Brown has in practice presided over a bust and boom in public expenditure."

Mr Brown's predecessor, Ken Clarke, put it more frankly. He said:

"I can't believe Gordon has stuck to my spending limits. I never would have."

That is a slightly back-handed tribute to the Tory party, but we all know what he means. The Liberal Democrats believe in long-term planning of spending and we are glad to bring that approach to the partnership.

That brings me neatly to the Conservative party. Such is the inner turmoil and tortured angst of the shadow chancellor that we have still to hear from him a detailed breakdown of the £8.025 billion in spending cuts that the Tories plan. I feel sometimes that Mr Hague treats Mr McLetchie, who waits patiently for his orders from Westminster, like the stationmaster at the end of a somewhat unimportant branch line on which the tracks are in desperate need of repair. The Tories must come clean and tell members exactly where in Scotland the nearly £1 billion of cuts—which would lead to fewer doctors, teachers and police in every constituency—would fall. I am tempted to say "Come back, Margaret Thatcher", although, of course, I never would, although not even she dared to inflict on Scotland the kind of spending cuts that the Tories are now talking about.

However, at least we know where the Tories stand. The same cannot be said of the SNP. One moment it makes huge promises to spend more—more than £3 billion more since the Parliament came into being—and the next moment it advocates cuts. When we challenge SNP members on their proposed spending commitments, they say that those commitments count only if they are in their manifesto. However, their press releases never say that they promise money to almost everybody. It is time the SNP's new leader, John Swinney, told us which are the definite commitments, or is he, like John Major, in office but not in power. Why I look at Mr Neil at this point, I do not know. The SNP's most recent manifesto, which we are told is its financial bible, committed the party to 2.5 per cent cuts on each non-pay budget. I do not know whether the party is still committed to that; it is, however, committed to cuts and to spending huge amounts of money.

The SNP will say that all the necessary money will come from oil. Mr Wilson loves to cite his favourite city accountants, Chantrey Vellacott, and to heap praise upon them when the oil price is going up. He says that the accountants provide "heavyweight analysis" when they indicate that independence is viable. He is not so keen on them when the oil price goes down—as it did in 1998—and Chantrey Vellacott says that income tax in an independent Scotland would have to go up to 49p

in the pound. When that happens, he accuses them not of “heavyweight analysis”, but of “economic gibberish”.

Mr Davidson rose—

Mr Raffan: I am coming to a conclusion. As the First Minister said in the chamber last Thursday in response to Mr Wilson, we cannot

“build a safe and secure economy on the back of a volatile oil price.”—[*Official Report*, 7 December 2000; Vol 9, c 778.]

Andrew Wilson: Will the member give way?

Mr Raffan: I have given way three times already. I am happy for the SNP to respond to my speech in its own time during winding-up. The SNP has yet to explain how—with a highly volatile oil price that can switch from \$11 a year ago to its current price—it will avoid a growth and recession cycle, with expenditure increases that it will be able to implement at one moment, and huge spending cuts and tax increases that it will have to implement at others.

The Executive is on the right track. Liberal Democrats have always advocated long-term planning for public spending and we are glad that Scottish Labour members appreciate the importance of that. The SNP could never provide such long-term planning and the Tories have never provided it. We are on the right track and that is beneficial for Scotland.

15:31

The Minister for Finance and Local Government (Angus MacKay): I am reluctant to intrude, as they say, on private grief—especially when the grief was going so well—but I will do so none the less.

I would like to pick up on Mike Watson’s analogy, which suggested that we are guests at the Finance Committee’s party. As I look around at the number of members in the chamber, I am tempted to say that the convener and his committee need some more friends to invite. We are happy, none the less, to be guests.

I am grateful for the opportunity to give the Executive’s response to the Finance Committee’s report. I would like first to put on record an acknowledgement of the work that the committee has done in compiling evidence from the different subject committees, taking its own evidence, and producing its report within a very tight time scale.

When I gave evidence to the committee in Aberdeen a few weeks ago, I think I acknowledged that this has been another difficult budget process for all committees and for the Executive. This is the first time we have tested the three-stage budget process in full. As several

members have said, we have done it in an unusual year. We have moved across to a completely new system of budgeting and, in the middle of the year, we saw our budget increase to a record amount in real terms. Both changes have caused difficulties for the committee and I am grateful for its forbearance in dealing with them.

Having said that, I do not want to be too apologetic for the great benefit that we have received in the increased budget. The chancellor’s handling of the economy and UK prosperity has made an enormous difference for Scotland this year. The spending plans that we initially consulted on in “Investing in You” increased by £800 million in 2001-02, by more than £1.9 billion the following year and by £3 billion in 2003-04 in “Making a Difference”—the document under consideration by the committee. The plans now in front of the Parliament represent an average real-terms increase each year of 4.4 per cent, or almost 14 per cent over the three-year period. In considering some of the difficulties that the committee noted, we should not forget the fact that we have a record budget for services in Scotland—a record that will be sustained over the next three years.

I would now like to consider the matters that are raised in the committee’s report. I have already written to the convener, setting out the Executive’s response to his committee’s conclusions and recommendations. For the benefit of those who have not seen that response, I want to set out briefly what I said.

It is important to address the substance of the committee’s report. The comments of several members have ranged far and wide. Andrew Wilson managed to stay on the subject for three minutes—I give him credit for that—before venturing into the usual territory of reconstructing the constitutional architecture of Scotland. He at least confined his comments to the Republic of Ireland; Keith Raffan went somewhat further and explored the structures in Oregon, on the other side of the Atlantic. Curiously, the system in Oregon came up in recent discussions with some of my officials; it may not make bedside reading for me, but it may make Christmas reading.

I appreciate the difficulty and frustrations that some committees have experienced with the availability of level III expenditure figures. In normal years, such figures should be available. The substantial additions to the budget that we received over the summer have meant, in effect, creating a new budget from the start. Several members have acknowledged and criticised that.

The committee has taken a balanced view in recognising the challenges posed by future UK spending rounds. I am happy to take forward its recommendation that we should consider the

handling of future spending reviews and I will report back to it with specific proposals. This is our first year under the new process and it has been an unusual year. We need to learn from the experience to ensure that the budget process can handle a wide variety of factors that may impact on its consideration year after year.

I was interested in the report's suggestion that publishing level II figures for future years could give subject committees greater importance. I can see how they would be able to consider how allocations could be made while the Executive was still working on its own allocations. I will be interested to hear what further discussions and representations are made on that.

The committee also made recommendations on the introduction of capital charges under resource accounting and budgeting. I am happy to provide further information on the figures for individual capital charges. I have set out to the committee my concern that, by quoting those figures separately, we may lessen the impact of that policy change. We want the public sector to take full account of the cost of capital when deciding how to spend the budget. On the other hand, I can appreciate that in larger programmes—roads is a good example—it would be helpful to see those figures separately. However, in many programmes the impact will be fairly minimal and it might not make sense to separate out a comparatively small figure. There is the possibility that documentation—which is not always simple—would be made extremely complicated if we had a separate line for capital charge and depreciation in every programme.

Andrew Wilson: We hear what the minister has said, and his officials made the same point, but no matter how small the capital charge, how is it justifiable to argue that a department should take account of the true cost of capital when the Executive is not making clear in the budget what the capital charge is? The argument does not stand.

Angus MacKay: I understand the point that Andrew Wilson makes and it is fair. We are talking about the organisation of the delivery of information as much as anything else. It is a question of where and how we set out information, rather than whether we release that information. I am happy to continue that discussion further because there are arguments on both sides.

Mr Davidson: Part of the issue is the culture of how people operate if they do not understand the assets that are available to them and for which they are responsible. The wider Scottish public does not necessarily comprehend the assets in the public sector in Scotland at this time.

Angus MacKay: That is true. We are moving

from base camp to try to achieve our ambitions. We are wrestling with two slightly contradictory objectives. First, we seek greater clarity and transparency about the budgeting process and how the decisions that are taken affect outcomes. Secondly, we want to make available further information to aid and inform the discussion about where the budget should be going. Members will not disagree with the fact that more information does not always lend itself to clarity and transparency. We must work out where the trade-off is between how much information is presented and how it is presented. It must be in a usable form. However, I take David Davidson's point.

I am happy to work with the committee more generally in improving the presentation of our budget documents. I appreciate the positive feedback on the autumn budget revisions document and we will endeavour to improve the presentation of that and other documents in the future. We are currently in the process of commissioning next year's annual expenditure report and we will take account of the feedback on that document that the committee has offered so far. We will, of course, take on board the committee's clearly argued desire for real-terms figures and a clearer layout. For example, we will take account of the need to write in plain English as far as possible, as well as the need to provide better cross-referencing.

We might not be able to make all the changes that emerge from the committee's current consideration in one go, but we will endeavour to do so through a process of continuous improvement. We must aim for year-on-year improvement in how the budget process is conducted, in how the information is presented and in the quality and quantity of information that is made available.

The committee also makes some recommendations about the creation of a central reserve in the figures in "Making a difference for Scotland". Several members have spoken about that. I will clarify one matter for the record. The committee's report suggests that the Executive has changed its policy and quotes Jack McConnell as saying that it is

"not the Executive's policy to create a de facto contingency fund".

That quotation is taken out of context. He told the Finance Committee that he did not intend to engineer underspends in annual budgets to create a contingency fund. The Executive has never said that it would not create a reserve out of any unallocated end-year flexibility or any additional funding from a spending review.

As members are aware, a small reserve was created this year and modest reserves are

proposed for budgets in future years. I stress that they are modest.

Andrew Wilson: I am curious about how the Executive can forecast a reserve figure for two years from now when it has absolutely no idea what the end-year flexibility consequential will be at that time. If the Executive does not yet know what the end-year flexibility will be, surely there must be another source of funding for the reserve.

Angus MacKay: As Mr Wilson probably knows, in any budgetary year there is almost inevitably some EYF. Generally, the EYF varies between 1 and 2 per cent of base budget. It is possible to predict with some confidence that some funds will be available in that band.

The decisions on the reserve and its size were taken by the Cabinet at the same time as it decided on other allocations from the spending review. The committee asked us about rules for access to the reserve. The process is exactly the same as that for any other expenditure. First, the minister responsible for finance must be consulted and asked to agree additional funding. Secondly, the Cabinet must agree to the expenditure being incurred. Thirdly, parliamentary approval for the budget must be sought, normally in a budget revision. If the expenditure is urgent, the Public Finance and Accountability (Scotland) Act 2000 and the budget acts will allow resources to be provided.

The committee questioned the distinction between a UK reserve and a Scottish reserve, a matter that Andrew Wilson has raised again today. Access to the UK reserve is covered in section 9 of the statement of policy on funding the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly, issued by HM Treasury. It says that reserve claims on behalf of the devolved Administrations will be judged on the same basis as those submitted by Whitehall departments.

The document says that when a UK department is granted access to the reserve to enable it to meet exceptional pressures, a devolved Administration will have the opportunity to make its case, if it has a comparable programme and can establish that it faces similar exceptional pressures. An example of such pressures is the recent flooding throughout the UK. UK departments were given access to the reserve to fund measures to prevent flooding in the future. The Scottish Parliament also successfully petitioned for funding.

Andrew Wilson: The minister is being very generous in giving way.

I have two points on what he just said. First, if there are exceptional pressures, would not the Treasury argue that the Executive should call on

the Scottish reserve? Does not that diminish the Executive's ability to call on the Treasury reserve when money is available?

My second point concerns the sourcing of the reserve. As part of the total sum of money in the budget, there is an allocated reserve of £53 million in two years' time. The end-year flexibility for that year and the previous year has not yet been calculated. That cannot be in the overall budget as the basis of end-year flexibility from the previous year when it is already there as part of the total sum. The reserve has a source other than end-year flexibility. Some clarity would be helpful.

Angus MacKay: I have some further comments on the reserve, because it has caused some contentious discussion.

As I said, we made a commitment to a very modest reserve when we dealt with the three-year period of the comprehensive spending review, as a consequence of the spending review. There was no difficulty in predicting a modest reserve in the context of those financial decisions, which affected every department. The insurance policy on that is the 1 to 2 per cent of EYF that emerges every year.

The existence of a fairly modest reserve in Scotland, where we seek to cover circumstances in which access to a UK reserve is not appropriate, is, in my view, extremely uncontroversial. As we move towards three-year settlements or indicative allocations to public bodies, it is right that we should hold something back in reserve to make adjustments year on year.

The idea that we are holding back a reserve of £18.1 million for next year, out of a budget of £19.7 billion, as a war chest—as has been suggested by one contributor to this debate, not today but through a Sunday newspaper—is quite ridiculous. To put it in context, that sum is about one day's expenditure on the national health service.

Mr Davidson: When the minister talked about end-year flexibility in the past, he was talking about a roll forward of 1 or 2 per cent of the annual budget. We now have end-year flexibility for departments. When something has been put into a programme, is he assuming that if it is not spent he will grab it instantly? The two approaches do not go together; we have changed the process.

Angus MacKay: Clear rules govern what happens to end-year flexibility. There is a 75 per cent:25 per cent split. David Davidson is probably aware of the mechanism that governs how end-year flexibility is dealt with. If there is lack of clarity on that, I am happy to write to him in detail after the debate.

My remarks today do not deal with all aspects of

the report because—I am surprised to find—time does not permit it. Perhaps I have been over-generous in giving way. However, my remarks constitute a fairly positive response to the committee's report which, I acknowledge, is measured and sensible. I hope that members will read the report's conclusions and recommendations, if not all of it—as Mike Watson said, it is substantial. I hope that members will at least read beyond the heading on the committee's press release, which suggests the entire budget process is deeply flawed. It is not. I acknowledge that it could be improved, and I want to improve it.

I hope that, as we gain experience, we can shift the focus away from the process and look at the substance of budgets. We have a duty, in this first Scottish Parliament, to make a positive difference to the lives of everyone in Scotland. The money we spend on public services plays a core role in attempting to reduce social injustice, rebuild our infrastructure and give people in Scotland the skills they need for our economy. We have a £20 billion budget next year. The committee and the Parliament have a powerful stewardship role in ensuring that every last pound of that money is well spent.

I welcome the report's recognition of the areas where we need to improve our budgetary process.

Mr Raffan: Will the minister give way?

Angus MacKay: Not at this stage.

I also welcome the fact that, while it has been difficult to conduct detailed scrutiny, the committee has not made any recommendations to alter the overall shape of the budget.

However, in saying that, I want to add a final point. It seems to me that on almost every occasion when we have debates of this sort, the Scottish National Party in particular pays brief lip service to the substantive issues at hand, then quickly moves on—as I mentioned earlier—to the constitutional architecture. The time has come when such an approach is no longer acceptable, if only for this reason: the SNP argues that if a majority of people in Scotland vote a majority of SNP MSPs into the chamber, that will not constitute independence; we will require a further referendum on whether independence is acceptable to the people of Scotland.

That shows that, in the minds of the SNP, there is the possibility of people in Scotland supporting that party to run the Executive but not voting for independence. By its own argument, the SNP sees the possibility of its running the Executive under the existing constitutional settlement. If that is the case, the people of Scotland need to know what the SNP would do with this budgetary process, under this constitutional settlement. One day we have to hear an SNP spokesperson tell us

what those issues are and how they would make a difference.

The Deputy Presiding Officer (Mr George Reid): We move to the open part of the debate and, as Sir David indicated, members have up to six minutes plus interventions.

15:49

Alex Neil (Central Scotland) (SNP): Before I get to my substantive points, I want to point out—especially to the Parliamentary Bureau—that the debate could have been done and dusted in an hour or an hour and a half this afternoon. We did not need to eat into the SQA debate.

The Deputy Presiding Officer: We have been through that. On you go.

Alex Neil: It is a fair point and I want it to be recorded.

I will deal with the technical issues in respect of the Finance Committee's report, then I want to deal with what Mr MacKay said about constitutional architecture. It seems that, in all our debates, every Labour, Liberal and Tory spokesman goes on to talk about the constitutional architecture. The only difference is that we want independence and they want the status quo.

Three or four technical points have been made about the committee's report. The minister cleared up some of them to an extent, but others remain open questions.

Mr Raffan: Will the member give way?

Alex Neil: Keith Raffan is not going to talk about Oregon, is he?

Mr Raffan: Of course not.

Alex Neil said that the Liberals are in favour of the status quo, but we are not. As he pointed out helpfully during my speech—although I was too slow to respond—Oregon is part of the federal United States of America.

We have always believed that devolution is not an event but a process and that the powers of the Parliament may increase as time goes on. Revenue-raising powers may increase within a federal set-up, and I am grateful to Mr Neil for pointing that out.

Alex Neil: As Keith Raffan said, he is slow on the uptake. I will leave aside his rather irrelevant intervention and carry on.

My first technical point concerns the minister's seeming to say that the Finance Committee is right: committees should have access to figures on capital charges. If we do not deal with that problem, we will not have a proper picture of the real costs of service delivery.

Secondly, Andrew Wilson raised the important point that access to the Scottish reserve and to the UK reserve must be transparent. We must ensure that we get our fair share of the UK reserve, although I do not think that the committee is calling for detailed rules on access to either the Scottish reserve or the UK reserve. We want the process to be transparent so that we can see where the reserve money is going. I will leave aside the fact that the reserve money in the Scottish budget peaks in the run-up to 2003. I am sure that the advent of an election in that year is purely coincidental.

Thirdly, on performance targets, I reiterate Mike Watson's comments on outputs and outcomes. The subject committees in particular have a problem when measuring value for money. We must examine not only the inputs but what has happened as a result of changes to the performance targets in the budget. When we are given three sets of budget figures in the space of three months, it is only right that the performance targets should be reviewed in accordance with the changes to the budget figures. Otherwise, we cannot evaluate value for money properly.

My final technical point is that while the budget process is all very welcome, the reality is that the flexibility in the Scottish block is limited, as previous secretaries of state have pointed out. So much of the money is already committed to salaries and associated costs that, taking the £18 billion that we will spend this financial year, it is probable that the flexibility to change budgets around is no higher than £400 million or £500 million a year. We should not consider completely rejigging £18 billion because, quite frankly, that is not a realistic proposition.

I suggest to the minister that rather than highlighting the constitutional architecture, that approach makes financial sense. Certain principles that operate throughout the rest of Europe do not operate in Scotland. The Minister for Finance and Local Government is misnamed—he is not a minister for finance; he is a minister for spending the budget. He is not a minister for finance because he is the only finance minister in the whole of Europe who does not have responsibility for raising any revenues—

Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): Will Alex Neil give way?

Alex Neil: I will give way to Mike Rumbles later.

The minister is the only minister for finance who cannot borrow money.

Mr Rumbles: Will Alex Neil give way on that point?

Alex Neil: Of course.

Mr Rumbles: Does Alex Neil recognise that the

Minister for Finance and Local Government has the power to raise or reduce income tax if he so wishes? The Scottish people voted for the Parliament to have that important power.

Alex Neil: Mike Rumbles was not in the chamber earlier when we were discussing parish councils.

Mr Rumbles: I was.

Alex Neil: We benefited from the practical expertise of Mr Davidson, who agreed with me that English parish councils have more power than the Scottish Parliament to borrow and raise finance. I repeat the point that Angus MacKay is the only minister of finance in the whole of Europe who can only spend money, and cannot raise it.

Mr Rumbles: That is not true.

Alex Neil: It is true. It is not an issue of constitutional architecture; it is an issue of financial sobriety that the Parliament responsible for spending the money should also have at least some responsibility—I would argue all the responsibility—for raising the money. Indeed, it should also have the power to borrow money. I do not see why this Parliament cannot have those powers.

The reality is that the big financial decisions are taken in London, with the comprehensive spending review and similar decisions. The decisions that are delegated to this body are the marginal decisions arising from the real core decisions made in London.

Mr Rumbles: That is ridiculous.

Alex Neil: It is a fact. All decisions about revenue and borrowing are taken in London. Whether or not we have a financial surplus, which I believe we have—

Mr Duncan McNeil (Greenock and Inverclyde) (Lab): Will Alex Neil give way?

Alex Neil: I would be delighted to.

Mr McNeil: What is news about that? Is that not what the Scottish people voted for? Is Alex Neil suggesting that the Scottish people voted for devolution not knowing what he has just said?

Alex Neil: What the Scottish people want is that their money should be spent in Scotland on essential services. As a percentage of gross domestic product, public sector investment in Scotland today is 10 per cent of the 1979 level. That represents a massive real cut in the level of public sector investment in transport, housing, education and all the rest of it. I do not believe that that is what the people of Scotland want. I think they want Scotland's money—not just the oil money, but including the oil money—spent in Scotland for the people of Scotland. That is the

fundamental flaw at the heart of the whole strategy.

15:57

Mr Kenneth Macintosh (Eastwood) (Lab): Thank you, Presiding Officer, for calling me to speak for a second time today. It seems to be my lucky day, so I may break the habit of a lifetime and buy a lottery ticket this afternoon.

I welcome the tone of this afternoon's debate. Like the approach of the Education, Culture and Sport Committee and the Enterprise and Lifelong Learning Committee to the exam results inquiry, that of the Finance Committee to stage 2 of the budget process was consensual and open-handed. I welcome the opportunity to pay tribute to colleagues on all sides of the chamber, although I think Andrew Wilson was trying to spoil the party with a few bons mots.

I shall talk about the process rather than about the budget. I suggest that we have some way to go before we get the process right. This Parliament values the principle of accessibility, but the budget process is not easy to follow or understand. Many of our fellow members find it difficult to find the information they need to scrutinise the Executive's priorities effectively, so goodness knows how members of the public find the facts and figures that they want. Having said that, I recognise and welcome the undoubted commitment of the Executive and the parliamentary committees to making the process more accessible and the work that is currently under way to achieve that objective.

This year, the process has been dislocated by the on-going spending review, which has knocked us off timetable. The biggest single problem that that has brought about is the lack of detailed information—so-called level III information—being made available to committees. We understand why that has happened, but it is regrettable nevertheless. I certainly hope that it will be avoided in the future.

I think that all members of our committee were dismayed to have to return to the presentation of figures in real terms as well as cash terms. Again we understand that some of the difficulty this year is to do with the move to resource accounting and budgeting. That is indeed an added complication, but it is frustrating to have to keep returning to this subject, and I hope that we will not have to do so again.

Mr Raffan: I am glad that Kenneth Macintosh made that point about level III figures. We have had an assurance from the minister that they will come earlier, but that means nothing if we get them in January when they should have come in September. Perhaps Ken will add his voice—so

that it is an all-party affair—to the call to the minister to tell us when in the financial year he will let us have level III figures.

Mr Macintosh: Mr Raffan's point is well made. I am sure that the minister has listened to him and will give him an answer when he winds up.

I should point out that it is not up to the Executive alone to produce the figures on time; the committees have a role to play here, too. Last year, for example, we allowed the timetable to slip—and we did so again this year. It is difficult to imagine a year when the process will be neat and tidy.

Both Keith Raffan and Mike Watson reminded us that there may be a spending review every two years. It is up to members of the Finance Committee and the subject committees to be disciplined in our approach to the budget and not to allow supposedly exceptional circumstances to derail us every year.

I want to return to an issue that many colleagues have raised—the budget reserve. I welcome the minister's explanation of the previous Minister for Finance's comments on creating a contingency fund. I also welcome the letter that he sent out today. I was eating my lunch when it arrived and I have not been able to examine it in detail. It will take some time for me to digest the minister's remarks on the reserve and the contents of his letter. I hope that members will excuse the pun, which was unintended.

From what the minister was saying in Aberdeen, it seems that the Executive is getting a reserve because other UK departments have a reserve. That sounds like a good idea. It offers the sort of flexibility that ministers would welcome. However, the rules of access to our reserve and to the Treasury reserve are far from clear. For the benefit of us all, they need to be clear. Two examples that were cited in Aberdeen—one of them by the minister—are flooding and the Lockerbie trial. The minister explained that this year money to deal with the serious flooding that we experienced was made available from the Treasury reserve. The Scottish Executive was able to get its share of that. However, when flooding is less severe, will the money to deal with it come from the Treasury's reserve, the Scottish Executive's reserve or the reserve of the relevant Executive department? We need to know the rules.

If, as in the Lockerbie trial, we have suddenly to pay £50 million to establish a new court in a foreign country, we need to know where we can find that money. I may need only to look up section 9 of the statement of funding policy to find the answer to that question, but a bit more clarity is needed. I am sure that decisions will be fair, but they need to be seen to be fair and to be

understood.

Alex Neil talked about the move towards focusing on outcomes. I, too, welcome that. For the budget process to make any sense, we need to know exactly what we are achieving with public money.

Mr Rumbles: I hope that the member has noticed the report of the Rural Affairs Committee, which was included in the Finance Committee's report. Its main point was that

"it is the impact that spending of all executive departments has on rural communities that is the crucial indicator of success, rather than the expenditure figures themselves."

That is the point Kenneth Macintosh is making and I want to re-emphasise it from a rural perspective. It is very important that the minister takes it on board. The most important indicators are outputs rather than just departmental spending figures.

Mr Macintosh: Mr Rumbles is absolutely right. The minister said the same thing to us in the evidence that he gave to the Finance Committee in Aberdeen. He added that the Executive is still in the foothills of this process, although it is moving forward. We should all welcome that, as information on outcomes will enable us to attempt to get value for money in the budget process.

Having highlighted some of the shortcomings, I would like to mention a couple of positive aspects of this year's budget process. The Health and Community Care Committee recommended maintaining grants to voluntary organisations; the Executive accepted and acted on that recommendation. The Justice and Home Affairs recommended increasing our commitment to Victim Support Scotland, among other things. Again, the Executive endorsed that recommendation. Neither development could be described as earth-shattering, but both are welcome.

I want to end by noting a slight concern about the way in which the Scottish Parliament conducts its affairs. It was always going to be difficult to estimate the budget for a new institution such as the Scottish Parliament. In some ways, our underspending our revenue budget by £10 million is to be welcomed—if that means we are showing a degree of frugality. There was a further £10 million underspend in capital, arising from the fact that contracts have not yet been allocated for the new Parliament building. However, I hope that members recognise that by allowing the Parliament to carry over that £20 million underspend, we are allowing it a leeway that we would not allow the Executive. If we expect the Executive to respond to our concerns about the budget process, we ought to demonstrate that we practise what we preach.

16:04

Fiona Hyslop (Lothians) (SNP): I am very pleased to speak in this debate, not least because the Social Inclusion, Housing and Voluntary Sector Committee, of which I am a member, took an active interest in the budget proposals, not just at stage 2 but at stage 1. Some of my remarks will be directed at issues arising from the stage 1 budget process.

I refer those members who have with them a copy of the Finance Committee's stage 1 report to annex J and pages 242-43, where the Social Inclusion, Housing and Voluntary Sector Committee expressed concern that certain issues had not been taken on board. We were particularly concerned about the fact that there was no baseline information, that there was insufficient narrative to explain and justify the choice of particular targets and that in-year adjustments to budget lines and the impact of previous years' underspends had not been dealt with. The last point is particularly important.

I am sorry that the minister is not in the chamber, because, after the previous speeches, I have a new title for our Minister for Finance and Local Government. He should be called the "Minister for Scottish Block Allocation (with Marginal Tax-varying Powers)". That is what he is, as Alex Neil pointed out in his speech.

I will concentrate on the variation in budgets. Part of what we must do, especially at stage 2, is to see if the Government has taken on board some of the issues that were raised in the stage 1 debate. I refer the chamber to the section in our report in which we examine the variation in the communities budgets.

Ken Macintosh made the important point that we are not talking about the theory of budgets and the theory of what we do, but about what the Parliament decides to do with the money. It is not our money; it is the taxpayers' money. What are they getting for it? We must examine the communities budget and the new housing partnership budget. Are people getting the homes that they need in a year when there are record levels of homelessness? That makes what we discuss in Parliament relevant to the people.

When the minister gave evidence to the committee, we returned to the new housing partnership budget, which had concerned us during the stage 1 discussions. The minister was asked if she could clarify why the budget for 2001-02 for new housing partnership, which is now called community ownership, had dropped from £160 million down to £100 million. That is a big drop. Where did that money go?

That drop was despite an additional £44 million being allocated by Jack McConnell from NHS

capital allowances. Remember that last year he said that the Executive would use NHS money by putting it into housing. We might want to do that in certain cases, but in a year when many NHS trusts were struggling with their budgets it was a questionable decision. When we pursued that matter, it was clear that Jack McConnell was saying in October that the Executive was using NHS trust and Scottish Homes money, but that although the effect of those changes was to reduce the published figures for spending on housing, it did not reduce investment in housing.

If members examine the housing investment lines in the budget, they will see that there are four areas of housing investment: new housing partnership money drops by 20 per cent; the housing revenue account stays neutral; money for Scottish Homes and the warm deal goes up, but it goes up by only £32 million from April next year for a year. I refer members to the table on page 243 of the report, which shows that there has been a reduction of £64 million in housing investment. We have lost £32 million from the housing investment budget.

Was Jack McConnell wrong in October last year when he said that the money from the NHS trust was a new contribution? Was Wendy Alexander wrong when she said in correspondence to the committee that it was already allocated? Or was Jackie Baillie wrong on November 2 when she said that the NHS money had been allocated previously?

We must receive explanations about mid-year adjustments. There are record levels of homelessness, yet in 2000 no public sector houses were built that were financed by the public purse and the housing investment budget was highly questionable. If the budget process is to mean something not just to theorists or economists but to the people outside, we have a duty and responsibility to take account of that. I do not expect the minister to know the ins and outs of the social justice budget, but I ask him to let us know in his summing-up, and in writing, where that money has come from. Was Jack McConnell right, or was it Jackie Baillie or Wendy Alexander?

I refer the chamber to paragraph 3 of the Social Inclusion, Housing and Voluntary Sector Committee's report on page 243. One of our concerns was that we were told that we could not get level III figures as those would not be available until January, but that there would be interim announcements. We were told that there would be savings because of debt charges for new housing partnership—remember that that budget has gone down significantly—and that there would be interim announcements between now and Christmas.

However, we do not know what those

announcements were. When I asked the minister whether that money was part of the previously announced funding for domestic abuse, she said no and told me that that money had been allocated from the comprehensive spending review. We are still waiting on at least £20 million that the minister promised to be allocated somewhere.

I want to conclude by responding to some of Angus MacKay's remarks. He said that we do not have any borrowing powers; however, we should remember that much of the new housing partnership budget relies on agreements to service debt. What is the relation between Gordon Brown and his Treasury and this chamber on that issue?

Furthermore, if reserves are to be funded through end-year flexibility, we have a stock transfer proposal in which the balance might not kick in until next November if not later. There is a very great danger that the new housing partnership budget—which has already been raided and is decreasing—might not get spent in the next financial year. I will not be party to a Parliament that decides not to spend money on housing because of a flawed policy decision that shoves out other decisions such as housing stock transfer.

Furthermore, I will certainly not agree to a situation where the housing budget funds the reserve budget, as Jackie Baillie said. There are record levels of homelessness and no houses are being built. If we want a budget system that makes sense, we should not have this shuffling of budgets between different budget lines. If we have clarity and transparency on this issue, we will have the respect of the Scottish people.

16:11

Miss Annabel Goldie (West of Scotland) (Con): I suppose that it was always going to be difficult to bring a sparkle to such a debate. However, I must congratulate Mike Watson on a very competent presentation, even though he made the Rev I M Jolly look positively jaunty.

Any consideration of the budget process must examine the whole concept of that process. I was particularly struck by stage 1, which I found very healthy, and welcomed the public engagement, even though I detected some cynicism from those who participated. I was once asked whether anyone would pay a blind bit of attention to a word that was said. I also welcomed the committee involvement at stage 1 and felt that there was a very constructive dialogue between the minister and the committees.

Everyone, including the public, expected stage 2 of the process to shine a light on areas that had

not previously been illuminated. Although I had hoped that that would happen, there seems to be darkness pretty much all around. That is not the fault of the Finance Committee. In noting this report, we should acknowledge the deficiencies of the budget process and, by doing so, put a torch in the minister's hand and tell him where to point it.

The whole process takes place against the backdrop of UK spending reviews. The fact that those reviews are undertaken every two years means that our stage 1 and stage 2 processes are out of kilter. The Executive must urgently address that issue and introduce proposals for a better dovetailing of the two processes.

The second area of concern is the absence of level III figures for consideration by subject committees, the technical word for which is disaggregation. I am concerned that, without sufficient disaggregation, the budget process will lurch towards disintegration. If it turns out that the Local Government Committee, the Rural Affairs Committee, the Transport and the Environment Committee and the Social Inclusion, Housing and Voluntary Sector Committee were all unable to comment specifically on the budget proposals through lack of information, the budget process is hitting the buffers.

I listened with interest to Fiona Hyslop's comments about the Social Inclusion, Housing and Voluntary Sector Committee, which has concluded:

"The Committee has serious concerns about the lack of availability of detail of the Level III figures. This meant that it was extremely difficult for the Committee to form an opinion as to whether proposed expenditure and Executive policy commitments concurred. . . . The Committee believes that this represents a piecemeal approach that does not provide an overall picture of the budget, does not allow scrutiny of how the latest spending figures have been changed as a result of the consultation 'Investing in You' and does not assist in the delivery of transparency of Government."

That very neatly encapsulates the difficulties.

The next area of specific concern is the impact of RAB on budgets, as it will vary tremendously between departments. It is particularly relevant to health, transport and environment budgets. The department responsible for the environment has large capital expenditure programmes and the Transport and the Environment Committee reported that the general information in "Making a Difference for Scotland" was inadequate as the document did not explain the implication of the new system for specific spending lines.

Indeed, the Health and Community Care Committee has encountered similar problems. The situation raises the issue of capital charges—which has already been alluded to in the debate—and poses the question of whether they should be

split from service purchases. I think that they should, as that clarity would go a long way towards focusing minds and clearing the vision of those who are involved in these essential areas of activity.

The fourth matter of concern is the Scottish reserve, to which reference has been made. It is essential that we know what rules apply to the Scottish reserve: what money goes into it and in what circumstances departments can seek to access that money. It is vital that such information is provided. Additionally, cross-cutting initiatives that involve various departments are a notorious source of obscurity, and can screen what ought to be a clear accounting process. It is vital that there is transparency when various departments are involved in budgeting activities.

I have no clue how much time I have left, but I have come to the end of my speech. I said that I would help the minister to shine a torch, but I feel that I have lit him up like a Christmas tree. I hope that he is fully enlightened.

16:16

Brian Adam (North-East Scotland) (SNP):

One of the great problems that we encounter in the budget process is that it is difficult to compare apples with apples—we are not given the detail. I understand why we were not given the detail in year 1, perhaps even why we have not got it in year 2, but I hope that the figures will be much easier to compare when we get to year 3. In the initial discussions that we had last year, some of us tried to get percentage changes included in the figures, which would allow an opportunity for comparisons to be made.

Alex Neil rightly made the point that the amount of discretion that exists in the budget is fairly marginal—he suggested perhaps several hundred million pounds. That discretion for each spending department and minister pales into insignificance in comparison with the three lots of changes that were made during the current year. If we are to have as many changes each year as there have been this year—admittedly, there will not be three changes every year, although we can look forward to the possibility of at least two each year—and if they are to have as big an impact as the flexibility that already exists in the system, it is critical that the sums of money are allocated in a transparent way, so that we can identify what changes are possible and what options are available, to allow choices to be made in an informed way rather than by saying, "We will have another announcement of £10 million here, £20 million there and £100,000 somewhere else." At the moment, it is difficult to trace exactly where the money is going. If the impact of in-year changes can be greater than the capacity in the overall budget, that highlights the

particular weakness.

If we are not provided with level III figures until so late in the process that there is no opportunity to change those figures and make an informed choice, that does not say much for our democracy. That is not just a problem that the Opposition has; it is a problem that the Administration has. Consequently, it is a problem that the people have. They will not be able to have confidence in a system that says: "This is the bag of money that we have to spend by the end of the year. What are we going to spend it on?" The system should say, "These are the options that are available to us" and begin a process of consultation—something that the Executive is very keen on. Consultation should be conducted on the basis of the amount of money that may be available and the courses of action that the Executive is considering, and people should be asked what they want the Executive to do with the money. Such consultation is currently not possible because of the way in which the process is structured.

I was quite disturbed by the minister's response to the queries about access to the UK reserve. He rightly pointed out that if something exceptional happened, access to the reserve might be possible. He cited the example of flooding. But what would happen if there was flooding only in Scotland? Would we get access to the UK reserve if the exceptional occurrence was only in Scotland? Or would the exceptional problem have to be UK-wide, and would a UK spending department have to have decided already to provide exceptional access to the reserve before Scotland could get its share, based on population, need or whatever?

We need clarity on whether, if there are exceptional circumstances that are exclusive to Scotland, we will have access to the UK reserve. If we have our own reserve, it is unlikely that a UK spending minister will say, "Yes, you can have your share of the UK reserve as well." There are significant dangers, and I hope that we can have some clarification on that point.

On capital charges, we have been in a period of stable interest rates. What happens when, as appears to be more common than not, there are significant variations in interest charges? That will have a major impact on individual budget items, and if we do not separate out repayment for capital, interest charges and normal revenue on direct service provision, it will be difficult to have clarity and transparency in the system. We will be unable to make an informed choice on any recommendations that we may wish to make.

It is highly appropriate that from time to time we talk about constitutional architecture. The fact is that this budget process is extremely limited. It is limited by legislation. Choices should be made, but

along with that should come the responsibility of funding them. We in the SNP are not seeking just the opportunity to spend money but the opportunity to raise money, and to accept the responsibilities that come from both. The current arrangements devalue the Parliament. We are not taking on the responsibility of raising taxes ourselves, which is the other part of any fiscal regime. That is not to say that we should raise any more in taxes, but we should accept the responsibility for making that choice here. Perhaps then we would be less open to deflection from choices made somewhere else by someone else, reflecting their circumstances and needs.

16:22

Dr Richard Simpson (Ochil) (Lab): I wish to address two issues: first, budget changes and, secondly, presentation that allows transparency and accountability.

The Health and Community Care Committee was specific when it was asked to participate in this process. It recommended changes to the mental illness specific grant, proposing that it should be uprated to the value at its introduction in 1996, and, as is required in the process that we agreed with the Minister for Finance, that the funding should be transferred on this occasion from within the health budget. Of course, it was open to the committee to suggest that it should come from somebody else's budget. The committee also recommended that grants to voluntary organisations should be maintained at the real-terms value of the 1999-2000 budget—in other words, uprating them by £1.8 million.

The Health and Community Care Committee welcomed the fact, as did the Finance Committee, that the minister confirmed at stage 2 that grants to voluntary organisations were to be increased, and that the mental illness specific grant was to be increased. While only small amounts were involved, that was fundamentally important, because it established the principle that subject committees and the Finance Committee can make specific budget proposals, and that ministers listen to them and accept them.

It is not just the fact that the minister listened to the Health and Community Care Committee and the Finance Committee. We listened to the community that came to us and talked about the budget. For example, the National Schizophrenia Fellowship Scotland has welcomed the increase to which I referred, which helps many of the projects that it runs throughout Scotland. The interaction on the budget that we now have—and I accept that other speakers have said that it is far from perfect—is beginning to establish principles and processes of considerable importance.

The other thing that I welcome is the minister's commitment to present the figures in a better way and to consider further the appropriate level of detail to be included in future reports. That commitment is recorded in written evidence that accompanied the 22nd meeting of the Finance Committee. I hope that that will mean that we begin to get much better expenditure level information. I know that we have not had the level III figures this year—I will not go into that as others already have—but it is important that those expenditures, when we get them, be understandable. In the area of health, they are not.

The Health and Community Care Committee believes that the finance targets should be based on 10 to 15-year health targets and that the annual targets should be linked to those long-term targets. I hope that those long-term targets can be agreed by the whole Parliament, across parties, so that we get some general intention of where we are headed. Within that general long-term target, we can set up much more specific targets for much shorter periods of time. Some of the targets in the various budget processes have been woolly.

I will give some examples. Tomorrow, we will debate an SNP motion on delayed discharges. It seems appropriate to me that we should have a target in that area, perhaps to deal with those who have been in a delayed discharge situation for longer than a year or to eliminate delayed discharges in acute hospital beds. Specific targets of that sort will have meaning for this Parliament and for the public, who will know that they can hold the Scottish Parliament to account if it fails to meet those objectives.

Another general objective in the health budget has been the establishment of one-stop clinics. Everybody is keen to have them, but there is no indication of how many one-stop clinics exist already, how many it is hoped will be achieved in year 1 and how much of the target is to be met in years 2 to 5, so we can monitor it against the next year's budget. Perhaps I am hoping for utopia, but I think that we need to get a better timetable for this matter.

Having said all that, I think that the Executive is to be congratulated. Progress has been made and I am confident that Angus MacKay will continue the start that has been made by Jack McConnell, not only in working with the committees but in working directly with the public. The meeting in Aberdeen demonstrated that that is continuing and is important. If we can get openness and targeting and we can deal with the problems that exist in relation to the comprehensive spending review, the resource account budgeting and the question of the separation of capital charges and interest charges, we will have moved some way from Westminster and a long way towards involving the

public in a participative budget process. I hope that we can continue that process.

16:28

Donald Gorrie (Central Scotland) (LD): I want to give credit to my colleague Keith Raffan, who has led on finance for the Liberal Democrats for some time. He adds to the gaiety of nations and brings a bit of entertainment and sparkle to the proceedings. I do not always agree with him, but he would not expect me to.

I look forward to becoming a member of the Finance Committee. It seems extraordinary, but even Opposition parties seem to go in for the ludicrous practice that Governments have of constantly changing people around just when they have some sort of grip on what they are trying to do. The changes in personnel and the wicked proposal that we will debate tomorrow to reduce the size of all the committees mean that various changes will be made.

I look forward to trying to contribute to running our affairs better. Jack McConnell, Angus MacKay and the committee deserve a lot of credit for the fact that we are beginning to conduct the budget process better than Westminster does. There is a huge way to go, but there has been a definite move in the right direction. The tradition that we have inherited from Westminster is the time-honoured British public finance tradition that says that the important matter is to waste money legally. People who spend the money are not interested in whether the money is well used, just in whether it is correctly used.

According to Professor C Northcote Parkinson, the famous satirist of a few years ago—and I think that he was correct—we are still working from a system at Westminster that was set up to prevent Charles II spending money that his Parliament had voted for ships to fight the Dutch. He spent it on his mistresses. We are still operating on that basis, and we should move on from that. It is notorious that the last time that the House of Commons challenged and altered some expenditure was in 1919, when the Lord Chancellor had an exotic bathroom. More recently, the current Lord Chancellor had exotic wallpaper, but nobody did anything about it.

There is also a basic failure in our United Kingdom finances, which we are trying to address: that there is no proper distinction between capital and revenue. Even the much-maligned local government financing distinguishes between the two, as does any reputable commercial concern. At a UK level, however, we do not, and we are still wrestling with such a system here.

One of my colleagues at Westminster, Ed Davey, has produced a pamphlet on how to

improve Westminster scrutiny of finances. Some of his proposals could, with some changes, take effect here. I would be happy to try to promote those.

Brian Adam: Does Donald Gorrie agree that the great increase in expenditure through the private finance initiative/public-private partnerships or whatever we want to call it has a significant distorting effect on revenue budgets? That expenditure increase has moved money that really ought to be capital into the revenue field, and therefore constrains what can happen in future with regard to revenue, because the revenue is tied up for a very long time, not allowing choice.

Donald Gorrie: I am sure that the partnership Executive that I support has a view on PFIs and PPPs. My view is that they were invented, I think in good faith, to get round the Treasury rules, which are the sort of things that I am complaining about. We should get the Treasury to change the rules—I know that that will be difficult—rather than invent subtle ways of getting round them.

We need to devise a system under which we can move money around. We have started doing that a little bit, but we need to be able to do far more, as well as identifying and tracking down savings. For example, the Sutherland report and the issue of personal care have general support, but there is a question whether we can afford such care. The Parliament could have an active role in finding out ways of saving money in the health service. Everyone we speak to in the health service, be they important people or nurses who have only joined the service recently, thinks that economies could be made, and that, if we could track down savings, we could probably manage to pay for personal care. It is a matter of moving money around and identifying where we could make economies.

There is also the voluntary sector, which cuts across all sorts of departments. We should be able to bring together money from different sources and support the voluntary sector, whether in the form of youth work, community care or whatever.

Everywhere we go, people complain about over-bureaucracy, too many regulations, too many initiatives and too much bums. My offers to become a bumf tsar have, so far, been rejected. Perhaps the Finance Committee could collectively consider the matter. I am sure that savings could be made if we went round like, for example, French revolutionary inspectors, seeing what bumf there was and saying "We don't need this, and we don't need that." We would save a lot of people's time, which is money.

We also have to overcome the inherent secrecy in the system. A good start has been made, but, unfortunately, the civil servants are trained to keep

as much information to themselves as possible. Information is power, and we have to share out that power. If we are to have joined-up, grown-up government, we must try to have joined-up, grown-up opposition. The problem is that if the Executive is more forthcoming about finance and giving out facts and feels that the Opposition is merely making undue use of that information to kick the Executive round the park unfairly, it will stop giving the information. It is like ping-pong: if we get more reason and co-operation from the Executive and from the Opposition—although it can still make its legitimate complaints—we can improve our system. I am hopeful about the system. We are wandering around in the jungle, and we have a wee bit of a path, which I hope that we can continue to follow.

16:35

Nick Johnston (Mid Scotland and Fife) (Con): Before I begin my speech, could I be the first member of the Scottish Parliament to congratulate President-elect Bush on winning the US election?

Alex Neil made a very good point this afternoon. We have spent two and a half hours on something that we could have got rid of in 45 minutes. It is quite remiss of the Executive to fiddle parliamentary time. There are many things that we could consider in the Parliament. I am sure that even Mike Watson faced with trepidation the prospect of quite so long on a report that, though worthy, does not deserve to have so much time spent on it.

Mike Watson: I find it impossible to accept what has just been said. The budget bill underpins everything that the Parliament does. The idea that it is excessive to have a debate lasting two and a half hours is perverse. The most important bill that is passed every year in the Parliament is the budget bill.

Nick Johnston: I quite accept the importance of the budget bill. What I do not accept is that we need to spend two and a half hours discussing Mr Watson's committee's report, as there has not been much deviation from agreement in anything that has been said.

There are six main items: the reserve, the real-terms budgets, level III funding, focused outcomes, spending reviews and cross-cutting initiatives. Of course, there is always the added agenda item from the SNP: the constitutional architecture, which is drawn into every debate.

I congratulate Mike Watson and his committee because the report is very interesting. The fact that we have had two and a half hours for the debate has at least given me time to leaf through it. However, even the minister began yawning at 14:40 and continued most of the afternoon.

Andrew Wilson raised the issue of chaos. Andrew, of course, feeds on chaos with the alacrity of a spider finding a particularly juicy horsefly in its web. The debate also provided the platform for his usual speech on how we have an abnormal Parliament, and we gave him a batter at Barnett, as usual.

Andrew Wilson: Is Nick Johnston aware that the formula for which the SNP called today was not just supported by Brian Monteith in the aftermath of the Scottish election, but was referred to by his leader, David McLetchie, in *The Herald*, a week previously, when he said that fiscal autonomy should come, but just not yet?

Nick Johnston: Andrew Wilson makes the very good point that Conservatives have always added to the debate on many issues in Scotland. Whether the time is right yet to talk about fiscal autonomy is another point of debate. I am glad that he values his kneecaps by wisely agreeing with his friend Mr Neil. I like Andrew; he reminds me of when I was young and foolish, and he is also a valued member of the Irish Tourist Board.

Brian Adam: Does that mean that Nick Johnston is looking after his kneecaps?

Nick Johnston: Indeed.

David Davidson made a considered speech. He made a serious point on the confusion that is caused by continually spinning figures, reannouncements, and the timing of announcements. He also addressed the matter of the reserve. On 1 November, the Enterprise and Lifelong Learning Committee, of which I am a member, identified an underspend of £27 million, which represented 3 per cent of the budget. There is a big question there. The minister mentioned a figure of £20 billion. If end-year flexibility is 2 per cent of that, it will add up to £400 million, which will put £100 million back into the central reserve. We need some clarity and there has to be a way in which ministers can reaccess that money. The Minister for Enterprise and Lifelong Learning applied for only £10 million of the £27 million that was underspent.

It always occurs to me when watching Keith Raffan that the wheel is turning but the hamster is dead. However, I welcome his recommendations on the Oregon budget. I am sure that that is very relevant to the lives of crofters in Fife. Quite rightly, Keith Raffan and Richard Simpson talked about clarity in areas such as drugs and tourism. It is important that we move towards measured outcomes. I thought that Richard Simpson's contribution, as always when he is time-barred, was pertinent.

Mr Raffan: Will the member give way?

Nick Johnston: I am running rather short or

time. [MEMBERS: "Give way."] Okay.

Mr Raffan: Before he winds up his entertaining but somewhat obscure contribution, will Nick Johnston tell us where the planned Tory cuts will fall?

Nick Johnston: I am just coming to that.

Mr Raffan: I hope so. It is an old tactic for members to say that they are coming to a point, but it means that they will never come to it.

Nick Johnston: I am indeed just coming to it. We are always refreshed and challenged by Keith Raffan's unique point of view. I am pleased that he is moving towards reality. He has said before that there would be £16 billion of cuts. Then we were down at £8 billion. Michael Portillo has made it clear where the cuts will come.

Mr Raffan: Tell us the figures.

Nick Johnston: No, I do not have time, but if Mr Raffan wishes, I will write to him with the full details. It may even entice him back into the fold.

Mr Raffan: Will the member give way?

Nick Johnston: I must say to Mr Raffan that any connection between his view of reality and mine is totally coincidental.

Angus MacKay, honestly enough, admits to difficulties with the process. He had even more difficulty filling his allotted time.

The discussion on capital charges must continue. David Davidson made good points on the public perception of assets.

Fiona Hyslop made an excellent contribution. Sometimes views are held across parties. Her point about capital receipts was good. We need to enter into a debate on that. I wish that we had more time to do so.

On level III figures and impeding scrutiny, one would be cynical to say that the Executive holds back level III figures so that we cannot produce alternative budgets.

There are too many statements. We need more detail on individual capital charge figures. We need to know who has access to the Scottish reserve and the rules of the reserve need to be clarified.

On the whole, we welcome the report. It is a good start to the budget process.

16:42

Mr Adam Ingram (South of Scotland) (SNP): Debates on the budget process are not a waste of time. They go right to the heart of the devolution settlement, and are a good indicator of the progress that is being made in making the

Parliament work for Scotland.

SNP members welcome the report and support its conclusions and recommendations, but are strongly of the view that the shortcomings of the budget process, illustrated today by Mike Watson, David Davidson, Keith Raffan and Ken Macintosh, will never be fully or even adequately addressed under the current arrangements—the current constitutional architecture.

As for the mechanics of the process, the goalposts have moved continually since the Executive's annual expenditure report, "Investing in You", was published in the spring. Many members today catalogued the external and internal shocks to the system from numerous spending announcements. The upshot has been that the budget timetable has been—to quote from the report—"thrown off course", and that detailed scrutiny of the Executive's spending plans by the Parliament's committees has not been achieved. The question is: can the process be amended to accommodate similar events in future years?

I welcome the minister's undertaking to work with the Finance Committee. I do not doubt the Executive's willingness to submit its plans to scrutiny. However, whether the improvements that are needed can be achieved is open to doubt. This year, the Parliament has been tolerant of the problem, not only because we all recognise that everyone is on a learning curve, but because spending announcements have been expansionary—Chancellor Brown has loosened the purse-strings in a pre-election year at Westminster. However, there is no guarantee that post election he will not revert to type. If Mr Portillo succeeds him, we can expect a full-scale attack on public expenditure. In either scenario, the Barnett squeeze threatens to throttle the room for manoeuvre available to the Executive and the Parliament. What price then the sustainability of the budget process under the devolution settlement?

I guess that we can expect revolting back benchers in the coalition if any of those problems come to pass—although, judging from last week's debate on the abolition of poindings and warrant sales, a few cracks of the whip will soon bring them into line, regardless of the principles involved. More important, civic Scotland will be outraged, and the esteem in which the electorate holds the political process will be lowered yet further, to the detriment of our democracy.

Sooner or later, members on all sides of the Parliament will be driven to the conclusion that a lack of fiscal autonomy leads to impotence in terms of making a difference for Scotland. The arch-unionists among the members present may reflect that it may be in their interests to advocate fiscal autonomy—perhaps on the Basque model—

to avoid the inevitable conflict that will arise between this Parliament and Westminster. For the SNP, the achievement of fiscal autonomy will represent another stepping stone on the road to independence, which this nation so badly needs and deserves.

Mr Davidson: Does Mr Ingram want to bypass the devolution settlement? After the election statements that his party made, would not that be dishonest? I thought that the SNP had declared to the people of Scotland that it would come here and make devolution work, yet Mr Ingram wants to move straight to independence.

Mr Ingram: We want to surpass, not bypass, devolution.

Andrew Wilson ably put the case that the citizens of Scotland had been short-changed by Westminster to the tune of £1,500 a head over the next two years, with Scotland's budget surplus being sucked into the grasping maw of HM Treasury in London.

Unionists have made much of the fact that public spending per capita is higher in Scotland than in the rest of the UK. Much of the differential has been a consequence of a higher level of need—need for more social housing and for more extensive health services, which are a consequence of higher levels of poverty and deprivation. That is hardly a glowing advertisement for the benefits of the union. Unsurprisingly, much less has been made by proponents of the union of the fact that Scotland's per capita revenue contribution far exceeds any spending differential. Scotland will pay 20 per cent more per person in tax revenues than England and Wales over the next two years.

Keith Raffan spoke about oil. Rather bizarrely, he suggested that it is a handicap for Scotland to have an oil-fired economy. Members may be interested to learn that Scotland's positive fiscal balance for 2000-01 is second only to Norway's.

Mr Raffan: Will the member give way?

Mr Ingram: No, I am sorry.

Moreover, over the past 20 years, Scotland has consistently had a better fiscal balance, by some margin, when compared with the UK as a whole. History will not be kind to those who, in denying Scotland wealth, end up spending it and wasting it.

Notwithstanding the criticisms that I have made of the fundamental flaws in the budget process under the current devolution settlement, I commend the Finance Committee's report.

The Deputy Presiding Officer (Patricia Ferguson): Elaine Thomson will wind up for the committee.

16:48

Elaine Thomson (Aberdeen North) (Lab): As various members have said, this afternoon's debate was never going to set the heather on fire. Nevertheless, it represents an important step in the development of the Scottish Parliament and the maturing of the annual budget process.

The process, originally developed by FIAG, is beginning to take on characteristics unique to this Parliament. As the convener of the Finance Committee said, we widened the consultation process and went up to Aberdeen. As part of the process, we now propose to go out of Edinburgh twice a year—once during stage 1 and once during stage 2. In Aberdeen, we heard from a number of local organisations and so were able to assess the impact of the Scottish budget locally rather than remotely. Such things are a vital part of opening up the budget process and encouraging all Scotland to participate in it.

This is, as many have said, the first year in which we have dealt with a full budget cycle and the first time that many of the processes that FIAG developed have been fully used. As various members highlighted, the process has many strengths, although it also has some weaknesses. As Andrew Wilson and others suggested, and as the Scottish Parliament information centre report indicates, several events at UK level have impacted on the budget process, including the UK spring budget, end-year flexibility announcements and, most important, the comprehensive spending review. The CSR resulted in a welcome major increase in spending for most areas. There were also in-year changes in October and the recent UK pre-budget report.

Although, as I said, the increase in the overall budget is welcome, the CSR has caused several difficulties for committees, particularly in relation to the fact that the level III figures were not available. As the minister said, the budget had, in effect, to be reconstructed after that announcement. I know that my committee colleagues will be pleased that the minister has committed himself to working with us to try to improve the overall budgetary timetable, particularly in years when we have a CSR. The committee recognises that the open and constructive approach taken by the minister and his officials is positive in helping to develop an even better and more accessible budget process.

There has been much focus on the presentation and content of budgetary documents. As the convener of the committee mentioned, we have reviewed the stage 1 documents. That review is nearly complete and we will make several recommendations for future documents, some of which we hope to see incorporated in next spring's expenditure report and some of which are longer-term ambitions.

The committee report raises the issue of the inclusion of real-terms and cash-terms figures in all tables. The commitment from the minister that those will be included in both stage 1 and stage 2 documents, at all levels, in future years is welcome. Consideration of how to make the financial documents more accessible, understandable and comprehensive is under way. We look forward to seeing the results of that in future years. One of the results of a budgetary process in the Scottish Parliament is that there is much more interest in the budgetary cycle than previously. That interest is found at various levels—academic, parliamentary and among the general public. It is essential that we find ways in which to communicate sometimes complex financial information simply and straightforwardly. I can assure Keith Raffan that we will not forget Oregon.

Scrutiny by the subject committees is an important aspect of the budgetary process. This year, most committees have concentrated on the procedural and presentational aspects. Nevertheless, several specific spending recommendations were made at stage 1. Richard Simpson mentioned the mental illness specific grant, which was felt to be too low. The Executive took on board that recommendation and the MISG was increased, as is noted in "Making a Difference for Scotland". That is exactly the kind of effective scrutiny and dialogue between the Parliament and the Executive that FIAG envisaged when it developed the process. It should be noted that the Executive has taken on board all the recommendations for expenditure that were made at stage 1. The committees have had a clear impact on the budgetary process, although the lack of level III figures this year presented a difficulty, as many committees pointed out in their reports. We need to work on how to get round such difficulties.

Another issue that was raised in the debate was that of resource accounting and budgeting. Although that represents an improvement in overall Government financial accounting, it causes some difficulties in the short term. I know that the Finance Committee will examine in more detail the impact that resource accounting will have on departments.

Andrew Wilson: Given that we have five minutes before decision time, will Elaine Thomson reflect on the SNP's suggestion that we consider extending the Parliament's revenue base powers? I think that the Liberals and the Conservatives agree with that in principle, although not on the timing. Does she agree with me and John McAllion that the powers of the Parliament are not fixed and should be allowed to grow in time?

Elaine Thomson: As Andrew Wilson knows

well, his suggestion does not match the position of the party that I represent. We want to work effectively with the powers that we have and to ensure that we use them to benefit all the people of Scotland, as indeed they are being used.

The Finance Committee report also asked for clarification of the rules on the Scottish reserve. The minister spoke about that this afternoon. I am sure that I and my colleagues on the committee will consider that in some depth later.

The Presiding Officer (Sir David Steel): Excuse me for a second. I am having difficulty hearing the debate. Those members who are just coming into the chamber ought to be courteous and listen to the member who is speaking.

Elaine Thomson: The Parliament has discussed cross-cutting initiatives on drugs and other matters—I know that Keith Raffan has mentioned them. Mike Rumbles talked about the impact on rural affairs when spending comes from several departments. We welcome improvements in the financial reporting of such spending, which should make clear the total amount of spending on cross-cutting areas.

Fiona Hyslop: One of the committees has just produced a report on drugs issues. The ministers may allocate money from the budget for drugs measures in January. How will the budgetary process go forward? Would it be an idea to establish a group whose members were drawn from the Health and Community Care Committee, the Education, Culture and Sport Committee, the Social Inclusion, Housing and Voluntary Sector Committee and other relevant committees to examine how the cross-cutting budgets are determined and allocated? Does Elaine Thomson think that the Finance Committee would welcome that suggestion?

Elaine Thomson: The Finance Committee is always interested in suggestions that would improve the quality and quantity of financial information. The Scottish Executive finance department is conducting some interesting work. The new systems that it proposes will considerably increase and improve the quality and depth of information that we can access. That might include some of the cross-cutting issues to which Fiona Hyslop referred.

I will mention another topic that is dear to my heart—disaggregating financial information according to gender, to make it clear how moneys are spent on men and on women. I know that much work is being done on mainstreaming gender issues. I welcome the minister's response in the letter that he sent to the committee. He said that robust figures on the matter would be provided next year. I look forward to the report from the working group that is studying the issue.

To a large extent, we are still discussing presentational issues rather than spending decisions. Like many other members, I look forward to more discussion in the future of the spending decisions that the Parliament makes. I do not agree with Nick Johnston's suggestion that the debate is too long; in future, we are likely to find that there is inadequate time to conduct the debate effectively.

I thank the members of the Finance Committee for their work, and the committee clerks, who have made valuable contributions in their assistance to the committee over the past year. The minister said that the Finance Committee has produced a measured and sensible report—the work of the clerks has contributed to that.

Decision Time

17:01

The Presiding Officer (Sir David Steel): There are no Parliamentary Bureau motions, so we come straight to decision time. I have three questions to put to the chamber.

The first question is, that motion S1M-1448, in the name of Mike Russell, which is a motion of no confidence, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Adam, Brian (North-East Scotland) (SNP)
 Aitken, Bill (Glasgow) (Con)
 Campbell, Colin (West of Scotland) (SNP)
 Canavan, Dennis (Falkirk West)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Davidson, Mr David (North-East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Elder, Dorothy-Grace (Glasgow) (SNP)
 Ewing, Dr Winnie (Highlands and Islands) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Fergusson, Alex (South of Scotland) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Grahame, Christine (South of Scotland) (SNP)
 Hamilton, Mr Duncan (Highlands and Islands) (SNP)
 Harding, Mr Keith (Mid Scotland and Fife) (Con)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Johnston, Nick (Mid Scotland and Fife) (Con)
 Johnstone, Alex (North-East Scotland) (Con)
 Lochhead, Richard (North-East Scotland) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 MacDonald, Ms Margo (Lothians) (SNP)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McGugan, Irene (North-East Scotland) (SNP)
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)
 McLeod, Fiona (West of Scotland) (SNP)
 McLetchie, David (Lothians) (Con)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Neil, Alex (Central Scotland) (SNP)
 Paterson, Mr Gil (Central Scotland) (SNP)
 Quinan, Mr Lloyd (West of Scotland) (SNP)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Russell, Michael (South of Scotland) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Sheridan, Tommy (Glasgow) (SSP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Tosh, Mr Murray (South of Scotland) (Con)
 Ullrich, Kay (West of Scotland) (SNP)
 Wallace, Ben (North-East Scotland) (Con)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Wilson, Andrew (Central Scotland) (SNP)
 Young, John (West of Scotland) (Con)

AGAINST

Alexander, Ms Wendy (Paisley North) (Lab)
 Baillie, Jackie (Dumbarton) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Galbraith, Mr Sam (Strathkelvin and Bearsden) (Lab)
 Gillon, Karen (Clydesdale) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gorrie, Donald (Central Scotland) (LD)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, Mr John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Jenkins, Ian (Tweeddale, Ettrick and Lauderdale) (LD)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lyon, George (Argyll and Bute) (LD)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 MacKay, Angus (Edinburgh South) (Lab)
 MacLean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McAllion, Mr John (Dundee East) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McLeish, Henry (Central Fife) (Lab)
 McMahon, Mr Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Munro, Mr John (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
 Scott, Tavish (Shetland) (LD)
 Simpson, Dr Richard (Ochil) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Thomson, Elaine (Aberdeen North) (Lab)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

ABSTENTIONS

Harper, Robin (Lothians) (Green)

The Presiding Officer: The result of the division is: For 52, Against 66, Abstentions 1.

Motion disagreed to.

The Presiding Officer: The second question is, that motion S1M-1446, in the name of Alex Neil, on behalf of the Education, Culture and Sport Committee and the Enterprise and Lifelong Learning Committee, on the Scottish Qualifications Authority, be agreed to.

Motion agreed to.

That the Parliament notes the 11th Report 2000 by the Education, Culture and Sport Committee *Exam Results Inquiry* (SP Paper 234), and the 6th Report 2000 of the Enterprise and Lifelong Learning Committee *Inquiry into the Governance of the Scottish Qualifications Authority* (SP Paper 232) and urges the Scottish Executive to give urgent consideration to their findings and recommendations.

The Presiding Officer: The third question is, that motion S1M-1449, in the name of Mike Watson, on the Finance Committee report on the budget process, be agreed to.

Motion agreed to.

That the Parliament notes the 16th Report 2000 of the Finance Committee *Stage 2 of the 2001-02 Budget Process* and commends the recommendations to the Scottish Executive.

Abercorn Primary School

The Presiding Officer (Sir David Steel): We come now to the members' business debate on motion S1M-1206, in the name of Lord James Douglas-Hamilton, on Abercorn Primary School in West Lothian. The debate will conclude after 30 minutes, without any question being put. I ask members who are not staying for the debate to leave quietly and quickly, so that the debate can begin.

Motion debated,

That the Parliament registers its concern about the possible closure of Abercorn Primary School in West Lothian which provides a first class education to its pupils, notes the opposition expressed by the parents to the proposed closure by West Lothian Council and calls upon the Council to keep the school open.

17:03

Lord James Douglas-Hamilton (Lothians) (Con): On Tuesday 14 November, West Lothian Council's education committee voted by 17 votes to 9—with one abstention—to close Abercorn Primary School. However, as the school is operating at well over the 80 per cent criterion that would not permit the council to proceed with closure without reference to the Scottish Executive, the final decision on Abercorn's future rests with the Minister for Education, Europe and External Affairs.

I intend to highlight four reasons why the minister should reject the school's closure. First, as the motion makes clear, Abercorn Primary School is a centre of educational excellence. The children at the school have a wide range of abilities and come from diverse backgrounds. Despite the starting level of attainment being noticeably lower than that of many from the list of the top 10 non-denominational schools in West Lothian, Abercorn achieves the second highest rate of improvement and has the third best performance overall from the list of schools that attain or exceed national targets.

Year on year, standards at Abercorn are among the highest nationally and in West Lothian. Indeed, West Lothian Council's only inspection report acknowledged that good results are evident in check-up tests, national tests and end-of-week tests. The school's academic strength, therefore, lies in its excellent standard of educational achievement and, in particular, in its ability to improve the performance of its children. I ask the minister to listen with great care to his inspectors, who are due to visit the school next week.

Secondly, Abercorn Primary School is a small school in a rural setting and it lies at the heart of

the community. Set in the countryside, the school serves a predominantly rural farming community and is situated equidistant from the small rural communities of Newton and Philpstoun, whose facilities have declined in recent years. Each has only one shop and a community hall. The school binds those villages and many rural families together.

Mrs Mary Mulligan (Linlithgow) (Lab): Will the member give way?

Lord James Douglas-Hamilton: I will give way to the member in a moment.

The school not only provides the children with an excellent education, but it is the focus for many community functions to raise funds for parking improvements and for landscaping for the school. Funds have been raised recently to make a play area on the additional half acre of land that Hopetoun estate has made available to the school.

Mrs Mulligan: Lord James Douglas-Hamilton mentioned the village of Philpstoun and, even at this stage, half the children of Philpstoun attend the Bridgend school, which Abercorn children could attend should the school close.

Lord James Douglas-Hamilton: I have no doubt that Mrs Mulligan was correct to use the word "could". However, my point is that Abercorn Primary School is a centre of educational excellence and that it would be a tremendous shame to shut a school in a rural setting that is a centre of educational excellence.

Dr Roulston of the University of Edinburgh wrote that he deplored the closure of Abercorn Primary School and said that

"The closure of a failing or near-empty school is sad although understandable; to close one which is neither seems an act of educational vandalism."

He went on to say:

"I would urge all who are involved—

including Mrs Mulligan—

"in the decision-making process to think hard and long about this. In the end it affects us all."

Tonight, the minister has the opportunity to prevent an injustice to the local community by supporting an extremely good school in a rural setting.

I mentioned functions—

Mrs Margaret Ewing (Moray) (SNP): Will the member give way?

Lord James Douglas-Hamilton: Yes.

Mrs Ewing: I am grateful to Lord James for giving way. He and I share deep concerns about rural schools.

Does Lord James believe that one of the challenges that lies ahead for the Parliament's Education, Culture and Sport Committee is the putting in place of a national strategy with national standards, to ensure that rural schools can continue?

Lord James Douglas-Hamilton: I agree with Mrs Ewing. Brian Wilson made a statement about rural schools, but Abercorn Primary School is, technically, a school in a rural setting. However, I think that the same principles apply.

I mentioned functions, which included a recent ceilidh that was organised by the school, annual fetes, Halloween parties, Christmas parties and the annual Christmas service and nativity play, which is performed at Abercorn Parish Church. There is no church in Newton, and Philpstoun's church was converted recently to a private house.

While there is a presumption against the closure of a small school in a rural setting—such as Abercorn Primary School—in England, the minister must appreciate that the school's future represents a litmus test of good will towards Scotland's schools in rural settings.

Thirdly, as I have seen for myself, the atmosphere at Abercorn is charged with enthusiasm. The children and teachers are highly motivated and the children display a keen interest to learn and real thirst for knowledge. The school is well maintained and structurally sound. Any maintenance that is required is minimal—that is, of not more than £10,000 in value. Development is possible to the rear of the school—a fact that was confirmed by an independent structural survey.

The school is economical to run, using well under 1 per cent of West Lothian Council's education budget, and it represents best value as defined by the Accounts Commission for Scotland.

Everybody who is associated with the school takes a great pride in its ethos. The education it provides is wholly modern—information technology is exploited to the full and all aspects of the five to 14 curriculum are taught well. Public speaking and the performing and expressive arts play a significant part in the children's education. We seek to preserve Abercorn's ethos and its high standards and quality of education.

Finally, there is a need for diversity in education. The school is extremely popular and is currently operating at nearly full capacity—almost 90 per cent—with the vast majority of children living locally within the catchment area or very close to it. A census has confirmed that pupil numbers will remain high for the foreseeable future, with increasing numbers of children in the catchment areas nearby.

It is important to note that closure of the school

would not address the underlying issues of educational provision in West Lothian, but it would result in reduced parental choice, less diversity in educational provision, the permanent loss of a valuable educational resource and increased pressure on local schools, particularly those in Linlithgow, which are already struggling to meet Government targets for reduced class sizes. Abercorn Primary School has provided and provides local children with an exemplary standard of education, and the case for allowing it to continue to do so is overwhelming.

The Deputy Minister for Education, Europe and External Affairs has the opportunity tonight to show his good will towards those who live in rural areas in Scotland or in a rural setting in Scotland, and he will be judged by his decision. We hope for the best.

The Deputy Presiding Officer (Mr George Reid): Children, parents and staff from Abercorn Primary School are in the gallery this evening.

17:11

Mrs Mary Mulligan (Linlithgow) (Lab): I have no intention of criticising Abercorn Primary School, because I appreciate what Lord James Douglas-Hamilton has said about its advantages. However, I am unhappy that we are having this debate and that we are criticising the decision by a legitimately elected local authority. Despite the Tories' attempts during their 18 years in power in Westminster, we still have a strong, legitimate local authority set-up in Scotland. I know that the relationship between local authorities and Parliament is still developing and I am concerned that we should be careful not to overstep the mark.

Mrs Ewing: Is the criterion money or education?

Mrs Mulligan: The criterion has to be education first, but I shall come to that later.

Any suggestion that the consultation process was anything other than thorough is wrong. It included all the parts that one would expect: the production of consultation documents, various meetings in the locality and the attendance of many of the parents who are here this evening at council education committee meetings and at meetings with the Labour and SNP groups.

Fiona Hyslop (Lothians) (SNP): Will Mary Mulligan give way?

Mrs Mulligan: I will not give way. I have only three minutes to speak and I know that Fiona Hyslop will be called next.

Despite the thoroughness of that consultation process, I hear comments from parents regarding their concerns on consultation. I am happy to be convener of the Education, Culture and Sport

Committee, which has already called on the Convention of Scottish Local Authorities to review the consultation procedure. However, I am not aware that James Douglas-Hamilton made any changes to that process, even when he was the Scottish Office minister with responsibility for education.

I make no criticism of the present Abercorn Primary School. However, I recognise the right of the local authority to review its education provision and to seek to improve it—that is the key. The present facility is cramped and it would be difficult to improve it. There are benefits to be had from a new building or from other established schools in the area. There would be a wider range of professional experience, expertise and support to the teaching and learning situation, more robust management structures and the avoidance of the multi-stage composite classes—an issue that is raised constantly with MSPs. There would be viable social and educational pupils' groups. Only this morning, Mike Russell said that we should not see schools only in terms of education and the ability to pass exams, but as a forum for social development. There would also be a purpose-built modern educational facility and access to the full range of equipment and resources required for five to 14 curriculum.

The one thing that worries me about schools that are achieving good results is that they can become complacent. West Lothian Council is working hard to ensure that all schools seek continually to improve the education that they provide.

I am surprised that Robin Harper supports a school to which a number of children are transported by car, when schools are available to them that would allow them to travel by other means. Those children also have to be transported to Bridgend School for physical education lessons.

I have said that the decision should be left to the council, to which I have made representations on behalf of my constituents. However, a new school is being offered that would provide all the facilities for a full education. It is not much bigger than the school that the children currently attend. Technically, Abercorn Primary School is not a rural school. I am reassured that, should the school close, the local authority will manage the process sensitively, and that the children will always have the valuable and essential support of their parents.

17:15

Fiona Hyslop (Lothians) (SNP): I welcome the representatives from Abercorn school, particularly the children. It is their education that will be determined by what the minister decides in the

review.

Only yesterday I visited the school. I should declare an interest, in that my daughter attends one of the neighbouring primary schools. Lord James Douglas-Hamilton made a pertinent point when he said that the closure of Abercorn primary would have an impact on schools in Linlithgow that are approaching capacity, particularly primary schools.

When I say that I am an MSP for Lothians, people think that that means only Edinburgh—it does not. It includes West Lothian and Midlothian. I dispute Mary Mulligan's suggestion that Abercorn is not a rural school, because it is. Philpstoun community council explains the situation far better than I can. It points out that the shale mines that once existed in the area have been swept away and that farm jobs are disappearing. However, the community has survived and is flourishing because of the sense of community that that small school engenders. Lord James Douglas-Hamilton also made that point.

It is interesting that the school is situated in the north-east of West Lothian. That sounds a bit tortuous, but we must remember that decision-making power is located in the south of the county. It is true that decisions are made by a democratically elected council, but most of the members who voted for the closure of Abercorn primary come from the south of the county and are members of the Labour party. SNP and Conservative members of the council voted against the closure.

I agree that there were problems with the consultation process. I attended the Bridgend meeting, where the educational reasons for closing Abercorn school were not explained fully to parents. I also understand that some of the budgetary information that should have been made available was not available for the first consultation meeting, which took place at Abercorn.

We should address the transport issues. Mary Mulligan seems to be arguing that it will be easy for children to get from Abercorn to Bridgend. I dispute that. I believe that financial considerations are a key factor in this case. There has been an overspend on the building of the new primary school at Bridgend, and the money that would be saved by the closure of Abercorn school could be used to offset that—that worries me. I agree with the report that Cathy Peattie made to the Education, Culture and Sport Committee, in which she stated that no rural school should be closed solely on the ground of cost. Not having facilities for PE or art is a cost issue, rather than an educational one. That is the nub of the matter. The criticisms that have been made of the school on educational grounds relate to facilities, not to the

quality of education that is received. It is a special school and it is a successful school.

Mrs Mulligan: Will the member give way?

Fiona Hyslop: I am winding up.

We should remember that the children are here to see what Parliament can do. This is an important test for us. Will we stand up for successful schools? Will we stand up for rural schools? I hope that the minister will consider the important points that have been made both by the SNP and by Lord James Douglas-Hamilton.

17:19

David McLetchie (Lothians) (Con): I would like to pick up on a number of the points that Mary Mulligan made, particularly in relation to the consultation process.

Before I do that, I want to draw Parliament's attention to an important point of principle that she seemed to be making. In essence, she appeared to be saying that, because the council had made its decision in relation to the overall pattern of school provision in West Lothian, that decision should not be subject to a review process. It is a feature of the statutes that govern school closures that, in the case of schools in a rural setting that have a capacity above a certain level, there is a process for ministerial review of councils' closure decisions. I would be interested to know from the minister whether it is the Scottish Executive's policy to change the relationship between ministers and councils, and to give back to councils the unfettered right to close schools without any possibility of review at ministerial level. That would be a significant change in the policy and in the relationship between ministers and local councils.

The consultation process was flawed. That has been demonstrated by the papers that the Abercorn school action group has produced. It was unfortunate, to say the least, that the notification of the closure plan came to parents in the form of newspaper articles and rumours that were brought home to them by their children, rather than through official intimation by the council before it embarked upon its consultation process.

That consultation process' documentation did not take into account fully the requirement in the Education (Scotland) Act 1980 that educational, financial, demographic and social factors must be taken into account in an authority's consideration of a potential closure. The council failed to gather accurate information about those factors. The school's academic record has been almost totally ignored in the process. Much of the public consultation document is inaccurate, vague,

subjective and open to serious challenge by those who have examined it.

For example, the consultation document states that the

“redevelopment of this building is not considered feasible due to the limited size of the site and a number of constraints that reduce the scope for suitable development of the building, i.e. semi detached building”.

That statement fails to acknowledge that the option exists to purchase the other part of the semi-detached building in order to develop the school. The document also mentions “property title deed constraints”. That is misleading because the title deed constraints are that the land must be used for a school. The land was given in the first place to enable the school to be built.

When statements about costs were challenged, it subsequently came to light that council officials did not have plans of the school on which they could base its viability for redevelopment. Those plans had to be produced later.

Those who have examined the figures on behalf of the school board dispute many of them. For example, the council has costed the wholesale redevelopment of the school at £0.5 million. The board believes that the figures that the council has produced for capital and maintenance costs to keep the school as a viable option have been inflated by a factor of four in order to back up the council's case for closure.

The council's consultation document fails, on several tests, the requirements on it to produce comprehensive but precise information, to emphasise the educational and social advantages of any rationalisation proposal, and to present financial arguments in respect of securing best value for money from limited overall resources.

The consultation document fails to meet those tests. It fails to properly explain why the school should be closed. In the light of the points that James Douglas-Hamilton and Fiona Hyslop have made in this debate, it is clear that the process has been fundamentally flawed. The minister should take that into account when arriving at his decision, which I hope will be to reverse the closure decision of West Lothian Council.

17:23

Michael Russell (South of Scotland) (SNP): I congratulate Lord James Douglas-Hamilton on securing the debate, and I congratulate the parents and pupils of Abercorn Primary School on ensuring that the debate was secured. Their campaign has been influential. They have been writing and e-mailing and have even erected signs that are visible from the motorway. I understand that the council objected to them. The Stalinism of

West Lothian Council clearly knows no bounds.

I must say to Mary Mulligan that I do not accept that the chamber should not debate the issue. Mr McLetchie made the point that it is now a decision for the minister; it is right and proper that the chamber should call the minister to account for a decision that he may make. Even if that were not so, if—as when the Education, Culture and Sport Committee intervened on the Argyll schools—an injustice is being done and a group of people feel badly done by so that they do not trust the democratic process, who else should they go to but the Scottish Parliament? That is what we are here for.

Mrs Mulligan: The Education, Culture and Sport Committee intervened on rural schools because we had doubts about the consultation process. I disagree with what David McLetchie said; the council has honoured its commitment to consultation on the matter.

Michael Russell: Mary Mulligan will not be surprised to hear that my second point centres on the consultation process.

This consultation process was as deeply flawed as the consultation process on the Argyll schools, as indeed are all consultation processes on the closures of small schools. When I visited the school yesterday, I heard the same things that I have heard almost endlessly on such matters—parents feel that the rules are set by the local authority. Dealing with local authority consultation documents is like herding cats; every time there is an answer to one of the issues, they change the argument.

I agree with Margaret Ewing that we need a nationally agreed set of criteria for closing schools. Brian Wilson attempted to set such criteria at a meeting in Dunoon. I was standing outside that meeting demonstrating against the closure of my wife's school and was not allowed inside. Now that I have been allowed into this Parliament, I want to pursue the issue so that we have a nationally understood set of criteria for school closures on educational—and no other—grounds.

Having spoken to parents and others, I am convinced that this is a case of gerrymandering. It is gerrymandering to fill up a school elsewhere and to affect the catchment area of secondary schools. The council, the director of education and the people around him want this school closed; they intend to close it and have found the arguments to do so, no matter what democratic opposition there might be.

I am not necessarily making the point against West Lothian Council. The situation happens elsewhere and I will support the right of small schools to exist everywhere in Scotland because of the quality and intensity of the educational

experience. No evidence anywhere in the world suggests that small schools are not effective. Indeed, there is increasing evidence from all over the world—for instance, from America—that learning in smaller units is very valuable. The children of Abercorn Primary School are privileged to go to that school; although there are one or two disadvantages, there are huge advantages. We should be glad of that situation and make sure that it continues. I ask the minister to address that issue, because today is a test of the attitude not just towards rural schools, but towards the quality and vision of education that we have and want to provide for the whole of this diverse nation.

17:27

The Deputy Minister for Education, Europe and External Affairs (Nicol Stephen): I thank Lord James Douglas-Hamilton for raising the important subject under debate tonight and welcome the parents, teachers and particularly primary school children who are in the gallery watching the debate.

First, I reassure Lord James and others that I will be making no decisions tonight. Of course, from his previous capacity as minister with responsibility for education and housing at the Scottish Office, Lord James has direct experience of how the Government handles school closures. It is important to recap on that process. An application for consent to close Abercorn Primary School was received on 17 November by the Scottish Executive. We usually suggest that it takes three months to reach a decision; although we want to consider these matters thoroughly, we do not want the process to drag on for too long and leave uncertainty and unhappiness. We should be able to reach a decision by mid-February at the latest. The Executive is already making progress on its preparations to consider the matter. As Lord James Douglas-Hamilton suggested, Her Majesty's inspectorate will visit the school on Monday 18 December. At the same time, HMI will also examine the receiving schools.

Michael Russell: Will the minister give a commitment that, when the inspector visits, he will not only speak to the acting head teacher and staff, but talk fully and comprehensively to the parents, the school board and, above all, the children and that he will reflect their views in his report to ministers? I think that that will reassure the people who are in the gallery today.

Nicol Stephen: As Mike Russell knows, HMI has been acting as a separate agency on a shadow basis from 1 December and will do so until next March. It would be wrong to issue directions to HMI or an individual inspector; however, I am sure that the *Official Report* can be drawn to their attention.

As I said, the HMI will visit the receiving schools to discuss any issues relating to the two schools—

Fiona Hyslop: Will the minister give way?

Nicol Stephen: If Fiona Hyslop gives me a second, I will finish the point and then give way.

The HMI will visit the receiving schools to discuss issues related to the two schools to which the council is proposing to send the pupils from Abercorn Primary School if the closure proceeds. Therefore, the primary schools at Winchburgh and Bridgend will both also receive a visit from HMI.

Fiona Hyslop: Parents may choose to consider schools in Springfield and Linlithgow as well. I suggest that HMI should also speak to the surrounding schools—Low Port Primary School, in Linlithgow, and Springfield Primary School—as they are also relevant. Although the council may want to suggest the schools at Winchburgh and Bridgend, parents may want a choice of the four.

Nicol Stephen: I cannot direct, but I am glad that that point has been raised. If a formal visit from HMI is not possible, I hope that contact can be made.

Following HMI visits, advice is prepared. In due course, the education department, not HMI, makes a recommendation to ministers and the final decision is for ministers to make. We will receive the recommendation from the education department as well as the report on the council's plans to close the school and the reasons for that proposed closure. We will also receive a copy of the representations that the council has received during its consultation process leading up to the closure decision. Needless to say, we will receive direct representations, which will also be considered. There is no suggestion that the gate has been put down and we have stopped considering representations. All the representations that have been made since 17 November will be considered.

Robin Harper (Lothians) (Green): A point was made earlier about people having to drive their children to the school. The Green party's attitude has always been that it is not against the proper and rational use of cars. The argument to move the school simply because people have to drive their children to it would not stand up. There is perhaps an argument for better provision of public transport in the area.

Nicol Stephen: I understand and accept Robin Harper's point. As well as having green credentials, he has educational credentials.

It would be inappropriate for me to comment on the specific circumstances of Abercorn Primary School this evening. The council's application for consent to close it has been received, and officials are examining all the background information

before they prepare their advice. We must await the full and proper consideration that the proposal to close the school requires.

Mrs Margaret Ewing: Will the minister give way?

Nicol Stephen: I would like to make some progress. I shall give way later if Mrs Ewing still wants to make a point.

It would be regarded as prejudicial to proper consideration of the case if I were to comment on the specific proposal. However, it has been extremely useful to hear the points that members have made about the closure proposal, all of which will be taken into account before any decision is reached.

I understand that proposed school closures can generate strong feelings in the communities that the schools serve. As well as being involved in such matters as a minister, I was, for around 10 years, a member of a regional council that was responsible for education and I had direct experience of such matters from the council side of the fence. I know that the parents who are associated with Abercorn Primary School have been active in making their views about the closure proposal known. They not only set up road signs, as Mike Russell mentioned, but set up a website that has attracted considerable attention.

Mrs Ewing: Although I accept that the minister does not want to comment on this individual case, I should point out that this is not the first time that the issue of rural school closures has come before the Parliament. What emphasis is the Executive placing on the development of a strategy to ensure the continuation of rural schools throughout Scotland?

Nicol Stephen: The Education, Culture and Sport Committee has examined the issue of rural school closures, and Jamie Stone—who was here earlier—and Cathy Peattie have looked into the matter. The Executive would be pleased to consider the matter further in close consultation with the Education, Culture and Sport Committee.

I must focus on the proposal that we are discussing. Setting to one side the position of specific schools in specific areas, I remind members that local authorities have a general responsibility to keep the position of schools in their areas under review. In keeping with that broad principle, there will be a number of circumstances in which authorities question the future of individual schools. We may, from time to time, wish that it were not so in the case of particular schools, but it is a duty on the authority to do so.

Lord James Douglas-Hamilton: Is the minister aware that his predecessor, Brian Wilson, said this

on 20 March 1998?

“do the educational and financial gains deriving from a closure stand up to scrutiny and do they outweigh the negative effects—on that rural community and the children and their families—which that closure will have?”

If that was the test that Brian Wilson was prepared to apply to schools in rural areas, is the minister aware that the case for Abercorn is established overwhelmingly?

Nicol Stephen: It is important to underscore that, generally, these are matters for local decision making. I can quote back what Lord James Douglas-Hamilton has said:

“it is for local democracy and local authorities to determine provision of education in their areas. The Secretary of State is not entitled to intervene, except in a few cases in which the Secretary of State's consent is required by statute”.—[*Official Report, House of Commons*, 31 March 1993; Vol 222, c 347.]

We have that circumstance here, because Abercorn is more than 80 per cent full, but we do not have, there has not been over the years, and I do not think that there was in Lord James's time, the sort of detailed guidance that is being sought by members.

Michael Russell: Will the member give way?

The Deputy Presiding Officer: We are almost out of time.

Michael Russell: It is a short question.

The Deputy Presiding Officer: It is the minister's call.

Nicol Stephen: I will not give way.

We all realise the issues, but I urge members to understand that intervening in this matter and setting detailed guidance for councils would not necessarily be welcomed, because it would be the Executive and the Parliament intervening in local democracy. We have to leave considerable discretion with local councils, but I am not against returning to the matter and considering the future of rural schools.

A decision has to be taken on Abercorn, given that it is more than 80 per cent full. That is why the proposal is with the Scottish Executive. It is also, unfortunately, why I cannot comment in greater detail. I will, as Lord James Douglas-Hamilton asked, think long and hard within the time scale provided. I will discuss the issue with Jack McConnell. I take the issue seriously. I realise that there are strong views, and they have been made clearer by the debate this evening.

I thank Lord James Douglas-Hamilton for bringing the matter to the Parliament's attention.

Meeting closed at 17:38.

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