

MEETING OF THE PARLIAMENT

Thursday 27 September 2001

Session 1

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Scottish Parliament

Thursday 27 September 2001

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

The Presiding Officer (Sir David Steel): Before we begin this morning's debate, I would like to draw members' attention to the fact that the staff of the *Official Report* were working late into the night to produce for us this morning the text of last night's debate, which included 10 different languages. We ought to record that considerable achievement with our thanks. [*Applause.*]

Care of the Elderly

The Presiding Officer: We begin with a debate on SNP motion S1M-2248, in the name of Nicola Sturgeon, on the implications of the care development group report, and two amendments. I call Nicola Sturgeon to speak to and move the motion.

09:30

Nicola Sturgeon (Glasgow) (SNP): I begin by sending the best wishes of the SNP group to Mary Scanlon, following her accident earlier this week.

It is right and appropriate that we are having this debate this morning, because it was at the insistence of the Scottish Parliament in January that the care development group's remit was extended to include the implementation of free personal care. It is therefore right that we should now reflect on the conclusions that that group has reached.

I pay tribute to the work of the care development group. The group has produced a comprehensive report that endorses the principle of free personal care and makes a number of recommendations that are designed to expand the capacity of care services and enable more people to spend more of their later years in the comfort and familiarity of their own homes. I also welcome the Scottish Executive's acceptance of the recommendations and, in particular, the commitment to make personal care free from April next year.

Of course, that commitment was a long time coming. It is two and a half years since the Sutherland commission recommended free personal care. It is true to say that some members of the Executive took longer to convince than others, but the commitment has been made and we take some pride in the fact that it was an SNP motion that prompted the change of heart back in January.

The work of the Parliament is not complete, however. We have a duty to ensure that the package of measures to be implemented is watertight, properly funded and delivers the intentions of Parliament.

Dr Richard Simpson (Ochil) (Lab): Will the member take an intervention?

Nicola Sturgeon: Perhaps later. I ask the member to be patient.

The care development group recommended, rightly, that a significant proportion of the extra investment made available by the Executive should be directed at expanding and improving care services to meet current unmet demand and the increase in demand that will result both from demographic changes and the policy of free personal care. I welcome that, but have concerns about the robustness of the care development group's projections. When we consider the extent of existing unmet need—the reduction in care home beds, the decline in home care services, the backlog for aids and adaptations and, as a consequence of that, the problem of delayed discharge—it is hard not to fear that all the money that has been set aside could be swallowed up in meeting existing need and that little might be left for the expansion that we need.

The internal pressure on the money that has been earmarked for service expansion means that it is important that there should be no external pressure on that money. I hope, therefore, that the minister will give me two assurances this morning. The report recommends ring fencing of the new money. Ring fencing of local authority budgets is not something that the SNP would normally argue for, as we believe that it undermines local democracy. However, experience tells us that, without ring fencing, local authorities will relieve pressures elsewhere by dipping into money that is supposed to be spent on services for the elderly. The minister made no mention of ring fencing in her statement yesterday. Will she assure us that the Executive intends to ring-fence the money?

Yesterday, the First Minister and the Minister for Health and Community Care said that, if Westminster refuses to continue to pay attendance allowance, the £20 million shortfall in the sum that is needed to fund free personal care will come from the Executive's resources. Will the minister give a categorical assurance that, if that proves necessary, the money will not come from the money that is set aside for the expansion in services? Free personal care is a victory for the Parliament and the people of Scotland. We must ensure that it is properly funded and that what is implemented genuinely represents free personal care for all.

I want to deal with two points of detail.

Yesterday, Shona Robison asked a question of Susan Deacon that was not answered—given that it was asked of Susan Deacon, that is no great surprise. Perhaps the minister can answer the question today. The care development group report sets the cost of free personal care at £145 per person per week. We know that the Executive has set aside £90 of that sum and that there is an on-going debate with Westminster about the remaining £55. However, not all the people who receive attendance allowance are on the top rate of £55; some get the lower rate of £37. Even if—and it remains a big if—Westminster agrees to allow people to retain attendance allowance, that will not amount to £55 for everyone and the Executive will have to find an additional £18 for those who are on the lower rate. Has the minister calculated how many people are in that category, what the total additional bill will be and where that extra money will come from?

People who have assets of between £11,500 and £18,500 pay for some of their care. Those people do not qualify for attendance allowance. Under the Executive's proposals, they will get £90 a week. From where will they get the additional £55 to take them up to £145 a week?

Those points may seem small, but details such as those may make the difference between free personal care for all and only subsidised personal care for some.

I want to deal with the principle of the payment of attendance allowance. Yesterday, Susan Deacon confirmed that, unless Westminster agrees to continue paying attendance allowance to those in care homes who currently receive it, the Executive will have to find an additional £21.7 million to fund free personal care. The Executive has said that, if the worst comes to the worst, it will find that money from its own resources. I do not quibble with the Executive giving that commitment—it allows the Executive to remove any doubt that the policy will be delivered from next April. However, the Executive should be determined not to end up in that position, because an issue of principle is at stake.

All of us in Scotland pay our tax and national insurance to the United Kingdom Exchequer, as do those south of the border. Some of that money comes back to the Scottish Parliament to be spent on the priorities of the Scottish Parliament; the rest of the money stays with Westminster so that Westminster can provide for us services that are reserved to that Parliament. That is not an arrangement that I—or the rest of the SNP—am particularly fond of, but it is the arrangement that we work with at the moment. It would be wrong if Westminster chose to abuse that arrangement simply because it took issue with the direction of Scottish Parliament policy. The money that

Westminster pays in attendance allowance to elderly people in Scotland is our money—it does not belong to Westminster; it is the money of the people of Scotland. As Susan Deacon confirmed yesterday, we are not asking for handouts or for extra money. The Executive should be demanding that we get to keep what is already ours.

The fact that the Scottish Parliament has decided to enhance the provision that Westminster makes is entirely a matter for this Parliament and for no one else. We know that Westminster does not agree with our policy of free personal care—George Foulkes was here yesterday to remind us of that fact—and Westminster is entitled to have its opinion and to set its own policy. No one in this Parliament would disagree with that. However, Westminster is absolutely not entitled to withdraw benefits from Scottish pensioners simply because it does not like the policy of the Scottish Parliament. The Scottish Executive should be demanding a guarantee that that money will stay in Scotland and benefit Scottish pensioners.

Yesterday, I listened carefully to what Susan Deacon had to say. I heard her assure us that she was in constructive dialogue with Westminster—with George Foulkes looking down on her from the VIP gallery, I am sure that she was not able to put it any more strongly than that. I am prepared to believe that the Scottish Executive is fighting our corner on this issue.

The motion, for once, is not about having a go at the Scottish Executive. It is not about trying to set the Parliament against the Executive. It is about giving the Parliament the opportunity to speak with one voice—as it has done so often before on free personal care—and to strengthen the Executive's hand.

The Parliament has been dogged in its determination that free personal care for our elderly people becomes a reality. Even the Liberal Democrats stuck to that principle, which is a rarity indeed. We are nearly at the point of delivering that commitment to Scotland. Let us ensure that, at this late stage, no one—not even Westminster—can stand in our way.

I move,

That the Parliament notes the publication of the report of the Care Development Group and welcomes the opportunity for a full parliamentary debate on the detail of the recommendations contained in the report; further welcomes the Scottish Executive's pledge to make personal care free for all elderly people from April 2002 whilst noting that aspects of the detail of this commitment require further clarification; notes in particular that the £125 million set aside by the Scottish Executive will not be sufficient to fund the recommendations of the Care Development Group unless Her Majesty's Government agrees to allow those currently eligible for Attendance Allowance to retain this benefit, notwithstanding their entitlement to free personal care; believes that, as a matter

of principle, any such shortfall should not be met from within existing Scottish Executive resources, and calls on Her Majesty's Government to make the necessary amendments to the social security regulations or, alternatively, to transfer the resources that will be saved as a result of the withdrawal of Attendance Allowance to the Scottish Executive.

09:40

The Deputy Minister for Health and Community Care (Malcolm Chisholm): I too begin by sending our best wishes to Mary Scanlon. As far as I remember, today's debate is the first on health or community care in which she will not have participated. We hope that she returns soon to contribute to our debates.

The care development group report is a complex response to an even more complex subject. The Executive always intended that the Parliament should debate the report properly once the Health and Community Care Committee and other members had had a chance to digest the details.

It is a pity that the motion focuses on one aspect only—attendance allowance in care homes—especially when we are in the middle of constructive discussions with the Department for Work and Pensions on that topic. Put simply, passing the motion would hinder rather than help those discussions and risk turning an argument about resource transfer into a constitutional stand-off between Edinburgh and London. Let no one be in any doubt that we are pressing the case strongly for resource transfer. The case is set out most forcibly on page 60 of the report, and I will make three brief comments over and above that.

The fundamental point is that the DWP pays about £20 million to self-funders in Scottish care homes and that that money must not be lost to Scotland. The precise mechanism by which that is achieved is secondary, although resource transfer is probably the simplest arrangement and already happens regularly.

Secondly, the current rules do not take account of devolution, as savings to the DWP budget now result in costs to another Administration rather than to another department within the same Administration.

Thirdly, the rules about attendance allowance stopping in care homes when other publicly funded help is given were created to avoid any element of double funding. However, we in the care development group were careful: we deliberately and meticulously avoided any such double element, as outlined on page 60. Therefore, the £145 of free personal care is made up of £90 from the Scottish Executive and £55 attendance allowance, and the £210 for someone in a nursing home is made up of £155 from the Scottish Executive and £55 attendance allowance.

Nicola Sturgeon: Will the minister take the opportunity to answer the question that I asked during my speech? What is the position of partial self-funders who do not qualify for attendance allowance in care homes? They will get £90 from the Scottish Executive. Who will pay them the additional £55?

Malcolm Chisholm: Clearly, if people do not currently receive an attendance allowance, it is not an issue. I thought that Nicola Sturgeon was going to raise the point that Shona Robison raised yesterday. The vast majority of people in care homes receive the full attendance allowance. The reality is that no one—not the DWP, or the Scottish Executive, or anyone else—has the precise figures, but it is broadly accepted that most people receive the full amount.

So, £145 and £210 are the amounts that will be delivered. There will be no ifs, no buts and no maybes, as the First Minister made clear earlier this week.

That is just one half of the picture. Beyond that is free personal care in the community and the recommendation that £50 million of the new money should be allocated to the expansion and improvement of services in the community so that care is available and needs are met. That is the most distinctive of all the care development group's recommendations. I believe that it will be welcomed by everyone in Scotland, even those who have reservations about the policy as a whole.

In response to Nicola Sturgeon's point about the inadequacy of resources for services in the community, as she put it, I say that we must also remember to set the £100 million that Angus MacKay announced in June beside the £100 million that Susan Deacon announced last October, which was also for improvements in personal care and home care services more generally. That £200 million is an unprecedented investment in older people and a massive commitment to improving their lives. Through those extensive resources, we can ensure that building up services and extending the boundaries of free care go hand in hand.

To anyone in the wider community who still has doubts about the second part of that policy, I make three brief points. First, as indicated at the start of the report, free personal care is right in principle because it removes the discrimination against older people who have chronic or degenerative illnesses and need personal care.

Secondly, and contrary to what some journalists have said, our public opinion research indicated support for that approach. When questions were asked about the individual elements of personal care, as described on page 88 of the report, there

were consistent majorities of two to one in favour of universal free provision.

Thirdly, free personal care will make it easier to provide integrated health and personal care services. It is extremely helpful to the joint working agenda, which is strongly endorsed by the care development group report and driven forward by the publication this week of the Community Care and Health (Scotland) Bill. That bill facilitates the pooled budgets to which the Conservatives refer in their amendment to the amendment. It also provides powers for the Scottish Executive to ensure that the new joint working arrangements take effect in every part of Scotland.

The care development group made many other recommendations, to which I will refer as far as I can in my last minute. One of the most important was that a group should be established to consider in detail the mechanics of implementing our proposals. That group will be set up soon. Another recommendation was that the £125 million of new money should be ring-fenced until local authorities agree with the Executive robust and clear outcome agreements that will allow us to ensure that the investment is being channelled appropriately. That responds to Nicola Sturgeon's point on ring fencing. A third recommendation was that all the money for older people's services should be the subject of clear outcome agreements.

Those points address the substance of Ben Wallace's amendment, although not—I fear—the shocking arithmetical skills that he displayed yesterday. I wait with interest to find out whether he will make the same simple errors today.

Now is an exciting time for the development of older people's services. There is new money, new joint working and an absolute determination to ensure delivery everywhere in Scotland. I thank members for the endorsement that they have given the report over the past few days.

I move amendment S1M-2248.1, to leave out from first "notes" to end and insert:

"welcomes the report of the Care Development Group and the Scottish Executive's commitment to implement its recommendations and further welcomes the statement made by the Minister for Health and Community Care on 26 September 2001."

09:48

Ben Wallace (North-East Scotland) (Con): I thank members for their kind words for Mary Scanlon. I am sure that members join me in wishing her a swift recovery and hoping that we will welcome her back to the Parliament as soon as possible.

The Scottish Conservatives welcome the opportunity today to debate the implications of the

care development group's report and the implementation of free personal care. We will also take the opportunity to set the record straight on how the Executive's conversion to Sir Stewart Sutherland's recommendations came about.

What a difference a year makes. In the chamber, almost exactly a year ago, the Labour party set out its reasons for not supporting the notion of free personal care. The then Deputy Minister for Community Care, Iain Gray, said:

"The remainder of the 34,000 Scots who are in residential or nursing care would see no change from that recommendation of the report".—[*Official Report*, 28 September 2000; Vol 8, c 743.]

Perhaps closer to home, Susan Deacon said on 5 October 2000 that implementation of free personal care "would not be right".

Those were the reasons that were set out in principle. New Labour did not support the notion of helping frugal pensioners. It saw free personal care as a means of helping only the wealthy. Most of the Labour MSPs had not the slightest idea that, to unlock and untangle the current system, the adoption of free personal care was vital. They would not even listen to Richard Simpson, who, as we all know, tried desperately behind the scenes to explain to some of his colleagues what the Sutherland report was about.

Dr Simpson: The record should be set straight. The Labour party was not against the principles of the Sutherland report. It was against the priority of putting the money into free personal care. Implementing the Sutherland report is costing us £125 million. That does not, in itself, benefit care of the elderly. The question is what Government must do, which is prioritise. The question is not the principles of the Sutherland report.

Ben Wallace: I gather from the member's comments that the adoption of free personal care does not benefit care of the elderly.

Dr Simpson: It does not improve care of the elderly; it deals with the principle.

Ben Wallace: That helps to unlock the system. I only have to refer the member to the comments of his colleagues.

Let us turn to the Liberal Democrats. In Bournemouth, as we speak, they are claiming that they achieved Labour's conversion—that they had the influence. However, a year ago, they all—with the exception of Margaret Smith and John Farquhar Munro, who had done their homework—voted with Labour not to adopt free personal care. Who could forget Nora Radcliffe's reason for voting against the proposals? Curiously, for a member of a federal party, she said that we would have to wait for Westminster. I wonder what her reasons are now for backing free personal care.

Today is a success for the opposition. That means giving credit where credit is due—to the Scottish National Party, Margaret Smith, Richard Simpson and the Tories, who all helped to force the Executive, kicking and screaming, to introduce proposals for the implementation of free personal care.

Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): How does the member react to his colleagues in the Tory party in Westminster calling his position on free personal care—the same position as ours—irresponsible? They also said that they believed that the money would be better spent elsewhere in the national health service. They do not consider it a devolved matter.

Ben Wallace: They obviously follow the line of new Labour in feeling that it is better to target the money. The Liberal Democrats are a federal party. We decided to make that decision in Scotland. I overcame some opposition.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): The Tory party is not a federal party.

Ben Wallace: We are not a federal party, but we are a devolved party now.

Our amendment asks the Executive to put icing on the cake. The Scottish Conservatives would like the recommendation for the pooling of budgets and a joint delivery platform to be made more formal and not to be implemented on an ad hoc basis.

I notice with interest the rubbishing by the Deputy Minister for Health and Community Care of the study that illustrated how serious the leakage of community care money was becoming. No one denied that there was a problem. Before the minister sets about attacking the figures, perhaps he will tell us whether his department has done calculations and, if it has, whether it will publish them. After all, Sir Stewart Sutherland felt that the leakage was in the region of 16 per cent of the total budget—that is £150 million of the present community care budget in Scotland.

The Convention of Scottish Local Authorities, in its press release yesterday, admitted spending on children's services 42.8 per cent above the grant-aided expenditure. That 42.8 per cent came from somewhere—it seems to have come from care for the elderly.

Let us be clear. We are saying not that local authorities are being deceitful with the money, but that the budgetary pressures in some sectors must be addressed head on by the Executive and COSLA. Those pressures must not be used to justify cross-subsidising. The fact remains that relations between care providers and COSLA have almost broken down and thousands of Scots

are still being held in hospital beds instead of getting the community care that they need. That shows that the money is not reaching the services that it is intended for.

The Scottish Conservatives believe that the solution is to lift those funds out of local authorities and to pool them with health board resource transfer and central Government funding into one clear budget stream that can be audited. I remember asking COSLA, when I was a member of the Health and Community Care Committee, to produce an audit trail for one such example. Two and a half years on, I have yet to receive it.

We are in favour of proposals such as those in the fine Labour and Conservative-held Perth and Kinross Council, which has been trying out shut systems with marked success.

Today is good news for all those who need long-term care. We should not be distracted by the SNP, which wants to create a constitutional crisis out of a regulation. The SNP will never understand that Labour and the Tories, as unionists, can engage in adult, pragmatic discussions at Westminster or at Holyrood with the aim of solving a problem.

I move amendment S1M-2248.1.1, to insert at end:

“but urges the Scottish Executive to implement the recommendation of the Royal Commission chaired by Sir Stewart Sutherland for the “pooling” of budgets and put in place systems to ensure that funds allocated for community care are actually spent on such services.”

09:54

Mrs Margaret Smith (Edinburgh West) (LD): I echo the comments of others in wishing Mary Scanlon a speedy recovery. The community care debate this morning will be strange without her.

How we treat our older people is a benchmark of the kind of society that we form and Scotland's older people can say that devolution is working for them and making a real difference in their lives. Although the Executive's acceptance of the terms of the report means that free personal care will be a reality in Scotland, it has been a long and bumpy road with more twists and turns than an Ian Rankin novel. However, many of the people who got us to the end of that road are in the chamber.

First, the members of the Health and Community Care Committee should be congratulated. When we were elected as MSPs, the Sutherland report was gathering dust on a shelf somewhere. Members decided proactively to re-examine not only a community care system that they believed was failing the people whom it was meant to serve, but the Sutherland report itself and to ask whether we should pursue that report's recommendations.

After nine months of taking evidence, the Health and Community Care Committee decided unanimously to back the introduction of free personal care in Scotland. That decision was significant because it was the first time that there was a cross-party view that free personal care was the correct route. The Sutherland report was put back on the political agenda in Scotland and it has remained there since. I believe that the Health and Community Care Committee has much to be thanked for in that regard.

The Blair Government did not see the matter that way and—at that point—neither did the Executive. Although the joint future group continued with its good work, it failed to accept the principle of free personal care. However, last October the Executive put record funding into community care. It accepted the principle of free nursing care in January and, ultimately, the principle of free personal care. The Executive tried to find mechanisms to deliver joint working and pooled budgets and to do all that it could to keep people in their homes. The Executive should be congratulated on its record investment of more than £200 million in community care services.

The delivery of free personal care has been the policy of Liberal Democrats throughout the UK. It is clear that, without the support and actions of the Liberal Democrats in the Scottish Parliament in January, the measure would not have been introduced. Crucially, it is a triumph for the Parliament. It is a triumph for the Opposition parties and members of the Labour party who lobbied hard for the policy. It is a triumph for a First Minister who is committed to public services and social justice, for the Deputy Minister for Health and Community Care, Malcolm Chisholm, and for the members of the care development group, who have turned the Parliament's worthy aspirations into practically viable and sustainable proposals in the group's report.

At the heart of the debate is not only the issue of diagnostic fairness, but the question of how we deliver the best possible community care services. Through the Regulation of Care (Scotland) Act 2001, the Executive has built on the issues that I mentioned. The care development group has tackled problems such as the improvement of services, delayed discharge, inequality of service and charging and the need for better joint working among Scotland's councils.

We need constructive dialogue not only between the Scottish and UK Governments, but between Holyrood and local government. Scotland's councils will be central to the delivery of this agenda, so we welcome the Executive's decision to allocate £125 million a year from next April for the introduction of free personal and nursing care. The care development group, the Health and

Community Care Committee and the Sutherland commission have all highlighted previous shortfalls in spending on services for older people. That is why, until outcome assessments are in place, funding for councils should be ring-fenced in the short term. The people of Scotland are looking to us to deliver on this issue, and deliver we will—not just in rhetoric, but in action on the ground.

I hope that the new unified boards with their council input will help to improve joint working and action on pooled budgets. However, we must remove the barriers to effective joint working and I am glad that the Community Care and Health (Scotland) Bill that was introduced yesterday will do just that.

Much has been made of potential shortfalls. However, I will be clear on this point: the Executive is committed to delivering the policy and that will happen with or without Westminster's support. We are not asking for new money, nor has the money been spent elsewhere on other provisions. The money is simply a resource transfer of £20 million that is already paid to Scottish pensioners for personal care.

The Executive is building on that earlier provision and it would be perverse, narrow-minded and mean of the Westminster Government to deny our elderly people their present entitlement simply because it does not agree with the decision of this democratically elected and accountable Parliament. If Westminster fails to listen to this legitimate request by our ministers, it will set up a different benefits system. I hope that common sense and partnership will prevail; however, if they do not, our pledge to deliver on the Executive's promise to the Parliament remains.

We welcome the investment of £50 million in community-based services and the definition of personal care that includes psychological counselling for dementia sufferers and which goes further than the Sutherland definition. We welcome the moves towards a single shared assessment process by April and the setting up of the implementation group that will take that forward. We also welcome the moves toward standardising charges for remaining council services, such as provision of home helps. Those measures will undoubtedly put extra pressure on our care service professionals in the social work and health services. We must support them with training and with the legal tools that are required to make joint working easier than it is. We hope that the Executive, taking into account the present situation in Scotland's care homes, will continue to work with all sectors to provide better services and to monitor the sector's work force planning needs.

The Scottish Liberal Democrats are delighted to welcome the care development group's report and the publication of the Community Care and Health

(Scotland) Bill, which serve as ultimate proof that the Liberal Democrat-Labour Executive is listening to Scotland and delivering better quality of life for Scotland's older people.

10:01

Christine Grahame (South of Scotland) (SNP): Congratulations are due not to any individual members or to a committee, but to the Parliament for having come this far. I would like to bring some clarity to the matter for elderly people. I think that I am correct in saying that the measures will apply only to those over 65. Obviously, some older people will suffer and pay for personal care and will not be caught up in the package.

It is not fair to refer to "free personal care", because some people will continue to have to pay a portion of the costs of their care. I would like to know why there is some deviation from Professor Sutherland's recommendations. Page xix of his report states:

"The costs of care for those individuals who need it should be split between living costs, housing costs and personal care. Personal care should be available after an assessment, according to need and paid for from general taxation: the rest should be subject to a co-payment according to means."

In chapter 6, paragraph 6.38, the commission's recommendation is

"first to take personal care costs out of the system altogether".

The commission viewed the fixed costs as living and housing costs, which were to be a set figure. The rest would be paid "according to means". There are great variations in personal care.

I was pleased to hear the minister say that £50 million is being put aside for care in the community. Such care is what most elderly people want; they do not want to be prised out of their homes. I note that the Minister for Health and Community Care said in her statement yesterday:

"We applaud the efforts that are being made by local authorities, the NHS and the voluntary and independent sectors".—[*Official Report*, 26 September 2001; c 2795.]

I want to focus on the voluntary sector. I want to know whether any of the £50 million will be directed towards it. If I remember correctly from a debate in February, we have about 585 day care centres, which provide 19,000 places. Many of those centres, whose existence means that people do not need to go into hospital, are on the brink of collapse because they cannot raise funds. They do not have enough money for the transport that is needed to pick up elderly people. I would like the minister to say how he will make the necessary assessment in Scotland.

I visited the Midlothian stroke club, which caters for elderly people who have had strokes and who are suffering great psychological problems after their strokes. Through its voluntary efforts, that club helps bring those people back into their communities. Such organisations are struggling, simply because they cannot afford transport and there are not enough volunteers. They perhaps need people to be partly paid to come and help. Their work is an essential part of the cycle of supporting people in the community and I would like to hear the minister's comments on that.

Reference was made to aids and adaptations. In a debate earlier this year we heard, following a point that was originally made by Mary Scanlon,

"that 10,000 elderly people had been assessed for aid and adaptations and 10,000 were awaiting assessment."—[*Official Report*, 14 February 2001; Vol 10, c 1239.]

I would like to know what the position is now. If an elderly person is in his or her house and has no ramp or rail to get in, why are they still waiting for one? Such adaptations are essential for halting decline in people's physical and mental health. In the end, provision of such adaptations would reduce the bill to the state—we must always talk about pennies. In the same debate, I referred to the fact that the number of home helps fell by 9,000 between 1997 and 1999. That is the reality, despite the fact that home helps are essential to enabling elderly people to stay in their homes. How will the minister address that?

I congratulate the Parliament on coming so far, but much more detail and many more practicalities must be considered. When those are delivered simply on the ground—such as through the provision of home helps, district nurses and ramps to houses—we will have delivered for Scotland's elderly.

10:05

Dr Richard Simpson (Ochil) (Lab): Margaret Smith was right to say that it was the Health and Community Care Committee—an all-party group—that made the strong recommendation to adopt the Sutherland principles. As I tried to indicate in my intervention on Ben Wallace, Government must decide on priorities. Christine Grahame made that point extremely well, but all her points will present more difficulty because we have made—rightly, and Christine knows that I support absolutely the Sutherland principles—a principled decision to spend £125 million on introducing free care. That money does not exist to support groups such as those that Christine Grahame mentioned. Such funding is not included in the £125 million, so we must find the necessary funding from other parts of the budget. I agree that we must fund and develop that support. I want to develop that theme in a minute.

The Executive said that it is negotiating on the possible transfer of resources to which the SNP motion refers and we will see what the outcome is. I do not intend to address that point, however; I wish instead to concentrate on the Conservatives' amendment to the Executive amendment and the matter of ring fencing.

My one comment on the SNP motion is that the interrelationship between benefits and the Scottish budget must be examined. That relationship is complex in several areas, including employment and unemployment and moving people back into work with therapeutic benefits. Many matters in that area require and will involve continuing discussions, but we need to cater for those within the current settlement and we should not try to change it.

The Executive's proposal is to ring-fence the new money. I am not in favour of ring-fencing and I believe that, in the long term, the Government is not in favour of ring-fencing. I presume that it is an interim measure. We must move towards pooled budgets and a comprehensive settlement. In doing so, however, the first step requires transparency about the situation, and I think that we have started to move towards that.

The Conservatives, in their publicity over the past few days, have confused grant-aided expenditure and resource transfer and expenditure. Expenditure is published against GAE, not the combined resource transfer and GAE. That is how we arrive at a 44 per cent shortfall. I am glad that the Conservatives did not repeat their mistake in this morning's debate.

Ben Wallace: I will happily provide Dr Simpson with the figures that were given to us and with the background research. The definitions for the net expenditure came from the information and statistics division of the NHS in Scotland and included the resource transfers. The figures were set off against each other and I will be happy to talk Dr Simpson through them.

Dr Simpson: I will be happy to discuss the matter with Ben Wallace later.

I want to make a separate point on what Christine Grahame said to the effect that we need to move on. We have accepted the principles and have guaranteed the money for free personal care. We need now to consider everything that is happening and to try to reach a comprehensive settlement on this sector of care. The sector has been highly fragmented since it was, in effect, privatised under the Conservatives, through closure of long-stay beds and moving services into the private, voluntary and independent sectors.

The first step is to ensure complete transparency with the figures, and I look forward to a debate on that. We also need to deal with

delayed discharges, which are an affront to old people who wait in hospital for money to be found for them to get the care that they need in the appropriate setting. There are still 3,000 patients in that position; that is an affront that needs to be dealt with. The only way in which it can be dealt with is by pooling budgets, which the Community Care and Health (Scotland) Bill will allow.

Funding for all those who have indicated that they are ready for discharge should come automatically under the pooled budget. As a first step, all long-stay beds that are to remain closed should be moved under a pooled budget, which means that expenditure for individuals whose place of residence is settled is the responsibility of local authorities.

If that is not clear—it might not be—let me give an example. Within the Forth Valley Health Board area in my constituency there are two nationalist-led councils—Clackmannanshire Council and Falkirk Council. Clackmannanshire Council has overspent its budget in the past year but, in doing so, it has reduced the number of delayed discharges to zero. There is none beyond the contract period and the few that exist do not run up to the end of the contract period.

Falkirk Council, by contrast, decided unilaterally—without discussion with its partners—that it would not take patients out of hospital to relieve its budget constraints. The results are that Falkirk and District royal infirmary is on red alert, that Stirling royal infirmary must take patients that would have been taken by Falkirk, and that Clackmannanshire Council and my constituents are suffering. That is not a party-political issue—*[Laughter.]* It is not. Clackmannanshire Council, which is SNP led, has done an excellent job, but Falkirk Council has not. At issue is the approach that local authorities take. This is about partnership. There must be pooled budgets and we must give responsibility to one unitary group.

I hope that the Executive will take up the issues that I have raised and deal with them.

The Presiding Officer: I call Ian Jenkins.

10:10

Ian Jenkins (Tweeddale, Ettrick and Lauderdale) (LD): I thought that I was way down the list of speakers.

I welcome the report and praise the work of the care development group and of Malcolm Chisholm in particular. I am delighted that Margaret Smith highlighted an issue on which I would have focused anyway—the place of the Health and Community Care Committee in the process. The committee, on which all parties were represented, worked as a pressure group from inside the

Parliament and did a job for which we all should be grateful. While I am thanking people, I should mention Sir Stewart Sutherland and Henry McLeish—who has played a great part in advancing these proposals.

The care development group's report is good and has taken a can-do approach to the problem. The report is positive in all respects where it could have been negative. It is decisive where it could have equivocated and it is generous where it could have been penny-pinching. It has accepted proposals that it could have rejected.

The new long-term care proposals will be particularly beneficial in my constituency and in the constituency of my colleague Euan Robson. The Borders has the highest proportion of elderly residents in mainland Scotland. In 1998, 13.1 per cent of the population was between the age of retirement and 74 and 8.8 per cent of the population was more than 75 years old. Those percentages are now probably even higher; we will see when the census data are published. The corresponding percentages for Scotland as a whole are 11.3 per cent and 6.7 per cent, which underlines the fact that the Borders population is heavily weighted towards the elderly. Thirty-seven per cent of households include pensioners, compared with 32.9 per cent in Scotland as a whole, while 28.8 per cent of households are made up solely of pensioners, compared with 24.1 per cent in Scotland as a whole. Any measure that offers benefits to elderly people in their homes and in residential care will be especially welcome in the Borders.

I recognise that arguments can be made both for universality of provision and for targeting of resources, and that those arguments will come up time and again. In this case, we have gone in one direction. The fact that on this important issue we have done the right thing must make ministers feel good. We have been on the side of the angels and have taken a positive approach. By doing so, we have eliminated some of the elements that Sir Stewart Sutherland identified as inequitable and wrong in the current system. Through these provisions, we will help to remove from old people and their families a potent source of anxiety, disappointment and distress. They will no longer feel the same sense of injustice, loss or humiliation. They will not face the financial worries that have sometimes wrecked people's lives even before they went into residential care.

As other members said, this is a good day for the members of the Parliament, it is a good day for the committee system and it is a good day for the Liberal Democrats, because some of our policy is being implemented. It is a good day for the partnership Executive, because together we are delivering something that Scotland wants. It is a

good day for the whole Parliament, because we have all been involved in the process.

It is a good day for the Parliament in another way. In opinion polls, folk often say that the Scottish Parliament has not changed anything and that it does not make a difference to their lives. Here is the clincher, however: we can talk about central heating and the abolition of tuition fees, but the policy of providing free personal care for the elderly will lead people to say that, working together, the Scottish Parliament made a difference to their lives. Never again will they say that the Scottish Parliament does not matter.

10:15

Ms Sandra White (Glasgow) (SNP): I apologise for being late for the debate—sometimes a car is not the best mode of transport.

I welcome the report and the fact that it has taken on board what Sir Stewart Sutherland said. However, there are anomalies that must be addressed and questions that need to be asked. It has been said that the whole Parliament—especially the Health and Community Care Committee—is to be congratulated, but we should recall that it was necessary to pull some members along kicking and screaming. I am glad that they have seen the light.

Malcolm Chisholm, who was previously convener of the cross-party group in the Scottish Parliament on older people, age and aging, will know just how vociferous that group can be. As the present convener of the group, I would like to report what has been said to me about the implementation of the proposals. To begin with, members of the group were delighted. However, when they saw the recommendation from Westminster that, although this is supposed to be a grown-up Parliament, Scottish people will not be allowed to have an attendance allowance, the phone calls started to come in. I will not repeat half the words that were said to me down the phone—this is not the appropriate place to do that. However, members will gather that the people with whom I spoke were not at all happy with the situation. We should not go to Westminster cap in hand. We should make it clear that its response is a slap in the face of this Parliament. We are being told that this is not a grown-up Parliament and that people do not deserve an attendance allowance from a fund into which they have paid for many years.

I will quote from someone whom Labour members will all know—Jim Devine, who is Scottish organiser for the health union Unison. He said:

"Our generation owe a debt to these people.

They were the ones who campaigned for the welfare

state, created the welfare state and contributed to the welfare state all their lives.”

Exactly. We should not be too complacent. We should not pat ourselves on the back when Westminster is still saying that it holds all the power and that it will tell us what to do. That is a disgrace.

I have another question for Malcolm Chisholm on the care development group's report. Page vi of the executive summary states:

“We have assumed that Attendance Allowance will continue to be paid as a contribution towards personal care costs for people in care homes.”

Was the care development group given assurances that that would be the case? I am sure that all its recommendations were made in the best faith, as I know that all the members of the group are hard-working people. However, the Parliament should know whether the group was given assurances on that point.

Christine Grahame touched on the fact that attendance allowances and the costs of care for the elderly are different in different areas. The care development group suggests £145 per week for personal care. It says that that is the national average, but in seven local authorities in Scotland the average residential home charge is higher than the national average. That needs to be considered. Forty per cent of those in Scotland who fund their residential home care privately live in areas where the average weekly charge is higher than the national average. For those people, personal care would not necessarily be entirely free. We also need to consider older people who are in nursing homes.

Although we welcome the report and are prepared to give the Executive half a pat on the back, we must say to Westminster that this is a Scottish Parliament, that we will deliver free personal care for elderly people and that it cannot tell us what to do. The people who voted for a Scottish Parliament deserve better. We should tell Westminster to stop being so petty with our people and our money. We also need clarity on some of the issues that have been raised today.

10:19

Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): The Liberal Democrats warmly welcome the Executive's U-turn on free personal care. It was a close-run thing. On 25 January, five minutes before decision time, as the Executive faced losing a vote in the chamber, the Minister for Parliament, Tom McCabe, said:

“We have taken cognisance of the views expressed yesterday and today, especially the sincerely held views of our colleagues”—[*Official Report*, 25 January 2001; Vol 10, c 695.]

in the Liberal Democrat party. That commitment by the Executive to implementing a long-standing Liberal Democrat policy is now being realised.

The SNP has been generally supportive of free personal care, but it has always tried to whip up doubt about whether free personal care would be implemented. Nicola Sturgeon's motion is another sign of the SNP's attempts to muddy the water.

Nicola Sturgeon: Surely it is the duty of an Opposition to scrutinise and harry a Government to the last minute, to ensure that what that Government promises—however welcome—is delivered? That is the job of Opposition and I think the SNP does it rather well.

Mr Rumbles: Nicola Sturgeon is quite right: that is the job of Opposition. However, it is also the job of a responsible Opposition not to worry elderly people in Scotland, yet that is exactly what the SNP has been up to.

The SNP was poised for the care development group not to deliver free personal care for all. As usual, the SNP has to be negative. The Liberal Democrats cannot and will not support the SNP's motion. [*Interruption.*] SNP members should listen while I examine their logic. Why should we allow the UK Government to veto the policy of the Scottish Government? That is exactly what the SNP motion asks us to agree to do.

The motion says:

“unless Her Majesty's Government agrees to allow those currently eligible for Attendance Allowance to retain this benefit, notwithstanding their entitlement to free personal care”—

the Parliament

“believes that, as a matter of principle, any such shortfall should not be met from within existing Scottish Executive resources”.

What an untenable position. [MEMBERS: “Shame.”] I am glad that Tory members shouted, “Shame”, as I now turn to their position.

Ben Wallace: Will the member give way?

Mr Rumbles: I shall give way in a minute.

In my view, the Tories' position has always seemed opportunistic. The Conservatives oppose the introduction of free personal care in England, but we are told that they support its introduction in Scotland.

I quote from a Westminster debate on the Sutherland report, during which the Conservative spokesperson said:

“We believe that the money would be better spent elsewhere in the national health service.”—[*Official Report*, *House of Commons*, 5 February 2001; Vol 362, c 737.]

The Tories derided the provision of free personal care as an irresponsible policy. I wonder whether

the Tories north and south of the border talk to one another, as their position is unsustainable.

At least the Labour party is consistent. It opposed free personal care for the elderly, both north and south of the border, preferring targeted benefits. That is a perfectly honourable position, although the Liberal Democrats disagreed with it.

There is no doubt that, had the Liberal Democrats given way to Labour in January, we would not be debating today the implementation of free personal care for the elderly in Scotland. The partnership Government is successful—it delivers Scottish solutions to Scottish problems.

Ben Wallace: Will the member give way?

Mr Rumbles: Have I time, Presiding Officer?

The Deputy Presiding Officer (Patricia Ferguson): No. You should be winding up, Mr Rumbles.

Mr Rumbles: In conclusion, the Liberal Democrats welcome the debate and congratulate Malcolm Chisholm and the care development group on presenting sensible proposals on the implementation of the policy on free personal care. We congratulate the Executive on eventually coming round to the Liberal Democrats' view that the provision of free personal care is the right policy for Scotland. We believe that it is the right policy for the entire United Kingdom.

10:23

Mr Keith Harding (Mid Scotland and Fife) (Con): Mr Rumbles did not allow Ben Wallace to respond to his comments, so I note now that Mr Rumbles accused the SNP of taking an approach that was the one advocated by Nora Radcliffe.

This should all be so simple. The Executive has endorsed the provision of free personal and nursing care for the elderly. What else could we possibly have to discuss? I presume that, as we have signed up to the recommendations made by Sir Stewart Sutherland and the care development group, we are all agreed.

It appears to me that, now that we have signed up to the implementation of free nursing and personal care, it would be sensible to provide that care in the most efficient way possible. It is obvious that that has yet to become clear to the Executive because neither yesterday's statement from Susan Deacon nor last week's Executive response mentioned the single budget for which Sir Stewart Sutherland, the Health and Community Care Committee and my party have been arguing.

I believe that all personal care should be provided free at the point of delivery under a unified budget. Without a unified budget, not only will there be widespread waste within the system

but the major problem of bedblocking will not be addressed. The care development group's report recommends that the money for elderly care should be ring-fenced, that joint assessment should be implemented, that joint resources should be allocated and that joint measures should be put in place to tackle bedblocking. The obvious conclusion to all that joint action is a single budget, but the report states that, because there is no single budget at present, the money will still have to be channelled through local authorities—the very organisations through which leakage occurs.

Joint measures will do nothing to tackle the conflicts between purchaser and provider, which cause many of the problems that we are trying to overcome. In fact, they simply reinforce the inherent weaknesses in the system. Thus, by implementing them we will be unable to make significant improvements.

On the problem of the attendance allowance, we do not know whether Westminster or Holyrood will cover the payments. The minister told us yesterday that talks with Westminster were continuing and no doubt those talks will resolve the issue. In an attempt to move the debate on to constitutional grounds, the SNP would have us believe that Henry McLeish and Alistair Darling are engaged in some kind of turf war, but the real issue is why the attendance allowance question was not sorted out earlier. To be honest, does that matter anyway? The Executive is endorsing a mechanism for care delivery that is so unsuitable that a large part of the benefit may never reach the intended recipients; it will disappear in the local authority black hole. How can so much of the money that is allocated to community care go missing along the way? Yet the Executive still refuses to formalise the single budget.

Mrs Smith: Will the member take an intervention?

Mr Harding: No.

Although we support the Executive's amendment and its endeavours to deliver free personal and nursing care, I remain unconvinced that its approach provides the right mechanism through which to deliver that care. What is the point of making promises that inevitably will be undermined by a defective delivery system? We must ensure that the money the Executive is so busy telling us about is spent properly and reaches those people for whom it was intended.

This is just the start of the debate. The Conservatives have always made it clear that free care for all was the solution for the short to medium term only. The Executive's approach will still leave individuals having to pay the bulk of their accommodation costs. The next step must be to

search for the best long-term solution—encouraging people to provide for themselves and their families without returning to the errors of the present system, which pays the profligate and penalises the prudent. If we do not take that step, we will have changed nothing other than the amount of moneys that people receive. We will not have changed the inherent injustices in the system.

Yesterday, Susan Deacon spoke about her sadness that some people had reduced the debate to “simple slogans”, yet she is also a culprit. Providing free nursing and personal care will mean nothing if that care is not delivered effectively.

I support the amendment in the name of Ben Wallace.

10:28

Malcolm Chisholm: Several interesting points have been made during the debate. In the time available to me, I shall try to respond to them, party by party.

I thank the Liberal Democrats for their positive response to the care development group’s report. Margaret Smith made a point about diagnostic fairness—her point is repeated on page 69 of the report. She welcomed the publication of the Community Care and Health (Scotland) Bill this week—some members seemed to be unaware of its publication—and the fact that the bill will remove barriers to joint working. She reminded us that some of the bill’s provisions will standardise charges for non-personal care services. We should remember that that is part of the picture.

Mike Rumbles made an interesting point about the SNP motion’s support for a UK veto on our policy. I had not thought of that, but when members consider it, they will agree that he made an interesting and valid point.

Mike Rumbles also said that the Labour party preferred targeted benefits. I will make a general response to that point: the Labour party supports a combination of universal and targeted benefits. Since its first day, the welfare state has been based on that combination. It is clear that other Executive policies on health, social inclusion and many other areas are targeted.

Brian Adam (North-East Scotland) (SNP): Is it fair to say that personally the minister favours universal benefits much more than he favours the targeted benefits with which the Westminster Government appears to be obsessed?

Malcolm Chisholm: I genuinely believe that that is a false dichotomy. Our policy has changed the boundaries of universal benefits in Scotland, but the fact remains that one cannot have only

universal benefits or only targeted benefits.

I turn now to the Conservatives. It is unfortunate that Keith Harding and Ben Wallace were unaware of the developments on joint and pooled budgets that are laid out in the bill that was introduced to Parliament this week. As I indicated in my opening speech, Ben Wallace’s figures were wildly out. We are aware that not all the grant-aided expenditure for a particular service is spent on that service and, on page 29 of the report, we refer in particular to the spending gap on older people’s services. Our recommendations take that on board. They talk about the need for outcome agreements.

On resource transfer, our recommendation is that

“the full amount of NHS long stay resources freed up by bed closures should also be part of the aligned or pooled budget.”

Ben Wallace: Will the minister say whether his department has done a study into leakage—the difference between GAE and what is spent—and, if it has, will he publish the details?

Malcolm Chisholm: The details on older people’s services are in our report, as I indicated. Local authorities generally spend 98 per cent of GAE, which is slightly different from the 44 per cent that Ben Wallace mentioned yesterday.

I will now turn to the SNP. Christine Grahame asked several questions. I assure her that the £50 million will be available for aids and adaptations. I agree with what she said about the decline in home care hours. The report refers to that point, but also welcomes the fact that, because of increased Executive funding, home care hours increased by 9.8 per cent in 2000. We strongly support the continued development of that trend.

Christine Grahame: Will the minister give way?

Malcolm Chisholm: I am sorry, but I must move on because I have only five minutes.

Christine Grahame was incorrect when she said that Stewart Sutherland favoured a fixed amount for housing and living costs. It is true that he considered that as an option, but he favoured a fixed rate for personal care. In that and in almost every other regard, we have followed Sir Stewart Sutherland’s methodology. We have also adopted an average charge, which Sandra White asked about, which again, is what Sir Stewart Sutherland recommended. We used the same method for future projections as Sir Stewart, but we also built in an allowance for the response to the new policy, which he did not build in. That is why we allow a great deal of money for the expansion of services in the community.

Finally, let me respond to the one speaker in my

party who was allowed to speak in the debate. Richard Simpson seems not to have given due weight to the £50 million for the development of new services, because he said in his intervention that that would not benefit the care of the elderly. I confirm that the ring fencing is an interim measure, which is what he wished for. Let me also repeat that resource transfer will be transparent, which he supported. Richard Simpson also called for long-stay beds to go into the pooled budget. That will happen. He made one final point in which he seemed to suggest that funding people in hospitals should become a local authority responsibility. That seems to contradict his earlier point about pooled budgets and joint responsibilities.

That is a detail in the context of today's debate. I welcome the positive responses that have been given and the constructive comments that have been made. I hope that we can all go forward together into the exciting new world that begins for older people next April.

10:33

Shona Robison (North-East Scotland) (SNP):

I thank all, or certainly most, of the members who contributed to the debate. At the end of the day, the debate took place only because the SNP afforded Parliament the opportunity. In fact, yesterday's ministerial statement was also due to my party's determination to secure a statement sooner rather than later. Although Susan Deacon's statement yesterday was welcome, today's debate has been an opportunity to try to get answers to some serious outstanding questions. Perhaps it is unfortunate that some members have not taken that opportunity and that some questions remain unanswered.

When Mike Rumbles made his comments, he did not look over to the benches of his Executive partners. If looks could kill, Mike would look rather unwell. "How to Win Friends and Influence People" was perhaps lost on Mike Rumbles. The point about the whole resources issue is that it would be quite wrong if this Parliament had to find the shortfall from existing resources and raid other budgets simply because—I quote Mike Rumbles's colleague Margaret Smith—Westminster was being "perverse, narrow-minded and mean". Why on earth should that be?

Mr Rumbles: Has Shona Robison thought through the logic of the SNP motion, which would give a veto to the Westminster Parliament over the policies of the Scottish Government? Shona Robison seems to imply that free personal care for the elderly should not be implemented.

Shona Robison: That is nonsense. The principle at stake is that when this Parliament

decides a course of action, as it is quite entitled to do and as it has done with free personal care, it should not be thwarted by another body that does not agree with its policy. That is the problem with what Westminster is doing. Mike Rumbles knows that very well.

Resourcing has featured heavily in the debate. It is crucial that the community care sector expands to meet the inevitable increase in demand. The sector cannot even meet current demand, before the care development group's recommendations are implemented next April. We have heard examples of the reduction in the number of local authority homes, in care home beds and in community care services on the ground. We need to move swiftly to build capacity. I am pleased that the minister has clarified that £50 million has been set aside to do that and I welcome that.

Any shortfall in the funding package will be a serious problem. The resources that are required from Westminster will be an essential component of making the package work. It is all very well for Henry McLeish to say that if Westminster does not agree to the transfer, the £21.7 million will be found, but we have a right to know about the contingency plans. Would the money come from the £50 million that has been set aside to build capacity? If it would, that is a serious concern. For the policy to work, every penny of that £50 million will be required to build capacity. It is right that the Parliament has the opportunity to ask such questions.

Mrs Smith: I agree that if we lose £20 million of that £50 million, it will have an impact on community care services. The £30 million that would be left would be the same as the total amount for community care that the SNP offered in its manifesto at the elections to the Scottish Parliament. Will Shona Robison comment on that?

Shona Robison: At the end of the day, Margaret Smith must recognise that we want to go forward together on the issue. That comment was not worthy of her. The point is that a threat is undermining the very principle on which the package is based, which is that we must build up capacity. Otherwise, the whole package could be undermined. Among the many people I have spoken to outside the chamber, there has been agreement on that point, which is why it is frustrating that members, for whatever reason, feel that that they cannot support a very reasonable SNP motion. Perhaps people should reflect on why that is.

The way in which we do business and the way in which negotiations are conducted are also issues. I would rather the Parliament gave its view on Westminster's actions than that it went on with what are in essence back-door negotiations. I do not know what stage things are at, or whether

Westminster is giving a nod in the right direction. We are not told. The fundamental point of principle is that the Parliament should be the place in which debates are held on what we think should happen on this or any other issue, rather than that being done behind closed doors.

Let me turn to points that were raised during the debate. The Tory amendment, although—as others have pointed out—perhaps based on some spurious figures, makes an important point. The GAE spend by local authorities has been of concern for some time. Budgets for the care of the elderly are often the first to be plundered, so I am pleased that we are to have a far more rigorous assessment of how such budgets are spent. The way in which that has been done has been fundamentally wrong for quite some time.

In an intervention, Richard Simpson spoke about how the Executive's package would improve care for the elderly. What he said suggested that his conversion has been something less than that on the road to Damascus. I am not convinced that he has fully converted to the principles underlying free personal care.

Dr Simpson: Will the member give way?

Shona Robison: I do not have much time, but if Richard Simpson wants an answer to the question of how free personal care will fundamentally improve the care of elderly people, it is this: it will remove the fear that thousands of elderly people have had about what will happen to them in their golden years. That principle is very important.

Christine Grahame raised important points about what is happening on the ground to community care services. Those points have to be addressed.

I should also deal with another point that Richard Simpson raised. I want to correct his point about Falkirk Council. It was the previous Labour administration that embarked on the policy that was referred to—although to be fair, that administration was in a difficult position because of the discharges from the Royal Scottish national hospital, which the SNP administration has inherited. Richard Simpson was perhaps a little economical with the truth.

Free personal care is an issue that unites the Parliament. I do not think that anyone was singly responsible for making it happen; I would like to think that it was a collective effort from all sides of the chamber.

We want to see joined-up government. In future, when we want to make radical changes that affect the lives of our people, would it not be much easier if we had control over social security benefits?

I support the motion in the name of Nicola Sturgeon.

Public Resources

The Deputy Presiding Officer (Patricia Ferguson): The next item of business is an SNP debate on motion S1M-2249, in the name of Alasdair Morgan, on Government stewardship of the public's resources. Members who wish to speak in the debate should press their request-to-speak buttons.

10:44

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): The motion simply invites the Parliament to take note of the press release that was issued last week on behalf of the Executive by the Minister for Finance and Local Government to announce the end-year flexibility—or, for normal mortals, underspend—in last year's budget. The reason why I lodged the motion and why it is important for Parliament to debate it is that, otherwise, Parliament—apart perhaps from some of its committees—will have no chance to discuss why last year's budget has been underspent by £718 million or what financial management steps the minister intends to take as a result of the underspend.

It is perhaps indicative of the way in which the Executive chooses to conduct its business that it is only in Opposition time that the Parliament has the opportunity to discuss this important matter. The minister would prefer simply to issue his press release, presenting the underspend and underachievement as a good-news story; he would prefer Parliament not to have its say. That cannot be right. The budget is the property of Parliament. It is the result of the budget process, in which all committees are involved, and of the subsequent Budget Bill. Deviations in the budget should be debated here. The SNP is happy to use its time to rectify that omission.

The debate contrasts significantly with the statement on the Executive's finances that the minister made to Parliament on 28 June, just before the beginning of the summer recess. Then, he was eager to announce to the chamber that, as a result of a "realignment" of the budget, he was able to put £289 million into different programmes. Clearly, £289 million is considered worthy of a statement in Parliament, because the minister thinks that it will generate positive publicity for the Executive, but £718 million does not merit any explanation to the chamber if there is a danger of negative coverage.

It is worth considering what the minister said in his June statement on readjustment. He said:

"we can both deliver a balanced budget and meet the ambitious policy objectives of the Scottish Executive."

Later, he said that he looked ahead

"to better management of Scottish public spending, with new focus, flexibility and effectiveness."—[*Official Report*, 28 June 2001; c 2096.]

Applying those yardsticks to the contents of the minister's press release on 19 September, we come to the conclusion that, for the past financial year, the Executive did not meet its self-proclaimed "ambitious policy objectives", nor was its management of public spending—if we use the minister's own criteria—focused or effective.

The budget for the past financial year, as far as departmental expenditure limits are concerned, which constitute the budget to which end-year flexibility applies, was £14,705 million. Therefore, the underspend that the minister announced amounts to about 5 per cent of budgeted expenditure. Not only is that a very substantial figure—which, if it had occurred in a local authority, would have caused the Executive to ask some hard questions—it is some 2 per cent higher than the figure for the previous year. The increase is even greater if we compare it with the first year of the current Labour Government in Scotland.

I can accept—because I am a very generous person—[MEMBERS: "You are."] It is a major failing of mine.

I can accept that, in the first year of the new devolved Administration in Scotland, the Executive might have had the beginnings of an argument to explain why it had some difficulty in making the financial outturn match the initial budget with a greater degree of accuracy. However, we have to remember that we are talking about budgets that Labour has been in charge of since 1997.

Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab): Thank God.

Alasdair Morgan: However, we need a considered explanation from the minister on why the situation has become significantly worse, rather than better, in the fourth year.

Does Mr Fitzpatrick wish to intervene? No? It seems that Labour members would prefer to snipe from a sedentary position.

In his evidence to the Finance Committee on 8 June, the Deputy Minister for Finance and Local Government said that he and his boss would take a hard look at end-year flexibility and that they were

"working on better management of budgets, to ensure that over time we squeeze down the amounts of EYF."—[*Official Report, Finance Committee*, 8 June 2001; c 1336.]

We need to hear an explanation from the minister of the measures that he is putting in place to ensure that in future years the outturn more closely approximates to the original plans. We need to hear what targets he is setting for end-year flexibility to be squeezed down to. Clearly,

even the minister agrees that the current figure is unacceptable—so what would he like it to be?

The minister's press release of 19 September said:

"we nevertheless could improve our financial planning and management."

As one might expect of the minister, the press release is a model of modesty and understatement. The minister also said:

"I have therefore put in place new procedures to monitor the Executive's spending at regular intervals and to spot where there are possible delays or lags in funding."

Given that the introduction of such procedures is clearly not before time, why were they not put in place last year? I repeat my plea that we should have an explanation—if not just now, at least in a document later—of precisely what the procedures are. Will those procedures strengthen the pre-approval scrutiny that is given to projects to ensure that they have a realistic prospect of being undertaken within the planned time scale and will the relevant committees of the Parliament be involved in that process?

The minister should also tell us why we are not being alerted to underspends earlier, rather than five and a half months after the end of the financial year. Why was no mechanism available to warn the minister during the financial year that such an underspend was likely and when did he find out its size, which is clearly of some embarrassment to him? How long has it taken him to relay the information to Parliament and what indications of the size of the underspend had he received at the time of his June statement to Parliament? Finally—in this series of questions, at least—can the minister tell us whether all departments were equally efficient at revealing the extent of their potential end-year flexibility? Did some report it later than others? If so, can he tell us who the ministers are who need to, as the *Daily Record* so helpfully advised them last week, "GET A GRIP!"?

Although we are disappointed at the overall level of underspend across the Government's entire budget, the position becomes far more worrying when we consider how that total underspend has been made up, which departments contribute to it and by how much. My colleagues will concentrate on the detail of the underspend and will highlight some of the opportunities that have been lost and—more important—the needs that have gone unsatisfied while the underspend has been built up. In education, the underspend was 31 per cent; in social justice, it was 18 per cent. Of interest to me and my constituency is the environment and rural affairs department's underspend, which amounted to £67 million—about 6 per cent of that department's budget.

Along with many other members who represent

rural areas, in the months since the outbreak in Scotland of foot-and-mouth disease on 1 March, I have spent much time arguing with the Government about the level of support for all industries in rural areas, especially in the south-west. Many of my constituents thought that the size of the recovery packages that were offered was in no way proportionate to the degree of devastation that had been caused. Their reaction would have been much more critical had they known the size of the underspend in the department that was meant to be helping them at that time. They simply would not have understood it.

Hugh Henry (Paisley South) (Lab): Alasdair Morgan has listed his concerns about underspends and alleges that the Executive failed to react. If SNP members have been so concerned, can he explain why the SNP has never lodged any amendments to the budget over the past two and a half years?

Alasdair Morgan: This is not about the budget; it is about the way in which the budget is implemented. The Executive clearly cannot implement its own budget; there would be a fat chance of its implementing a budget that had been amended by us.

My constituents would not have accepted the constraints that were being put on the assistance that was given to them in their time of need. They will also wonder why Dumfries and Galloway Council is being forced to consider a public-private partnership in education, which will involve the closure of more than 40 schools because the council believes that it cannot otherwise deal with the backlog of school building repairs, although the underspend in the central education budget is £86 million.

I have referred to the urgent necessity to put in place better procedures to discover at an earlier stage when underspends are going to occur. I shall now say why some of the underspend is occurring and why no number of reporting procedures will cure it. Underspensing is endemic in the new Labour project because that project depends much more on spin than on delivery—underspends are an inevitable consequence of that fact. Ministers are eager to rush to the press with announcements of programmes to come. Heaven knows that the same programmes have been announced time after time in recycled statements about recycled cash.

It is clear from the evidence that we have in front of us that announcements of expenditure programmes are often made before ministers have any idea whether the Executive is able to put into practice the projects that are the subject of those press releases. That is why the outturn does not match the budget. The budget is, in part, a wish

list that has been cobbled together from ministers' press releases, driven by the need to spread yet another good-news story. The reality on the ground is that new Labour often cannot deliver on its programmes, not because there is not enough cash—there clearly is—but simply because they have not been thought through and the mechanisms do not exist to deliver them.

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): Alasdair Morgan says that the budget is a wish list. He also said, in response to a previous intervention from a back-bench Labour member, that the Executive could not manage its own budget, let alone the SNP's. If the budget is a wish list, why do we never see the SNP's wishes on paper, so that we could cost them?

Alasdair Morgan: Labour members obviously do not understand what this debate is about. It is about the outcome of the budget and whether the Administration can implement it. It would not matter whose budget was being implemented; the Administration is clearly unable to implement any budget.

Mr Brian Monteith (Mid Scotland and Fife) (Con): Is the ability to implement budgets the same as that which was required of the SNP, which could not handle its finances well enough to avoid having to sell its headquarters? At the weekend, the SNP could not count the pregnant chads well enough to save Mike Russell the embarrassment of losing his post temporarily—the same Mike Russell who called for the Scottish Qualifications Authority to be abolished. Should not the SNP be abolished?

Alasdair Morgan: I thought that the Tory party was in favour of selling off property to release the capital for use. When it was in power, it insisted that many bodies under its control should do that. If Brian Monteith is worried about our ability to add up, compared with the Executive's, I suggest that he look at the draft Scottish budget that was published last week, at the same time as the minister's statement. I invite him to try adding up the numbers in the first column of the second table in that budget—the total is £54 million adrift. I would rather trust a party that gets an addition sum £80 wrong than one that gets such a sum £54 million wrong.

One of the ironies of end-year flexibility is that it allows money that has been the subject of at least one—it is likely to have been more than one—announcement in the previous financial year to be transferred into the next financial year on other programmes and to become the subject of yet more announcements. I suspect that that is why it is so popular with the Executive.

The Parliament's committees will have to be much more rigorous in examining the detail of the spending proposals of the various departments, in

trying to worm out of them the extent to which proposed programmes can be delivered and in establishing how programmes that have been announced are measuring up to the rhetoric of the budget. It is also up to ministers to take to heart the extent to which they have not delivered on the task of administering the public finances of Scotland and it is for them to put in place the necessary measures to ensure that the people and the Parliament can have confidence in the administration of their money. I hope that everyone within and outwith the chamber will note the gap between rhetoric and delivery that lies at the heart of the coalition Administration.

I move,

That the Parliament notes the Scottish Executive's news release of 19 September 2001 on end-year flexibility.

10:59

The Minister for Finance and Local Government (Angus MacKay): The sensible approach to end-year flexibility was introduced by the Labour Government for a clear purpose: to improve effectiveness in public spending and to stop the absurd end-of-year spending spree that was once common throughout the public sector, in which walls were painted, carpets were replaced, furniture was bought and everything else was done to get the money out the door. EYF is money that is transferred forward for use, not lost to services or sent back to the Treasury as it was under the Tories. An underspend represents a real opportunity to shape our services in accordance with our priorities.

Let us look at last year's underspend. Around £250 million was slippage in capital projects; £90 million was carried forward to finance the Glasgow stock transfer, which was perhaps Scotland's biggest-ever anti-poverty measure; £65 million was planned carry-forward before the McCrone settlement, which was a massive investment in teachers and education; and £55 million was retained by health boards, which retain 1 per cent flexibility from year to year, allowing them useful discretion to improve their services. Together, those four areas account for more than £450 million of the underspend.

Andrew Wilson (Central Scotland) (SNP): Will the minister give way?

Angus MacKay: Not this early in my speech.

The remainder, from various budgets, amounts to the equivalent of just five days' spending. We have taken steps to ensure that underspending is reduced in future and that, where it occurs, it is legitimate and sensible. Departmental spending will be closely monitored and there will be quarterly briefings to Peter Peacock and me. If departments are not spending according to plan,

we will want to know why. Where underspending is forecast, ministers will consider re-allocating spend and presenting proposals to the Finance Committee.

Brian Adam (North-East Scotland) (SNP): The minister said that he will receive quarterly reports on the budget outturns. Will he confirm that he did not receive such reports in the past and will he assure us that not only will they appear on his desk, they will come before the Finance Committee, as they concern the Parliament's budget?

Angus MacKay: The Finance Committee will receive whatever documentation and information is appropriate under parliamentary procedures and expectations. One reason why the monitoring procedure—

Mr David Davidson (North-East Scotland) (Con): Will the minister give way?

Angus MacKay: No, I will continue with my point. Monitoring procedures had to change because we moved to resource account budgeting, which means that we have an entirely new system in place to deal with our budgets. Brian Adam will know about that from the detailed financial convolutions that we went through with various finance spokespersons and the Finance Committee. We now have a more rigorous method of costing what we are spending and reporting back in good time to ministers and departments how the spend is going out the door.

We know that underspend can happen for good reasons and that we have to plan ahead for it. That is why we have established a clear process to ensure that it is re-invested in ways that support our highest priorities. Departments automatically retain 75 per cent of their underspends, but they are required to make clear how it will be invested and in what time scale. The rest is pooled centrally and is bid for competitively. That process is rigorous, but it is fair, and it prioritises our key objectives. That is why health and education have gained about £15 million more than they underspent in the year.

There is an underspend, but it is dealt with fairly, according to our priorities and in a way that produces results.

Alasdair Morgan: Will the minister say whether the same process that is in place to scrutinise initial bids for expenditure is in place to scrutinise bids for EYF? If so, is there any guarantee that the departments will spend the EYF funding better than they spent their initial funding?

Angus MacKay: No, the same process is not in place, but, yes, there is a guarantee that there will be better scrutiny.

Last week, we used EYF money to wipe out

historic national health service trust deficits. That was welcomed by Tayside Health Board, as *The Press and Journal* reports, with spontaneous applause from staff at the announcement. In Alasdair Morgan's area, Dumfries and Galloway Health Board, which has a good record of managing its finances, has an extra £2 million from EYF for further improvements to its services. As its chief executive said:

"the investment has come at exactly the right time".

A total of £79 million went to NHS Scotland to deal with deficits, as well as £11 million, also from EYF, to meet winter pressures. Over the next few weeks, there will be further announcements about the use of EYF for our other main priority, education. The investments will be welcomed in schools all over Scotland.

I have set out the facts, the process applied to EYF and the benefits of EYF. I will now address some of the fictions that the Opposition has been promoting about it. Last week, in *The Press and Journal*, Alasdair Morgan claimed that EYF was

"a startling example of mismanagement and financial incompetence on a grand scale".

I have already dealt with that assertion in setting out how £450 million of the money emerged. He also claimed that we had underspent our education budget by 31 per cent. I will take him through a fairly simple calculation: 31 per cent of £3.2 billion, which is what we spend in total on education centrally and through local government, is almost £1 billion, but the education underspend, as a matter of record, was £86.5 million. The percentage underspend—if he is still following me—is 2.7 per cent, not 31 per cent. I hope that he is still with me.

Alasdair Morgan *rose—*

Mr Kenneth Gibson (Glasgow) (SNP) *rose—*

Angus MacKay: Sit down and listen.

If we have doubts about the SNP's numeracy, we also are entitled to have pretty grave doubts about whether Alasdair Morgan or anyone else in his party is paying attention. He claimed, again in *The Press and Journal*, that SNP members have not been told anything. The fact is they have not been paying attention. In early June, Peter Peacock told the Finance Committee that the amount of new money reaching departments inevitably was leading to underspends. He told the committee what was going on and what we were doing about it. He is on record stating that there would be additional and significant EYF and he gave the timetable and process for dealing with it that I have just described. Did any SNP member of the Finance Committee ask any questions about EYF? No. In fact, the then SNP finance spokesman did not even turn up to the committee.

One month later, in July, by which time Mr Morgan was assiduously minding his brief as chief Opposition finance spokesman, he, all his MSP colleagues, all five of the SNP's Westminster MPs and the entire party appeared to have overlooked a major public statement by a reasonably high-profile politician—the Chancellor of the Exchequer—that spells out our total underspend. The details are set out in Gordon Brown's white paper "Public Expenditure 2000-01 Provisional Outturn", the accompanying press release and the subsequent quarter-page of coverage in *The Guardian*, all of which I have here and would be happy to give to Mr Morgan.

Alasdair Morgan *rose—*

Angus MacKay: Sit down.

If only the SNP would pay attention. By then there were, as I said, five SNP MPs at Westminster, including, apparently, an economist—their leader in exile—but still there was no interest or comment and there were no questions. That says much about the synthetic sincerity of the SNP.

Alasdair Morgan: Will the minister give way?

Angus MacKay: Sit down and listen.

It is a feature of the Scottish Parliament that parliamentary questions can be asked throughout the summer recess. So, did the SNP finance spokesman or any other SNP MSP take advantage of that? No—except, to be fair, for Andrew Wilson, who recently asked when we would be making an announcement.

But perhaps we should not expect too much. The SNP, as we know, is not good with numbers. "Free by 93" certainly did not add up. Is it not sad that to determine the scale of the deficit in their party's finances, SNP members were forced, in the middle of a press conference, to borrow a calculator from a journalist to work out the numbers? Just last week at its conference, the SNP had trouble with the votes for its executive elections. It was forced to introduce to British politics the new concept of end-conference voting flexibility. As the *Daily Record* said:

"the best brains in the SNP can't count up to 182."

Ms Margo MacDonald (Lothians) (SNP): Will the minister give way?

Angus MacKay: It is no surprise that even one of its own senior figures describes the SNP's policies as financially illiterate. In the *Evening Times* this week, Duncan Hamilton, who somewhat ridiculously is still described as

"The fresh new voice of Scottish politics",

said of his own party's tax policies:

"this looks a ridiculously risky strategy".

He reminded the SNP that it needs to

“learn from the mistakes of the past”.

Should the SNP decide to learn from the mistakes of the past, its learning opportunities must surely be many and various. It campaigned for a penny for Scotland and its leader said at its conference that he wanted to raise tax, but here in the Scottish Parliament, there has been not a single tax-varying proposal, budget amendment or coherent policy.

Andrew Wilson: Will the minister give way?

Angus MacKay: Let us get away from the SNP and back to reality. We have taken hold of Scotland's public finances, we have taken hard decisions to achieve our priorities and we have been rigorous in finding the money to pay for them. Free personal care, the abolition of tuition fees and the reform of teachers' pay are all fully funded and have been funded within our budget. EYF is part of that process. What about members of the Opposition? We know all that we need to know about their financial capabilities: they cannot count, they will not count and that is why they do not count.

11:09

Mr David Davidson (North-East Scotland) (Con): First, it is remarkably good fun sitting here watching the Minister for Finance and Local Government for once laying into somebody; it is fairly obvious that in the budget process he has not laid into any of his ministers. Secondly, I thank the SNP for having this debate and fetching the Minister for Finance and Local Government to come before us. I hope that some light will be shed on the tangled web of illusion and spin that is the Executive's handling of the spending of the Scottish budget.

Much has been made of the role of the Finance Committee. I remind Alasdair Morgan—a new member of that committee—and the minister that, over the past two years, I have repeatedly asked for either quarterly or half-yearly statements of the roll-out of programmes. I cannot believe that those statements do not exist. I know that the accounting officers must have them. Perhaps the truth is that the minister and his team do not bother to ask for them because they are so busy writing up their next press release.

I find it incredible that hospital trusts, police forces, fire brigades, schools, universities and colleges of further education could have been denied the support that they required while money has been sloshing around within the Executive's departmental coffers. Did the minister know that the money was there? If not, why not? I remember the First Minister announcing a grand new

department that was going to supervise all of that. I do not recall there being much of an outcome from that department.

Nevertheless, I feel quite sorry for the minister. It is obvious that his colleagues are incapable of managing their allocations and keeping him informed of the progress of the delivery of the services for which they are responsible. Perhaps the problem now lies not in spending but in the formulation of budgets and their inability to cost anything that they wish to deliver.

The figures mentioned today do not include the £430 million underspend from the year 2000-01 that was highlighted in the draft budget that came out the other week. Our adviser on the Finance Committee assures us that he could not see any link between the £430 million underspend and the £718 million that we are dealing with today. If one considers the total figure, we are talking about £1 billion out of an annual budget of £20 billion. Even in SNP terms—if Andrew Wilson remembers how to do his sums—that is a significant sum of money. It cannot be glossed over with a few idle statements here and there.

I have another question for the minister. How is it that, even under new Labour, the Scottish Office managed to deal with an annual approximate roll-over of only £300 million? I know that it did not paint every wall every year.

Andrew Wilson: In order to make the debate interesting at this stage, would Mr Davidson care to comment on how much of the underspend went back to the Treasury over the period of Conservative government? How much did we lose from underspend under the Conservatives?

Mr Davidson: It is not a case of losing. Perhaps we were a bit more prudent about how we raised taxes. The money belonged to the taxpayer and was reallocated centrally to the needs of the taxpayer.

The minister has mentioned the McCrone settlement. I want to know about the way it was rolled out. The problem is not with the global sum of money; it is that there is not enough money to deal with the number of schools.

In the area of health, we have had the sticking-plaster of millions from Susan Deacon to bail out the Arbuthnott formula. Next year, will the minister again have to bail out that iniquitous formula from EYF? It is another failed Labour policy and the minister has been sent out as the first-aid paramedic to try and patch up the holes.

Last year, I asked the First Minister about how many universities were going into deficit. Although he had only just left the department of enterprise and lifelong learning, he did not have a clue. Does Angus MacKay have a clue?

I will go further and talk about our developing economic woes. Alasdair Morgan touched on the problems in Dumfries and Galloway. However, a lot of Scotland has been affected in many ways. Apart from the service sector, we are almost at a standstill. The rural economy is on its knees, yet in the minister's recent statement, there is a reduction in spending and the enterprise budget. That does not stack up. If we consider the spending of the unspent millions, competitiveness might have been to the fore of the minister's mind, or perhaps he did not listen to pleas that Wendy Alexander perhaps did not make. I do not know.

We have to look at helping our businesses recover. All the difficulties were there before the terrible disaster in New York. The problems are not new. All through last year the signals were there. The reports that came out talked about the state of our economy. The minister has a tool in his hand to use, properly and effectively, to help the economy, but there is no mention of that, possibly because that is a sector that he is not bothered about.

The problem is what we are going to do with the small, innovative Scottish companies that are doing lots of good research, but cannot access venture capital that would drive forward connections into the oil and gas industry in particular. We also see struggling biotechnology parks that might even move abroad for foreign investment. What about creative use of budgets?

One could accept the minister not getting his sums right at the initial predictive stage, if he had the common courtesy to come to the committees and say "Come on, give us a hand here. What do you think?" However, the subject committees of the Parliament are denied the sort of information that they need to make commonsense decisions on the outcomes of what the Executive is trying to deliver.

Michael Russell (South of Scotland) (SNP): Will the member give way?

Mr Davidson: Yes.

Michael Russell: With regard to information being provided to parliamentary committees, would Mr Davidson support my and many other people's calls to the minister to publish detailed information about which budgets were underspent, along with some explanation of that, so that the committees can see the impact of the Administration's incompetence?

Mr Davidson: Mr Russell has obviously read my speech before. I will just clip on quickly

The truth is that Executive ministers tell us in speech after speech that we must get our infrastructure upgraded. You name it and those who sit on the Executive front bench have

mentioned it. However, there is nothing for the future. Scotland cannot continue to tolerate an attitude that is concerned with the short term only. Where did the £718 million come from? We did not get an answer to Alasdair Morgan's question about that. What were those moneys supposed to have been spent on? We do not know.

It would have been helpful for the next stage of the budget discussions that we are entering into if the minister had been able to tell us where the £430 million that is in the new budget documents came from. We do not know that. The minister wonders why committees do not make comments. I am getting a little bit tired of having to repeat this. Some of us have been on the Finance Committee for a fair time now and members of all parties in the committee are asking the same question time in, time out.

Angus MacKay rose—

Mr Davidson: Minister, will you just sit for a second?

The Deputy Presiding Officer (Mr George Reid): You are on your last minute.

Mr Davidson: Thank you, Presiding Officer.

If one looks at Scotland's business communities, council tax payers and rural dwellers, one sees that they are disadvantaged, but the minister does nothing. Perhaps he should ask his colleague the First Minister why he keeps looking south for additional funding when there is money in the bank. That is going to get Scotland a bad name. We see Helen Liddell and other ministers coming up here and beginning to interfere, because they have patently lost faith in what the Executive is trying to deliver.

I do not have much time left, but I have a short comment for the SNP. It is the wish-list party of Scotland—from which the minister is trying to take lessons. I would love to hear Mr Adam tell us in his wind-up speech what he would have spent the money on. We have not had that information today.

I turn fleetingly to the Liberals—this is my last comment, Presiding Officer—whose numbers are sadly depleted today. I do not doubt that they will whinge and cringe on every subject under the sun, but I guarantee that at the end of today they will still vote with their Labour masters.

11:19

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): It might be wise to remind ourselves what the situation was like before we had devolution. The mandarins conducted government in Scotland. With the stroke of a pen in the Scottish Office they could throw money this

way or take it back and fire it down to the Treasury. We are here today because those actions were not accountable or open to public scrutiny.

Remember the bad old days. When ministers point out the splurge of spending that used to happen at all levels, those of us who were in local government or other public sector areas remember. Paint was literally put on walls and vehicles were bought. I can remember rows of street lamps going up in the middle of nowhere just to get money out of the budget before that dreaded date was reached. Remember, colleagues, that the general public hated that kind of thing. They knew that that was a waste of money and that it was money wrongly spent. Now we have EYF that allows funding to carry into other years. That is welcome flexibility in public finances. It means that we can get away from the non-essential spending on painting walls and vehicles and move the money to the priorities of the Scottish Parliament, where it should be spent.

Last year's underspend is a significant amount of money, but we should consider for a couple of minutes why such underspends are created. Public spending is growing at such a rate that it is almost inevitable that underspends will occur. Those of us who have worked in the public sector will know that that is true. When Peter Peacock and I were members of Highland Council, we had to tackle that issue every year.

The direct funding of nurses is affected by recruitment problems. The required number of nurses—or doctors or staff of whatever professions are needed—may not be obtained as soon as we would like. Capital slippage is another factor. Those who have worked in local authorities will know that that is true. As the minister said, that has played a major part in the underspend.

I will pose a question to the SNP, prompted by what Alasdair Morgan said. Will Mr Adam say in his summing-up whether the SNP is against the proposals? We have an acceptance of reality. Surely the system allows prudent management of public funds. I need a clear answer. Is the SNP saying that it would like to return to the bad old system of spending quickly to get rid of all the money?

The SNP must also tackle the question that the Conservatives asked: what are the SNP's priorities? Are SNP members saying that they would not give money to some NHS trusts? If so, which? Is the SNP against our giving money to health and education—the Government's priorities?

Michael Russell: I will explain what the SNP is saying and use an analogy from Mr Stone's background—I remember that he is a

distinguished cheese maker. Our argument is that if the budget for his cheese-making enterprise was 30 per cent underspent, it would be obvious that some of his customers had not had some cheese delivered to them, because the cheese would not have been made. I hope that Mr Stone understands the argument now.

Mr Stone: When the debate started, the SNP went off on a great charge—it was as if an R101 were flying in the chamber. Now Mr Russell is going on about cheese. The Scottish Government is not involved in cheese making, for goodness' sake.

Mr Davidson: Perhaps the member has not yet realised that the Executive's purpose is to support the public relations industry.

Mr Stone: Ah, dear me.

We have a straightforward good-news story. It is right and proper that Angus MacKay and Peter Peacock are putting the required procedure in place, which will manage our moneys prudently.

I welcomed Angus MacKay's comments on 19 September, when he said:

"I am however concerned that the Executive is not making use of the considerable growth in the Scottish budget as quickly as it could. I have therefore taken a much more rigorous approach to examining Departmental underspends and their entitlement to carry forward money this year."

My party welcomes that and the minister's comment that he will develop early reviews. I am sure that that will improve matters.

However, we must remember that in comparison with the previous system, we have open scrutiny in this democratic chamber. Those who carp and criticise from the committee point of view should use the committees to obtain the information. My goodness, the Education, Culture and Sport Committee did that during the Scottish Qualifications Authority inquiry. It is the members' Parliament. I say to David Davidson that there is a wealth of difference from the previous system. I warmly support the Scottish Executive and I will vote not for my masters, but for my partners, who happen to be doing a very good job.

The Deputy Presiding Officer: We proceed to the open debate. If members keep their speeches to four minutes, we shall be able to include everyone.

11:24

Mr Kenneth Gibson (Glasgow) (SNP): Jamie Stone spoke like a man with some ambition.

Mr Stone rose—

Mr Gibson: That is likely to be unfulfilled.

The first thought that springs to mind is: come back, Jack McConnell, all is forgiven. At least he kept the underspend down to a relatively modest £430 million. It is sad that the Minister for Finance and Local Government gave us not only arrogance and a whiff of complacency, but the stench of incompetence. Last year, Henry McLeish's crown prince was Deputy Minister for Justice and did not realise that sex offender legislation fell within his remit. Now he does not appear to realise that good financial husbandry falls within his remit. I would like the minister to tell me which local authorities he would allow to have a 31 per cent underspend.

I was astonished that Peter Peacock did not leap in and correct the Minister for Finance and Local Government when he made something of a faux pas and said that the education budget was £3 billion. That is correct for local authorities, but according to the written answer that the minister gave Mike Watson on 19 September, the Executive's education budget is £280 million and the underspend is £86.5 million. Before the minister signs off the answers that his civil servants write for him, he might want to read them.

Angus MacKay: The point that I made in my speech was that it is wrong for Mr Morgan or any other SNP spokesman to suggest that the total education budget was underspent by 31 per cent. The core education spend through the Executive is a small part of the total education spend that the Executive promotes, particularly through local government. That is why it is dangerous and overblown to throw around figures as Mr Morgan did in the press.

Kenny Gibson asked what we would tolerate in underspend by local authorities. SNP-controlled Falkirk Council is carrying forward an underspend of £1.6 million for a park-and-ride scheme—

Mr Gibson: The minister has used 45 seconds of my four-minute speech. He can sit down now.

The Deputy Presiding Officer: Order. Let the minister finish his point.

Angus MacKay: Will Mr Gibson respond to my point?

Hugh Henry: On a point of order, Presiding Officer.

Mr Gibson: The SNP in Falkirk was in control for less than six weeks before the end of the financial year—

The Deputy Presiding Officer: I have a point of order.

Hugh Henry: On a point of order, Presiding Officer. When you allow a member to intervene, subject to the agreement of the member who is speaking, is it for the member who was speaking to determine when the member intervening should

finish speaking, or is it for you?

The Deputy Presiding Officer: It is for me to determine, as I did there.

Mr Gibson: Throughout the course of the Parliament, we have had spin, spin and more spin from the Executive. One example is KickStart—a wonderful innovation, which the SNP supported and which was launched on 4 November 2000 to help disadvantaged community organisations to access community fund moneys. The money was announced in November and reannounced in February. No money had been spent 10 months after the launch. Further, by the end of the financial year, nothing had been spent on the central heating initiative that was announced on 15 September 2000.

As for new housing partnerships, I am sure that we all recall the balls-up that Wendy Alexander made when she went to Glasgow in May 2000 and announced £12 million of new money that had been announced 15 months earlier and of which not a penny had been spent. The underspend in the social justice budget has more than doubled from £57 million in 1999-2000 to £122 million in 2000-01. The culprit in both instances was the new housing partnerships fund. Because of the massive slippage to which the minister alluded in the housing stock transfer programme, that fund cannot meet its targets.

That problem is compounded by the fact that the wholesale debt relief that the new housing partnerships budget was designed to facilitate has been available in England from the Treasury as a matter of course. We have been informed only now that our Executive intends to take the same route, which will mean that money that was allocated to be spent on NHPs has probably never been needed. How long has the Executive known that Treasury money was available? If it did not know, what was it playing at? If it did know, why did not it spend that money on Scotland's crumbling housing stock?

Vast sums of money have not been spent. Today, Glasgow City Council was reported to be at odds with the Executive on stock transfer. Why is money not being spent in that city, which is desperate for investment? On the day when the Executive's own press release says that homelessness applications have risen again, we are considering a £122 million—18 per cent—underspend in the social justice budget. The number of households in temporary accommodation, including those with children, has also risen. The Executive trips over itself to provide good news but is not so desperate to spend where money is needed. Jack McConnell sounded a fanfare when a measly £12 million was allocated for additional repairs to school buildings, yet £86.5 million is sloshing around, much of

which could have been put into that programme.

As for the complacent statements of “Oh yeah, a wee bit of end-year flexibility, blah, blah, blah,” why are there underspends of 0.2 per cent in the audit budget and of 31 per cent in education and an overspend of 1.7 per cent in forestry? The minister may laugh, but several organisations and departments are desperate for resources and are not receiving the money that they need. It is about time that the Executive did what it said in its press release. It must improve its financial planning and management. That should have been done already for this financial year. The Executive should get its act together.

Brian Fitzpatrick: On a point of order, Presiding Officer. I wondered about the language being used in the chamber. I appreciate that Mr Gibson was engaged in his usual rant—perhaps he has taken his lead from Mr Davidson’s speechwriter—but he used an especially ugly phrase, which I am sure on reflection Mr Gibson would care to withdraw.

Mr Gibson: On a point of order, Presiding Officer. When Mr Fitzpatrick was a member of Pollok SNP, he often heard that phraseology being used.

The Deputy Presiding Officer: That is not a point of order.

From time to time, inappropriate language is used in the chamber. I do not want to dramatise it, but I ask members to remember that this is a Parliament.

11:30

Mike Watson (Glasgow Cathcart) (Lab): A lot of moral indignation is emerging from the SNP, not for the first time. It is not well-founded on this occasion. I was especially taken by Kenny Gibson’s comment that we should bring back the previous finance minister; I am not sure if he said that all is forgiven, but that was the thrust of his argument.

Let us take that literally and consider the figures under the previous finance minister. I think that I am right in saying that end-year flexibility in June of last year was about £430 million. Is Mr Gibson saying that that is a satisfactory level for EYF?

Mr Gibson: It is not, but it is better than £718 million.

Mike Watson: If he was not saying that, I am not sure what he was saying.

What is the SNP saying is an acceptable percentage? Is it an overall percentage of the budget? Is it a specific figure? Does the SNP approve of the concept of end-year flexibility? It has not given EYF a warm welcome, despite the fact that when Mr Swinney was a member of the

Finance Committee, before he became leader of the party, he welcomed the 75:25 per cent split and seemed to be in favour of it.

Alasdair Morgan: Does Mr Watson acknowledge that one of the questions that I asked in my opening speech was what would be the acceptable level of end-year flexibility? I expect the Deputy Minister for Finance and Local Government to answer that when he sums up.

Mike Watson: My point is, what is the SNP’s position on an acceptable figure? I cannot speak for the minister.

Does the SNP have a figure in mind? I do not think it has. It is all very well asking questions, but we get this time and time again with the SNP. It always asks questions; it never gives any answers about its own spending priorities.

Alasdair Morgan: Give us a figure.

Mike Watson: I do not have a figure for the acceptable percentage of EYF. I do not know whether Alasdair Morgan does.

The Minister for Finance and Local Government has made this point at least twice this morning, but I will make it clear again as Mr Gibson went on to repeat the nonsense about £86 million, as he put it, “sloshing around” in the education budget. I say to Mr Gibson that that is not the budget that can be spent on building schools or providing new books. It is the central education budget, which is not the same thing. If Mr Gibson is suggesting a change from one budget head to another, that is the sort of suggestion that we would be delighted to hear in the Finance Committee, because we have not heard anything like that from the SNP before. Perhaps the SNP will produce suggestions such as that next year.

How many times do we have to make this point? Mr Russell made it himself a week ago at First Minister’s question time. He also asked another question, which showed how ill-prepared he was for his first appearance at First Minister’s questions. He asked about the modernising government budget. He was apparently unaware that the initial budget of £13 million had been supplemented by an additional £10 million as a budget consequential from the UK budget. That is why it looks as if the underspend is more than the additional figure. Why did Mike Russell not know that?

Michael Russell: The point that I made, which Mike Watson has not clarified in any sense, is how can an official set of figures—in the minister’s press release—show a budget of £13 million and an underspend of £22 million? It is ludicrous. If the convener of the Finance Committee cannot see how ludicrous that is, I suggest that he should take a refresher course in simple English.

Mike Watson: I was aware when Mike Russell asked the question last week that that was not the actual figure. He should have been aware of that as well when he prepared for First Minister's questions. That is the point that I am making.

Andrew Wilson *rose—*

Mike Watson: I am sorry. My time is restricted.

I have a serious point to make about my role as convener of the Finance Committee. This week the committee discussed the draft budget, which was published on the same day as the end-year flexibility figures were put out. It was not easy for the committee. We had an informal meeting with finance division officials and made that point to them. We will make the point to the minister and his deputy. Last year the announcement was made in June; this year it was made in September. It would be helpful to have the figures earlier.

From what the Minister for Finance and Local Government said, I took it that the quarterly reviews that he was producing would make it easier to track and easier for the committee to follow the EYF figures and put them into the context of the draft budget. When we try to evaluate the draft budget, we are considering a moving feast, as there are supplementaries, yearly revisions every second year and a comprehensive spending review.

Brian Adam *rose—*

Mike Watson: I am sorry. I do not have time to take an intervention.

It is difficult for us to grasp the figures and make something meaningful of them. When figures for end-year flexibility come along on the same day as the draft budget is announced, we are considering the draft budget and do not have the ability to put the two in context. I make that point on behalf of the committee and ask the minister to bear it in mind.

In general, surely the SNP can see that the system of end-year flexibility that we now have is much less wasteful. It provides for more focused spending, which must be a good thing for spending within this Parliament.

11:35

David McLetchie (Lothians) (Con): I must say that the Executive's failure to spend more than £700 million of its budget last year demonstrates what a brass neck it has to keep going to the Labour Government in Westminster to plead for more money.

It is odd, to say the least, that in a week in which the First Minister has been embroiled in a dispute with the Treasury and Alistair Darling over £20 million in attendance allowances for people in

need of care, we find that he has enough in the kitty to fund the apparent shortfall for 35 years. I expect that he will get a dusty response from his former friend the Chancellor of the Exchequer when he next pleads poverty. There is a limit to how many times even this First Minister can cry wolf.

It is not for me to become involved in the internal Labour party wrangles over money, although I must say that it would help if the Minister for Finance and Local Government knew the difference between a white paper and a red book.

The most interesting aspect of the debate is what it tells us about the SNP and its recent lurch to the left. Judging by some of the pronouncements at its recent conference it will merge with the Scottish Socialist Party in the not-too-distant future. The frightening thing is that many SNP members of this Parliament would not regard that as a shocking prospect. They have abandoned all pretensions to be a national movement and wear their left-wing credentials as a badge of pride.

In the debate on how to improve our health service, the SNP has shown that it has nothing to offer. SNP members are more concerned about clinging to the outdated ideology that puts ideological purity before the interests of patients. They will not countenance any partnership with the independent sector, even if it can be demonstrated to reduce waiting lists and waiting times.

Alasdair Morgan: Can Mr McLetchie tell us what his speech has to do with the motion or anything that has been said in the debate?

David McLetchie: A great deal. The debate is about the spending of public finances and the relationship between that and taxes. If Alasdair Morgan gives me a few minutes, I will get to the main points.

The SNP's attitude to public spending betrays its belief that the answer to all of Scotland's problems can be found in ever higher public expenditure and, as an inevitable consequence of that, ever higher taxation of our people and businesses.

Remember the previous Scottish Parliament elections when the SNP promised us a penny for Scotland or, more accurately, a penny for being Scots. Sadly, the SNP seem to be like the Bourbons after the French revolution. They have learnt nothing and forgotten nothing.

Andrew Wilson: Will Mr McLetchie take an intervention?

David McLetchie: No. The Bourbons are not a biscuit, Mr Wilson.

Instead of denouncing the Executive as incompetent because it failed to spend enough

money, it would be far better for us all if the nationalists considered the other side of the coin. Why do we not do something truly revolutionary and consider ways of reducing the burden of tax on people living in Scotland, who already pay far too much?

Last year's underspend was £435 million, £400 million of which was carried forward. We now have a £700 million underspend. That demonstrates that the first year's underspend was not a one-off. This suggests to me that the Government is taking far too much in tax. If it cannot spend the money sensibly and efficiently on our public services, it should give the money back to the people to whom it belongs—the taxpayers of Scotland—so that they can spend it on themselves and their families, something that I am sure they would do to far better effect than this Scottish Executive.

Andrew Wilson: I am grateful to the Conservative leader for giving way. His speech on financial prudence comes a few years after the Conservatives were in office. Will he recognise that during their long and painful time in office the average deficit for the nation's finances—in other words, when they were in the red—was more than £30,000 million? The Conservatives beggared Britain. Why are they now giving speeches in Scotland?

David McLetchie: The Conservative Government set this country on a path of prosperity over a period of 18 years. It reduced tax levels across the board and reduced the proportion of our national product taken in taxes. Unfortunately, that proportion has been on the rise for the past five years in a row.

Let us consider the underspend, for example. The average yearly underspend of £350 million would be more than enough to restore a uniform business rate poundage throughout the United Kingdom and re-establish a level rates playing field for all our businesses, large and small, to help them cope with the looming recession. Why should our businesses pay a rates poundage in Scotland that is 9 per cent higher than businesses down south?

The underspend could also be used to abolish the £2,000 graduate tax that the Executive has imposed on our students. It could be used to consider reductions in the level of council tax, about which I frequently receive complaints from council tax payers the length and breadth of Scotland. Any of those options could and should be considered as a way to utilise the underspend. It is a sad reflection of the tunnel vision of our opponents that those options are not even on the table.

Labour and the Liberal Democrats, along with the SNP, believe that politicians are better at

spending people's money than people themselves are. The SNP seems to think that raising the tartan tax is some sort of political virility symbol, the Liberal Democrats confuse high taxation with compassion and, when he tears himself away from his fixation with foxes, our Finance Committee convener, Mike Watson, spends his time urging his Labour colleagues to levy the full 3p of tartan tax on Scots.

The record shows that only the Scottish Conservatives stand against that unholy tax alliance of Labour, Liberals and the SNP and the tax-and-spend policies that they pursue, which will be the ruination of this country.

11:42

Michael Russell (South of Scotland) (SNP): We have just seen a graphic example of the Scottish Tory party's rush to the right. Its conversion is not so much Damascene as Gadarene. Unfortunately, it is rushing to destruction yet again. It is clear that the party wants to slash public spending and Scottish public services. Whatever else divides the chamber, the vast majority of members know that that would be a recipe for disaster in Scotland. It has been a recipe for disaster for the Scottish Tories—clearly that will continue.

Before I talk about the education underspend—because, no matter what the Minister for Finance and Local Government says, there is an education underspend—I must say that I am intrigued by a report from the Finance Committee on stage 1 of the 2002-03 budget process. At the committee meeting on 22 May, the convener was involved in a long discussion with committee advisers and members about exactly what the modernising government fund is. One of the advisers said:

“Entering the £13 million in that table—

the table of finance—

seems to have been a mistake.”—[*Official Report, Finance Committee*, 22 May 2001; c 1268.]

The convener later admitted that he had no idea who was responsible for the programme. He said that the clerks had checked the introduction to the report and that there was no specific mention of it. If we pin that down, we should be able to identify where the cost falls. Mr Watson is an expert on the matter now, but he did not seem to know anything about it then.

The reality of the situation is that, in the past 12 months, schools, hospitals and public services in Scotland did not get the money that they needed. That is irrefutable. I talk regularly to teachers and ask them what they need; they know that their services are underfunded. They were horrified to discover, at a time of cuts in education when it

was impossible to get books in classrooms and some schools were closing, that the Executive had underspent its budget by £85 million.

The minister and the Finance Committee convener may shake their heads, but people cannot be fooled. They know whether a Government is doing its job. When they cannot get hospital services and their children cannot get books in schools, they know that the Government is to blame. When they discover that, although the Government spins and blusters about every programme and announces and re-announces, it is not spending the money and the programmes are not taking place, people know that the blame lies in only one place: on the front bench, with a Minister for Finance and Local Government who cannot run finances efficiently and a Minister for Education, Europe and External Affairs who is not performing and not delivering. There is no way round that.

Angus MacKay: The member quotes a figure of £86 million, but fails to acknowledge that approximately £70 million of that was planned underspend, to ensure the successful implementation of the McCrone package, which is precisely to ensure that we have excellence in the education system. That leaves about £16 million. If the member's synthetic concern about that really amounts to something, perhaps he will address a point I raised earlier. Why has it taken three or four months for the member to ask a single question about this, despite the fact that his colleagues at Westminster knew about it and it was in *The Guardian*? It was not exactly a secret. What do we pay SNP MSPs for?

Michael Russell: A much better question today would be, "What do we pay the Minister for Finance and Local Government for?" If he is saying that all this has been done by his friend Gordon Brown and told to people at Westminster, and that he is only just following it up, we should not be paying him a penny. [*Interruption.*] I am coming to the McCrone issue.

The reality of the situation is that the Minister for Education, Europe and External Affairs told the chamber that there will be no transfer of resources away from key priorities into teachers' pay. If he is saying that, at the very beginning of the McCrone process, there was a plan to transfer money from things like school repairs into teachers' pay, he should have told us. We supported—and continue to support—the McCrone settlement. What we do not support is economy with the truth in the chamber or in answer to the people of Scotland. That is clearly what is happening.

I have a letter here from Comann nam Pàrant (Nàiseanta)—the Gaelic education parents group—to the minister. It suggests what the minister could spend a small amount of the money

on—if he is so incompetent that money is available. Matters such as Gaelic education, which was bitterly opposed by Mr Peacock when he was the Deputy Minister for Children and Education, are still not being funded. People are looking at the Executive and saying, "It can talk, put out press releases and bluster, but it cannot help the people of Scotland."

11:47

Hugh Henry (Paisley South) (Lab): During his speech, David Davidson said that Mike Russell had obviously read his speech. It might have been helpful if David Davidson had read his own speech before he contributed, because some of the content was not only contradictory and confusing, but downright mischievous. There were times when I did not know what he was talking about—I do not know whether he did either. Mr Davidson told the minister that he has a tool in his hand. I think I know what Mr Davidson was talking about, but I do not know whether he knew what he meant by that.

The SNP's contribution today has been pitiful. We have here another example of a party bereft of leadership, ideas and relevance to the political debate in Scotland. There are contradictions and splits in the SNP. Mike Russell says that the blame lies with the Minister for Education, Europe and External Affairs, but Kenny Gibson said earlier, "Come back, Jack McConnell, all is forgiven." Kenny and Mike need to get their act sorted out about whether and where they want Jack McConnell.

This is an example of the SNP's ability to talk up a crisis where none exists, to identify problems where none exist and to clutch at straws in its attempt to advance a weak form of opportunism. It would have been too much to expect the SNP to say that we should praise the Executive for introducing the mechanism of end-year flexibility.

Andrew Wilson: I praise the Executive for introducing that mechanism, whereby it moves money forward at the end of the year if it is underspent. I criticise the Executive because the underspend is getting bigger and the Executive seems to be totally out of control.

Hugh Henry: If the member praises the Executive for introducing a mechanism for underspend he must recognise that, for specific reasons, there will be underspends from time to time. The minister and others have indicated some of those reasons.

It would have been too much to expect the SNP to recognise that we have moved significantly beyond what was available before devolution. It would have been too much to expect the SNP to recognise the progress that has been made in two

short years. Never the ones to miss an opportunity to whine for Scotland, SNP members have yet again risen to the occasion.

Mike Russell talked about McCrone and gave a very convoluted argument that, quite frankly, led him nowhere. If the minister and the Executive had not properly prepared or accounted for the McCrone money and had simply disbursed it for expenditure and then revealed that they had not budgeted for that money, SNP members would have been the first to criticise the lack of forward planning and forward thinking. We are hearing pathetic arguments from a pathetic party.

When I reflect on my experience as an employee in local government and as leader of a local council, I remember attempts by officials in departments to spend money for the sake of spending money at the year end, with no thought for next year or the year after. The flexibility that is being introduced will be of tremendous benefit, not just in three-year programmes for local government, but also in Executive expenditure on behalf of the Parliament. We have moved forward and are making progress, and it is about time that the SNP started to face up to that.

11:51

Mr Brian Monteith (Mid Scotland and Fife) (Con): I found myself agreeing with much of what Hugh Henry said, which is unusual. In debating the Executive's press release on underspending, the Scottish National Party has tried to present itself as the guardian of financial prudence and the custodian of fiscal probity, but we all know that that will not wash. It will not wash, because the SNP's central financial policy is itself a dishonest charade that will fool no one, will lead to division in the SNP and to the party's eventual humiliation in future elections.

Why is it dishonest? The SNP is always quick to attack Labour politicians for adopting Tory ideas. How is it, then, that the SNP can so easily adopt a modern Tory idea? I am speaking, of course, of fiscal freedom. Just as Labour rechristened PFI as PPP, so SNP members have rebranded fiscal freedom as financial independence. They can call it what they want, but that will not remove the Tory origins of the policy.

Let me give Andrew Wilson some education in that respect. Back in 1988, Brian Meek, Struan Stevenson and Michael Fry published a Tory reform group paper that explained how devolution could be made to work. A Scottish Parliament, they argued, should be able to collect all the taxes due in Scotland and pay a precept to the UK Treasury for the common services, such as defence and welfare benefits, that we enjoy as part of the United Kingdom of Great Britain and

Northern Ireland. I enjoy that bit, so I shall say it again: the United Kingdom of Great Britain and Northern Ireland.

Fiscal freedom has been, is now and always will be a unionist policy. It is designed to reduce tensions within Britain, not to raise them. Of course, it carries some risk and it will be for the unionist politicians to decide at some time in the future, if at all, whether that model should eventually be adopted and what effect it will have on overspending or underspending.

Andrew Wilson: Will Brian Monteith clarify whether what he is describing as fiscal freedom is Conservative policy, because the leader of his party looks a wee bit glum as he listens to his speech? What is the Conservative policy on the constitution now? Is he now arguing that the Conservative party is in favour of full financial independence?

Mr Monteith: Conservative policy is entirely clear and I support it. We do not support fiscal freedom. What we do support is having a debate about the way in which the Parliament should run its finances. That is what we are doing today and I am examining the alternative vision that the SNP offers. In case Andrew Wilson missed my point, I shall make it again. It will be for unionist politicians to introduce any form of change.

It is impossible for the SNP to deliver fiscal freedom. That is why it is doubly dishonest of SNP members to tout fiscal freedom as their solution to Scotland's ills. To introduce fiscal freedom will require the consent of Westminster—something that the SNP cannot deliver. If the SNP were to become, let us say, the largest party in the Parliament, it might want to hold a referendum, but on what question—fiscal freedom or independence? Surely there is no prospect of the SNP brokering any deal on fiscal freedom, if it had the opportunity to deliver independence. Therein lie the seeds of conflict in the SNP and therein lies the dishonesty of its policy. Why would its politicians settle for not going the whole way?

Over the years, the Scottish Conservatives will weigh up whether or not the funding of Scotland's Government requires change. We will make our decision on what we see as best for Scotland, believing, as we do, that Scotland's interests are best served by remaining in the union. It is a policy that is not without risks, but there are those in the Parliament who sincerely fear that, without such powers, the Parliament can be used by the nationalists to undermine the union enough to let the SNP deliver independence. However, the SNP does not take such a pragmatic view. The SNP ideologues would have fiscal freedom, whether it was good or bad for Scotland.

The truth is simple. If we are to have better

control of our finances, whether to prevent overspending or to control underspending, we must tread carefully, cautiously weighing up what is good for Scotland, and not delivering what is good in the eyes of the SNP.

11:56

Andrew Wilson (Central Scotland) (SNP): It has been a surprisingly lively and enjoyable debate, and I thank all members who have taken part in that spirit.

I begin by questioning the criticism of Mike Russell, a man who is obviously never wrong. The criticism was that he was wrong, at last week's question time, to use the figure of £13 million for the capital modernisation fund. It is fair to say that he made the mistake of using as his source an Executive press release from the day before, which said that the capital modernisation fund is £13 million. The Scottish Parliament must therefore be dubious about Executive sources of information, because the Executive admits that it can be wrong.

As Alasdair Morgan said, we should look at the budget released by the—very hard-working, I am sure, despite the criticisms of his colleagues—Angus MacKay. In the very first column of only the second table of that document, we find that £54 million has gone a-begging. Will that perhaps be next year's underspend? If the Executive cannot add up official Government tables, with a bank of advisers, twice as many ministers as Jack McConnell had to back him up, and a whole host of special advisers under the purse, how can we trust anything that the Government has to say? As an effective Opposition, we have the job of doing our best to scrutinise the Executive's plans but, if even its own plans are all over the shop, what hope do we have?

As I mentioned, it is true—and it is a troubling trend—that there is a whispering campaign across the Executive and the Labour party saying that the Minister for Finance and Local Government is perhaps not the hardest grafter on the Government benches. It is said that he springs out of bed at the crack of noon and is home in time for "Neighbours". I think that that is wrong and is a slight on the hard-working finance team, which I know does a rigorous job at the heart of the Executive.

However, let us look at Angus MacKay's press release on the underspend, which has a very Romanesque picture of Angus himself, with a nice profile, and the very nice headline:

"Health and education win extra cash".

That is the equivalent of a father going into his child's bedroom, taking money out of his

piggybank and saying, "Look, son, there's some extra cash for your pocket money." That is an effective metaphor for what is actually going on.

All that has happened is that Angus MacKay, rather than going for a 75:25 split, has allowed the departments to retain their money. We do not even have Jack McConnell's star chamber. There was no negotiation. The only areas that lost out in this round of negotiations were the capital modernisation fund and local government borrowing consents. Which schools are not being built as a result of the cancellation of local government borrowing consents?

Mr Stone: Will Andrew Wilson give way?

Andrew Wilson: I will take an intervention in a moment.

That is the reality of what has actually gone on. It would not be too hard to understand, if it were not for the fact that Labour finance ministers do not have that much to do. Angus MacKay mentioned a balanced budget. He cannot not have a balanced budget in Scotland, because there are no borrowing consents. If Jamie Stone would like to argue for borrowing powers, as the Liberal Democrat treasury spokesman in London did this week, that would be a good thing. Let us hear from Jamie. Does he agree that the Parliament should have borrowing powers?

Mr Stone: I think that Andrew Wilson seriously misunderstands the section 94 element of the budget document that is in front of him. That sum of money was historically always kept back by the Scottish Office—now the Scottish Executive. In the old days, it might have been punted out here and there around councils. Does he acknowledge that, despite what he said about money going in and out of the piggybank, the fund in question is, in fact, up by £15.4 million? That is the point, and that is why the press release says that there is extra money for education.

Andrew Wilson: The question that Jamie Stone fails to answer is whether the Liberal party agrees that we should have the ability to have properly rounded budgets, with borrowing consents and greater taxation powers.

It is bizarre that, over the past year and a half to three years, the Labour party has gone around the country managing expectations by telling people that we cannot have better public services and that things will have to get worse because money is too tight to mention. How can the Labour party now go around community groups throughout Scotland and tell them that the Government has had up its joul more than £700 million? There is an £86 million underspend on education. How is there such money to spare on education? Why is there £143 million to spare on health? With not one council house built, how is there £121 million

to spare on social justice? Incidentally, education and social justice have the highest underspends of any UK department.

That cuts to the nub of what we are talking about. We are not criticising the fact that there is underspend. We understand that underspend happens—Mike Watson was right to allude to that. However, we are concerned about—and are right to bring up—the fact that Labour is presiding over an increasing mess, despite there being four times as many ministers in the Scottish Parliament as there were when the Conservatives left office. When the Conservatives left office, the underspend was 1 per cent—it is now going on for 5 per cent. Why is the underspend getting worse, despite the fact that more people are employed by Parliament to look after and scrutinise budgets? Finance ministers must get a grip. Perhaps the Minister for Finance and Local Government needs to silence the critics on his back benches who say that he is not working as hard as he might. Colleagues might say that he does not work, but it is clear to the people of Scotland that his policies are not working.

Hugh Henry: On a point of order. A serious accusation of indolence has been levelled against the minister. It would be helpful to those of us who must consider the veracity of those accusations if the Deputy Presiding Officer could obtain information on how many Scotland away matches Andrew Wilson attended while Parliament was sitting.

Mike Watson: On a point of order.

The Deputy Presiding Officer: I hope that it is a genuine point of order.

Mike Watson: It is not just the allegation that is important—where the allegation came from is important, too. The allegation is refuted on the Labour benches and Andrew Wilson should justify such statements.

The Deputy Presiding Officer: I will reflect on that.

12:02

Elaine Thomson (Aberdeen North) (Lab): I am surprised that the SNP feels the need to bring this debate to the chamber and I am particularly surprised at what Alasdair Morgan said about inadequate discussion of Scotland's finances. Over the past two years—since Parliament came into existence—there has been a quantum leap in the level of scrutiny of Scotland's budget.

Alasdair Morgan: Will the member give way?

Elaine Thomson: No, thank you.

There is constant discussion of Scotland's finances in the Finance Committee, of which I am

a member, in Parliament, with the minister and with Scottish Executive finance officials. There is considerable movement in how we look after the current financial systems and how we report on the Scottish budget. As we were told by Scottish Executive finance officials, we have moved considerably from the days when one solitary academic in Scotland asked regular questions about the Scottish budget.

End-year flexibility is part of the improving process in looking after Scottish money. There has been substantial improvement in being able to carry money over from one financial year to the next. I am pleased that Andrew Wilson got as far as recognising that EYF is a good thing—that was about the only sensible thing that he said.

Other improvements include three-year budgeting, which puts paid to the stop-start spending of previous years whereby money had to be spent in the financial year or be lost. We now have sound financial planning.

The amount available for EYF this year is large, but that is due in part to the sustained increase in the Scottish budget. As Peter Peacock said to the Finance Committee in June:

“Currently, so much new money is coming into the system that departments are taking a while to be able to spend it. It is taking longer than one would wish to get the programmes geared up.”—[*Official Report, Finance Committee*, 8 June 2001; c 1335.]

Thank goodness we are in a position where increased money is coming in. More money is now being invested in public services than has been for a generation. It is essential that that money is spent wisely and effectively. It is totally counterproductive for departments to rush out and spend money simply because it is there.

Labour is using money effectively and is continuing to invest in the priorities of health and education. The new health boards that are being formed are being given a very good start by having their historic deficits wiped out. Aberdeen has a trust with a deficit and I welcome the opportunity for that deficit to be eliminated so that Grampian Health Board can start with a clean slate.

I welcome the fact that there is increased and substantial growth in the Scottish budget, which will increase by about £1 billion a year within this three-year cycle. When the Deputy Minister for Finance and Local Government came before the Finance Committee in June, he said that there is a commitment to continuing to improve the Scottish Executive's planning and management. That is good. The increased money in the Scottish budget should be translated into better services as soon as possible. That will mean, for example, more teachers and classroom assistants. Training and

recruiting takes time. As has been said this morning, some of the underspend is planned to allow the smooth implementation of the McCrone settlement—that is sensible financial management.

The Scottish Executive should be congratulated for improvements in its financial planning. Practice in Scotland is ahead of that at Westminster. End-year flexibility is a sensible and prudent way to manage the Scottish budget to Scotland's best advantage.

The Deputy Presiding Officer: We move to winding-up speeches. Robert Brown has four minutes and David Davidson has five minutes.

12:06

Robert Brown (Glasgow) (LD): The debate has been interesting and there have been many good contributions to it, as Andrew Wilson said. There have been many interesting cross-currents.

It was sensible of the SNP to lodge a neutral motion that enables the chamber to perform without being too diverted by party political issues—although there have been many such issues in the debate. Parliament's proper purpose is to scrutinise the Executive's spending and the efficiency of its spend. Back benchers and front benchers are entitled to have their views and to put forward their points to test ministers. That is what scrutiny is all about. End-year flexibility procedures have been a considerable advance in allowing open, transparent and proper scrutiny.

Different party visions have been clear. It was, for example, reasonably clear where David McLetchie was coming from in his remarks on the Conservative view. Whether members agree with that view is another matter.

The Liberal Democrats unreservedly welcome the additional money for our spending priorities of health and education. We welcome the write-off of the historic trust deficits, although we must be careful that the message does not go out to NHS trusts that that is a precedent for the future. We are still looking for efficiency of spend and for them to meet their objectives within the budgets that they have been set. We should not give mixed messages about that.

We should also give credit for the fact that matters are more transparent than they used to be and for the fact that a good part of the Executive's spending is not directly spent by the Executive. Trust spending, for example, is spent at second remove, in a sense. The Executive does not therefore have immediate control. The comparison with local authorities is not entirely good in that respect.

We have to be clear that the underspend is not

lost money in any sense: it is money that carries forward, that we can use further. We no longer have the need for last-minute, senseless decisions on spending on desks, headed notepaper or painting store rooms.

A number of items in the budget—such as Holyrood capital—are clearly one-offs and have explanations that the Parliament accepts, whatever political use members may make of them. The same considerations apply to the new housing partnership money. There is nothing new about such items—they were known about and required to be dealt with in due course.

Fiona Hyslop (Lothians) (SNP): Robert Brown may recall a meeting of the Social Justice Committee about 18 months ago—I think—when Wendy Alexander gave evidence. Members of the committee questioned whether it would be possible to deliver the new housing partnership. We thought that money could be released and put into immediate and desperately needed investment in housing. Does he agree that it is worrying that the stewardship highlighted 18 months ago is still being perpetuated by the Government?

Robert Brown: With regard to the housing budget and the situation relating to the Housing (Scotland) Act 2001, the stock transfer mechanisms and so on, the important point is the framework for delivering effective and accountable spending on housing, which is what we all want. The underspend will be spent on the area in due course. The question is to do with the time scale in which the money is spent.

The Executive must deal with several critical issues. We have talked about the effects of an underspend on end-year spending. There is political pressure to reduce the underspend—the Executive must deal with the £700 million somehow. We must ensure that, when putting in place the mechanisms for the spending of public funds, the Executive continues to seek efficient and effective ways of doing so. I know that the Executive will do that.

It should be within the bounds of Executive competence to make adjustments at the mid-year point that will head towards a more effective spending of the budget in the year, as problems arise when a budget is not spent in the allotted time. We must deal with issues around the acceptable percentage of end-year flexibility. Is there an optimum level that the Executive should be heading towards? Such questions must be asked and it is right that the Parliament has done so this morning. I hope that we will get some answers as the process develops.

This has been a good and transparent debate. It has shown the Scottish Parliament at its best and

allowed it to play its proper role of scrutinising the performance of the Executive.

12:11

Mr Davidson: I thank the SNP for securing this debate and agree wholeheartedly with Robert Brown that the fact that there are no outlandish amendments has allowed us to discuss a topic that is of vital importance. The people of Scotland will have watched this debate and the press corps will report it in one way or another. That shows that we are moving forward in terms of transparency.

I agree with Mike Watson: all the parties who are represented on the Finance Committee are agreed on end-year flexibility. What was not agreed was a finite definition of end-year flexibility. That is the basis of today's debate. All members of the Parliament and of the Finance Committee are engaged in a learning process. If we do not have a clear handle on how moneys flow in the Executive, the democratic process of Scottish Parliament committee scrutiny of the Executive will fail. We have to understand the rules and play by them. First, however, we have to agree what the rules should be. During today's debate, it has become clear that there is a need for the conveners of the committees and the party leaders to discuss how we should handle the budget system. Frankly, there is not enough information to allow the subject committees to work efficiently. It would be nice if we were able to move towards outcome budgeting to allow people in the street to understand what we are trying to deliver. Each of us will approach that issue differently, but it is important that we quantify the discussion and ensure that it does not appear to be a numbers game. It is hard to explain to people who live in poor accommodation or who have children in a school that seems to be failing why those things are not the priorities of the Government.

Robert Brown: Will the member give way?

Mr Davidson: I will make another point first.

We must debate the future role of bodies that receive funding from the Scottish Executive. We must decide on the function of those bodies, how they report, what they are responsible for and how they are accountable. We have not yet got into that grown-up debate. If one thing has come out of today's debate it is that it is essential that we deal with those issues in the Parliament. That will no doubt require a long consultation process, but the matter cannot be put off for much longer.

A huge amount of money goes out through local government, but there appears to be overlap and differences in delivery and focus. The people of Scotland look to the Parliament to deal with that.

I hope that the minister will agree in his reply to the debate that we need an early view of what is in the new draft budget. How does the £430 million in the draft budget break down? The figures are unknown. We just have a total. We have no idea where that total came from and what might be done with it. If the minister can assure us that the Finance Committee will get details of the figures in the very near future, that would be helpful.

I would also like from the minister an assurance that the Executive is not developing a war chest for the next election. We will hold the Executive to three-year budgeting, not just the short-termism that happens every fourth year and which must be a temptation to it.

Interestingly, we have not really touched on public-private partnership and the private finance initiative, but I know that the Finance Committee will consider them in the near future. They will affect how additional moneys appear in the budget. We have to question the Executive on what will happen with the released capital that comes from PPP and PFI. Will there be an improvement in services? Will there be a refocusing? Perhaps the minister can reply to those questions in future.

Some good comments have been made. I agree wholeheartedly with David McLetchie that the uniform business rate, council tax, the graduate tax and the tartan tax are still to be dealt with. All budgets are based on where the money comes from. I will be interested to hear what the Scottish National Party has to say about that. It will have to get an awful lot of money to follow its promises.

Mike Watson was correct. Elaine Thomson mentioned the defence of the budget process. No control mechanisms are in place. I am sorry that Elaine Thomson is not in the chamber. I know that she believes in transparency—she works that way in the Finance Committee—but I cannot believe that she accepts that the partial transparency that we have is adequate to do justice to the subject.

I thank all those who have contributed to the debate. Although it has been partisan in part, at least it has lifted the lid on some of what is happening.

The Deputy Presiding Officer: Before we continue with the last two closing speeches, I have two points of business to make. First, I apologise to Cathie Craigie, who sat through the debate without being called.

Secondly, I have a response to the points of order made by Mike Watson and Hugh Henry. Until now, the position of the presiding officers has always been that the content of speeches is a matter for members and that we intervene only if the language is disorderly or disrespectful. I did not pick up anything that merited my intervention,

and neither did the clerks. We will read the *Official Report* and, if the two members concerned wish to write to me, we will give the matter consideration.

12:18

The Deputy Minister for Finance and Local Government (Peter Peacock): The debate has been one of great contrasts. The Liberal Democrats and Labour members have made constructive, positive comments on the procedures that are now in place. In contrast, the SNP has failed in another attempt to manufacture bad news from good. Creating smoke where there is no fire is a modern form of alchemy.

Angus MacKay set out the clear procedures that the Executive has followed in dealing with EYF and its benefits. The position that he set out continues the firm theme of a rigorous and prudent approach to Scotland's finances. That approach brings rewards and ensures priority for our key objectives of improving education and health—Robert Brown drew attention to that.

The approach also ensures minimum wastage in the use of public finances. Jamie Stone, Mike Watson and Hugh Henry drew attention to that. Hugh Henry also correctly pointed out that, had we not made sensible provision for the McCrone settlement, the SNP would have been the first to criticise us. That is why we made sensible provision and why we have the best teachers' settlement for many generations.

Our approach is in stark contrast to that of the SNP, which is a party with no sense of priority. The SNP has nothing to say on the value that we get from our current and significant resources. It seeks to tax Scots more heavily, apparently as a matter of fundamental principle.

The SNP complains that we took months to announce our position on EYF, but as Angus MacKay set out clearly, our position was open and entirely transparent. The big question is why the SNP did not see that. That may have something to do with the fact that Andrew Wilson, the SNP's then finance spokesman, did not show up at the meeting of the Finance Committee at which all those matters were dealt with and in which I set out in some detail the position on EYF. Why did Andrew Wilson not turn up on that day? I will tell members why. It was a famous day. It was the day the Finance Committee met in Perth. Not only that, it was 8 June 2001—the day of the general election results when Labour was returned for a second term of office and our Liberal Democrat colleagues made a national advance.

It was also the day on which the full extent of the humiliating collapse of the SNP vote became apparent and on which it was confirmed that the SNP had failed to capture its No 1 priority seat and

had been forced, in its second priority seat, into a humiliating fourth place. It was the day the SNP just scraped home in Perth—against the Tories, of all parties—and lost one in six of its representatives at Westminster. It was the day of the lowest SNP vote for decades and the day the seat of its new finance spokesman was lost to the Tories. The party of financial irresponsibility had been defeated by the party of financial incompetence. It was the day Labour won seat after seat because the people know that the Labour party is the party of financial competence and responsibility, as we are demonstrating in Scotland with our partnership colleagues.

Alasdair Morgan: The SNP vote at the election changed by a much smaller percentage than the percentage by which the Government's underspend has changed.

Is it true that the sum—presumably just the total, not the detail—of the Government's underspend was announced in a parliamentary answer at Westminster? Does the member think it satisfactory that the Parliament and its finances should be treated as if they were simply a Westminster department and that, regardless of what has been given to members at Westminster, no indication should be given to members of the Scottish Parliament?

Peter Peacock: My point is that I was giving evidence on 8 June, just five weeks after the end of the financial year—[*Interruption.*] If SNP members give me a moment, I will explain. I set out very clearly why we expected an increase in EYF and explained that there would be an addition to the sums. I know that the SNP finds it difficult to add up figures, but if SNP members had turned up to that committee meeting and listened, they would have received all the information that was openly given and they would have been able to question ministers if they had so wished. They simply did not turn up to do so.

While we are demonstrating competent and prudent stewardship of Scotland's finances and showing that we can make rapid progress in developing public services while still being prudent, the SNP is rushing to raise taxes. An increase in tax is not needed. In contrast to our position, the SNP has not mentioned prudence or rigour and, as others have mentioned, the party that cannot add up to 182 questions our competence with figures.

Mr Andrew Welsh (Angus) (SNP): Surely budgets should be about the accurate forecasting of desired outcomes. Massive underspends simply should not happen unless the initial budget is inaccurate or misleading. The problem is when the budget process becomes a case of smoke and mirrors instead of accurate, responsible forecasting.

Peter Peacock: The point that Angus MacKay, I and others have tried to make this morning is that the flexibility that we now have at the end of a financial year gives us the opportunity to manage public finances more effectively than happened in the past. Because of the one-year accounting conventions that were followed in the public sector at that time, money was very often spent on lesser priorities to ensure that the cash was not lost the following year. Now we are able to hold money over a financial year and target it on the Executive's priorities.

Instead of managing finances prudently, the SNP wants to raise Scotland's taxes as an alternative to the rigour that brings such big rewards. It is no wonder that the SNP finance spokesman was hiding from public view while the Executive was talking openly about the level and management of EYF and our processes for dealing with it.

Although the Tories' finance spokesman attended the Finance Committee meeting on 8 June, he was also so shell-shocked by the result of the general election that he was unable to lecture us on anything. Did he follow up that discussion with a parliamentary question on EYF? No, he did not; however, he soon indicated his own priorities by asking a parliamentary question on the Montrose vehicle extravaganza.

Mr Davidson: It is infinitely superb to go from zero to one. As our south-west of Scotland SNP colleagues will acknowledge, our magnificent victory was almost technically incalculable.

Peter Peacock: I hope that Brian Adam—whom I genuinely welcome to the front bench—will take this opportunity, so soon after the SNP conference at which his party leader pledged to raise taxes, to tell the Parliament by how much the SNP plans to raise them. The penny for Scotland was clearly not enough; tuppence for Scotland is also clearly not enough for the SNP, nor is thruppence. The SNP wants to go higher. That is the only reason why it is arguing for so-called financial independence, which gives more scope for raising taxes even more. I urge Brian Adam to say how much and when. In this Parliament, the opportunity exists to bring forward detailed proposals, but I am perplexed as to why the SNP will not do so and will not reveal its cards fully. When he is winding up, perhaps Brian Adam could also explain why on earth, given that the SNP claims—fallaciously, in our view—that there is a £7 billion Scottish surplus, it proposes to raise Scotland's taxes. There is a clear intellectual contradiction in that, which I hope Brian Adam will take the opportunity to explain.

Only SNP members greet good news by girning. We write off health board debts and they moan; we give more to education and they girn; we give

more to health and they greet. Moanin, girnin, greetin—the hallmarks of the SNP. That is why the Scottish people reject the SNP and trust this coalition with the sound stewardship of their finances.

12:26

Brian Adam (North-East Scotland) (SNP): It is unfortunate that Angus MacKay, the Minister for Finance and Local Government, has decided that he needs an early lunch today. It is also unfortunate that he failed to make a statement and take questions on the massive underspends in the past financial year. We gave him that opportunity today and he has been found wanting. We have had—*[Interruption.]* Ah, welcome back, Mr MacKay.

We have had a series of interesting contributions from Labour members, none of which appear to address the motion before us. The minister has provided no good evidence of financial control over the Scottish budget. The minister and his departmental colleagues may not receive regular updates—although I think we heard a confession earlier that they will now start to receive them. We heard no commitment that they will be shared with the rest of us. I hope that that will be rectified and that the Finance Committee convener will press the minister to ensure that that is done. We have no evidence to suggest that the minister and his colleagues are capable and competent in managing our resources.

I want to put it on record that we support end-year flexibility. There seems to have been an attempt to confuse on that point. We also support the 75:25 split in how it is used. We were asked why we had not discussed that before. Members who remember the Public Finance and Accountability (Scotland) Bill—I am sure that the convener of the Finance Committee remembers it—will recall that I lodged an amendment that dealt with adding a fixed percentage. I admit that my motivation for doing so was concern that an Administration—even a future Administration—might wish to hoard some money to spend in an election year. I suggested a figure in my amendment, but I was generous: I set the figure a little higher than the underspend that existed under a previous arrangement.

I readily admit that we needed a little more flexibility to have planned expenditure. I accept that we do not want people to be tarring roads on 31 March just to get rid of money. I did not get a lot of comfort on that matter from the previous Minister for Finance. We do not appear to have heard any willingness on the part of the Government in today's debate, from either the Minister for Finance and Local Government or his

deputy, to recognise that there should be some guidance. The Finance Committee may well return to that matter and offer some firm advice to ministers on it. Given that underspends were previously of the order of 1 to 1.5 per cent, my suggestion of 2 per cent, plus my willingness to discuss it, would offer a way forward. I am not going to suggest, on behalf of the SNP, what the final figure should be, as that is a matter on which we could reach consensus.

Cathie Craigie: I join other members in welcoming Brian Adam to his new position. Does he agree that even if his proposal were adopted, there would still be the risk of roads being tarred at 12 o'clock at night on 31 July—or whenever it is—if the figure were set at 2 per cent or 1.5 per cent? Does he agree that even if such a figure were set, organisations or departments would still have to run around spending money to reach the target?

Brian Adam: The limit that I proposed might have encouraged the Executive to be more rigorous in drawing up budgets and monitoring them during the financial year. There is always a danger that people will do things that are inappropriate, but surely it is inappropriate that the underspend should have been 1 per cent three years ago but should be 5 per cent now. That is indefensible.

The minister and his deputy have been at pains to describe how they informed the Parliament of the underspend—or, rather, how they did not. I hope that the minister will not have Gordon Brown make all his financial announcements for him. That would be a very unusual approach and it would be a telling admission on the minister's part. Gordon Brown was the first person to reveal the total figure. All the smoke and mirrors of what may or may not have happened on 8 June are not relevant to this debate. The same applies to much that has been said by Labour members today.

Not only did I ask for a figure to be set for end-year flexibility and to have that debated during consideration of the Public Finance and Accountability (Scotland) Bill, I asked for regular reports to be made. I may not have asked for those reports to be made with the same frequency that David Davidson requested—although I cannot find David Davidson's contribution in the *Official Reports* for the meetings concerned—but I have asked for them to be made on a regular basis.

Irrespective of who has asked for such reports, the Parliament deserves to have them. Those who are charged with scrutinising the Executive's budget—the Finance Committee and, in particular, the Opposition—should have access to the information. There is doubt in my mind as to whether ministers have the information. Indeed, I have doubts as to whether they have pursued the information. They are trying to dress up a £718

million underspend as financial prudence. To my mind, it is clearly the result of mismanagement. There is a problem at the input end of the process.

Helen Eadie (Dunfermline East) (Lab): The member mentioned Gordon Brown's favourite woman: prudence. By his prudent management of the economy, Gordon Brown has been able constantly to stream money through the country. He has been able to supply us with new money throughout the year. How can Brian Adam say to the chamber that spending can be targeted when we do not know when new money will come in? For the past three years we have received nothing but new money.

Brian Adam: We are talking about the management of that money. Ministers have not shown that they are capable of managing the money in their budgets. By ministers I mean ministers in general, as there is a string of underspends. There is no control over how money is being spent. Recycling money and reannouncing it for different programmes because of failure to deliver the programmes that were initially announced is no proof of prudence or rigour on the part of this Administration.

Mike Watson asked whether the money could have been spent on school buildings. I refer him to page 54 of the Scottish budget document, which states:

"We are initiating a strategic approach to the improvement of the school estate".

Money could have been used for that purpose, but there is a 31 per cent underspend on the central education budget. Lumping in all the other money to make things look better does not show the minister in a good light.

In his statement of 28 June, the minister was at pains to tell us that

"The real significance of this statement is that it goes beyond the traditional inter-departmental numbers game of who is up and who is down and instead looks ahead to better management of Scottish public spending".—[*Official Report*, 28 June 2001; c 2096.]

To be frank, the minister did all he could to hide who was up, who was down, who was managing their budget well and who was not. We had to ask a series of questions over a number of weeks to find out about the background. Those who regularly lecture us on open government would be much better placed to do so if they practised open government. The purpose of today's debate was to facilitate open government, yet the minister, his deputy and the Administration have not participated in that exercise.

The object of today's exercise was to allow members the opportunity to ask questions and get answers on what we are to do in future. I hope that the Administration will not continue to try to

disguise things or to slip information out through placed questions—[*Interruption.*] I cannot remember whether that is the correct term. [MEMBERS: “Planted questions.”] A minister in another Government in—dare I say it—another country makes the announcement and the Minister for Finance and Local Government has the temerity to suggest that that is a good procedure.

I found what the Conservatives offered today most interesting. Not only do they want to continue to slash public services, but there seems to be a great divide in the Conservative party on whether we ought to control our own finances in Scotland. I welcome Brian Monteith's conversion to the idea of financial independence for Scotland. I hope that that does not put Mr McLetchie under too much of a threat. I do not know whether Brian Monteith was making a leadership bid or whether Iain Duncan Smith allowed or encouraged Brian Monteith to make such comments. I know that Brian Monteith believes firmly in financial independence for Scotland, as he published documents on the subject prior to the Scottish Parliament elections. I am delighted that he is a convert to the idea that we ought to be running our own affairs, both financial and otherwise.

The Deputy Presiding Officer: You must come to a close, Mr Adam

Brian Adam: The Government cannot deal with problems in Scotland because it is not aware of the detail. Its planning is weak, but its opportunities to respin are legion.

In the past few days, I visited a hospital—

The Deputy Presiding Officer: You must close now, Mr Adam. You are a minute and a half over your limit.

Brian Adam: For me, that visit highlighted the problem. We are trying to invest money in cancer care but cannot make progress because the lead times for the programmes are far too short. We cannot spend the capital, install the equipment or train the staff because it takes too long to do so. That is where the failures arise and why there is an underspend. I commend the SNP's motion to the Parliament.

Business Motion

12:38

The Deputy Presiding Officer (Mr George Reid): The next item of business is consideration of business motion S1M-2256, in the name of Tom McCabe, on behalf of the Parliamentary Bureau, which sets out the business programme. Any member who wishes to speak against the motion should press their request-to-speak button now.

Motion moved,

That the Parliament agrees—

(a) the following programme of business—

Wednesday 3 October 2001

2.30 pm	Time for Reflection
<i>followed by</i>	Parliamentary Bureau Motions
<i>followed by</i>	Executive Debate on a Forward Strategy for Agriculture
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business - debate on the subject of S1M-2118 Mrs Mary Mulligan: Oxfam

Thursday 4 October 2001

9.30 am	Stage 3 Debate on the Protection from Abuse (Scotland) Bill
<i>followed by</i>	Business Motion
2.30 pm	Question Time
3.10 pm	First Minister's Question Time
3.30 pm	Executive Debate on Sports Promotion in Scotland's Schools
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business - debate on the subject of S1M-2098 Christine Grahame: Borders' Children with Special Education Needs

(b) that the Justice 2 Committee reports to the Local Government Committee by 7 October 2001 on the Firemen's Pension Scheme (Pension Sharing on Divorce) (Scotland) Order 2001 (SSI 2001/310), and to the Justice 1 Committee by 22 October 2001 on the Parole Board (Scotland) Rules 2001 (SSI 2001/315), the Criminal Legal Aid (Scotland) Amendment Regulations 2001 (SSI 2001/306) and the Criminal Legal Aid (Fixed Payments) (Scotland) Amendment Regulations 2001 (SSI 2001/307); and

(c) that Stage 1 of the Public Appointments (Parliamentary Approval) (Scotland) Bill be completed by 8 February 2002.—[*Euan Robson.*]

Motion agreed to.

12:38

Meeting suspended until 14:30.

14:30

On resuming—

The Presiding Officer (Sir David Steel): Before we begin, I have two announcements to make. First, I am sure that members will want to welcome 17 members of the Scottish Peers Association, headed by their chairman, Lord Wilson of Tillyorn, who are sitting in the gallery. Members will understand that Lord James Douglas-Hamilton, Mike Watson and I welcome them warmly as members of that particular trade union.

Secondly, I draw members' attention to the fact that the business bulletin has been reprinted because I have accepted an emergency question, which will be taken as an ordinary question at the end of question time. It is not a statement; it is simply an additional question.

The First Minister (Henry McLeish): We have just heard news that a gunman has killed 14 people in a Swiss assembly—I think one of the regional parliaments. We obviously condemn utterly what has happened and express our solidarity with those involved and the families that have been affected. I am sure that the whole chamber will join me in expressing those sentiments to those people.

I hope that you, Sir David, and I can write to the Assembly expressing those sentiments. That is partly David McLetchie's suggestion—we spoke before I stood up to speak. I thank David McLetchie for that; it is important that we register our sentiments in the Parliament today.

The Presiding Officer: I thank the First Minister for that. I was going to say something, but as the news is still coming in, I think that we will want to wait until later in the afternoon and then act together on the matter.

Question Time

SCOTTISH EXECUTIVE

Scottish Transport Group Pension Schemes

Dennis Canavan (Falkirk West): I add my support to what the First Minister said.

1. To ask the Scottish Executive what steps it is taking to ensure that Scottish Transport Group pension scheme members receive the maximum benefit from the group's pension fund surplus. (S10-3840)

The Minister for Transport and Planning (Sarah Boyack): Following the Finance Committee's approval of the granting of

indemnities to the trustees of the pension schemes, the wind-up of the fund is now proceeding. The Scottish Executive is finalising the detail on the basis of a fair and equitable distribution to eligible STG pension scheme members. We will provide details of our proposals when the Executive brings forward the STG dissolution order for consideration by the Scottish Parliament.

Dennis Canavan: Does the minister recall that, during the Falkirk West by-election, Henry McLeish and Gordon Brown announced ex gratia payments that totalled £100 million? Since then, it has been revealed that the total gross surplus is about £250 million. An overwhelming majority of members of the Scottish Parliament supported my motion that called for the STG pension scheme surplus to be used for the maximum benefit of the members of that scheme. Will the Executive implement the will of the Parliament by handing over to the pension scheme members every penny of the £250 million, instead of allowing HM Treasury to pillage 60 per cent of it?

Sarah Boyack: I understand the sentiment that Mr Canavan brings to the chamber and I know that the pension scheme is unfinished pre-devolution business. We inherited the situation from the previous Westminster Government. The Scottish Transport Group (Pension Schemes) Order 1996, which was passed in Westminster, provided for the surplus money to go back to Westminster.

Through the good offices of Henry McLeish and Gordon Brown, we have successfully persuaded HM Treasury that the Scottish pensioners should get a fair deal from the money. That is why we have managed to retain £100 million that will go directly to Scottish pensioners. My concern is that we get on with the matter. We need to ensure that the money goes to the correct pensioners and that there is fair distribution. We will come back to Parliament after the recess to ensure that we get on with the unfinished business.

Dr Sylvia Jackson (Stirling) (Lab): As the minister knows, the majority of members of the STG pension scheme were members of the Transport and General Workers Union. Like its members, the union is concerned about a number of issues. It is concerned about the amount of money that is to be paid out; the amount of tax being paid on the surplus fund, including the ex gratia payment; how individual payments will be calculated; when the ex gratia payments will be paid and the possibility of interim payments; and how the claims are to be processed.

In the light of those concerns, will the minister give details of her meetings with the Transport and General Workers Union and assure us that she will meet the union in the near future to take up the pressing issues to which I referred?

Sarah Boyack: I have been in touch with the TGWU. We are keen that the TGWU and other relevant trade unions be involved in discussions with my officials to ensure that their members' concerns are put to us. However, ensuring that we get a fair scheme in which individual pensioners receive the right sums of money is a complex procedure. I have asked the TGWU and other relevant unions to meet my officials to ensure that we have those discussions soon. When they are concluded and the scheme has been set up, we will introduce the dissolution order to Parliament.

Once that has been processed, we will pass across to the Scottish Public Pensions Agency all the forms which, I know, members have been working with their constituents to fill in. At that stage, the agency will ensure that everybody gets their money as expeditiously as possible. Members throughout the chamber agree that we should get on with that unfinished business. We want to ensure that our Scottish Bus Group pensioners get a fair deal out of the system.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I appreciate that the minister has been candid enough to admit that there has been an inordinate delay in dealing with the matter. Of the 12,000 workers who have been waiting for their pensions, how many have died without receiving a penny piece? Will the surviving spouse—or dependant—in each case receive the full amount or less? If they will receive less, how much less will they receive than they would have received had their partners survived to receive the payments to which we all believe they were entitled?

Sarah Boyack: I understand the point that Fergus Ewing makes. We must get on and consider the detail of the scheme to ensure that people get fair payments. I know that pensioners are extremely anxious that we get on with it. We need to talk to 14,000 potential pensioners. We have already sent forms out to ensure that people send us up-to-date details. As soon as Parliament has passed the dissolution order, all those forms will automatically go to the Scottish Public Pensions Agency. At that point, we will issue the widest possible publicity to ensure that every eligible pensioner knows about the scheme and to ensure that they get their details to us so that they are included in the pay-out.

Water Authority

2. Bruce Crawford (Mid Scotland and Fife) (SNP): To ask the Scottish Executive what progress it is currently making in the establishment of the new single water authority. (S10-3863)

The Minister for Transport and Planning (Sarah Boyack): I answer on behalf of the Minister for Environment and Rural Development.

A transitional planning team is in place. The prospective chair and chief executive have been identified and we have advertised for prospective board members to ensure that Scottish water can be established quickly if Parliament approves the Water Industry (Scotland) Bill, which was made available today to members of the Parliament.

Bruce Crawford: I understand that Ross Finnie is in Austria today—the day on which his bill is published.

The minister might or might not be aware that I wrote to Ross Finnie in early August about the problems that employees of the water industry face because of restructuring. In that letter I recommended the appointment of an employment guardian, to ensure that job losses are kept to a minimum. Why have I not received a substantive reply to that letter? Is it because the Executive is afraid to face up to the truth about the scale of the job losses, or is it simply because the Executive puts the dogma of competition ahead of jobs and wants to hide that simple truth?

Perhaps the minister—or Ross Finnie, when he returns from Austria—might be able to tell us soon what the scale of the job losses will be.

Sarah Boyack: Ross Finnie is focused on the fact that we need to ensure that the needs of the employees and customers of our water companies are taken into account throughout the process. I will mention the response to Bruce Crawford's letter to Ross Finnie and ensure that that is expedited.

Ross Finnie is in Austria with other environment ministers from throughout Europe. I am sure that the Parliament welcomes the fact that he is engaging in those European discussions. I will ensure that, as soon as he returns, he is made aware of the concerns that Mr Crawford has raised so forcefully.

Dr Elaine Murray (Dumfries) (Lab): Does the minister agree with the water commissioner, Alan Sutherland, that the establishment of a new single water authority should not necessarily mean the centralisation of services in Edinburgh and Glasgow and that centralisation does not necessarily equate with efficiency?

Sarah Boyack: I agree that the creation of a single water authority does not automatically mean the centralisation of the delivery of the water authority's services. I know that Ross Finnie is keen to ensure that we have the highest quality water standards throughout Scotland. That is why we have already appointed the water industry commissioner, who is also examining issues such as efficiency and value for money for customers. Ross Finnie's driving desires in creating a single water authority are to ensure that customers' needs throughout Scotland are recognised, that

our massive £1.8 billion investment programme progresses efficiently and effectively and that people throughout Scotland benefit from the higher water quality standards that the new investment and new water board will provide.

John Scott (Ayr) (Con): Will the minister assure members that the prices that Scottish consumers will have to pay over the next four years after the introduction of the new authority will not be higher than those paid by consumers in England and Wales?

Sarah Boyack: I will certainly not go beyond my brief and answer questions that Ross Finnie has not enabled me to answer. As the minister has said, the driving force behind the creation of the single water authority is the creation of an efficient water industry that deals effectively with competition to ensure efficient prices throughout Scotland. One of the core objectives behind the appointment of the water industry commissioner is the provision of an independent and objective system that will ensure that the current water boards and the delivery of the investment programme are managed in the best possible way, and that they are managed in the interests of individual domestic customers and the business community.

The Presiding Officer: The next question was to have been asked by Mary Scanlon. It has been withdrawn, and I am sure that all members wish to extend their good wishes to her for a speedy recovery following her car accident.

Telecommunications Masts

4. Fiona McLeod (West of Scotland) (SNP): To ask the Scottish Executive what its definition is of a completed telecommunications mast. (S1O-3837)

The Deputy Minister for Transport and Planning (Lewis Macdonald): The interpretation of statute is a matter for the courts, not for the Executive. However, I have written to the convener of the Transport and the Environment Committee on the issue and committee members had my letter before them when they debated the matter yesterday.

Fiona McLeod: Rather than providing the definition that I am seeking for the fourth time, is the minister seriously suggesting that he is abrogating responsibility for his legislation and leaving local councils to face the financial might of the telecommunications companies through the courts?

Lewis Macdonald: I am suggesting that most members in the chamber understand that complete means complete; if a party in a dispute says that a mast is not complete, perhaps it is choosing not to recognise the fact. I would suggest

to a telecommunications company or a planning authority that is failing to take a commonsense approach to the question that it ought to do so, and that if issues remain to be resolved, it should sit down with the other party and try to reach a conclusion.

Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab): While avoiding the displeasure of judges—some of whom might be visiting the chamber today—will the minister reflect on the real concerns about the possible health risks and planning blight of telecommunications masts, not least those concerns that have been expressed by some of my constituents in Kirkintilloch who are present in the gallery? Furthermore, will he ensure that there are clearer planning guidelines for local authorities in order to avoid the uncertainty that would have arisen after such antics as those of Ms McLeod at the Transport and the Environment Committee yesterday?

Lewis Macdonald: It is precisely to provide that certainty that we introduced the planning controls that have been in force in Scotland since 23 July. As far as Kirkintilloch and other places are concerned, the fact that future telecommunications developments will be subject to the planning system should act as a significant incentive for telecommunications companies to sit down with planning authorities and discuss the most appropriate development for a particular locality.

Prisons (Private)

5. Christine Grahame (South of Scotland) (SNP): To ask the Scottish Executive whether it is planning more private prisons in the next three years. (S1O-3825)

The Deputy Minister for Justice (Iain Gray): Planning the future long-term shape of the prison estate is the purpose behind the on-going estates review, on which the Executive plans to consult shortly.

Christine Grahame: That is a year and a half late. Will the minister comment on this week's announcement of the transfer of two senior and respected prison governors at Barlinnie and Peterhead out of front-line prison management, which has reduced staff morale even further and is seen as a deliberate move to ease in privatisation? Will he say categorically whether he agrees with Tony Blair who, before coming into power, stated:

"We consider prison privatisation wrong in principle and in practice ... A Labour Government would bring the prisons back within the proper public prison system at the earliest opportunity"?

Iain Gray: The position of the Scottish Executive is very clear. It was described by the previous First Minister, Donald Dewar, when he said:

"The evidence is that the private sector can deliver prison services competently and competitively, and I have no problem in principle with that".

That was the position then and it is the position now. The purpose of the estates review is to come to a clear, transparent, open-minded decision about how, over the next 10 to 15 years, we put in place a prison service that serves Scotland.

Janis Hughes (Glasgow Rutherglen) (Lab): The minister will be aware that three potential sites in the Rutherglen and Cambuslang areas in my constituency are being considered as part of the prison estates review. Will he confirm that the views of local residents will be considered and that full consultation will take place before any decisions are reached about the siting of prisons?

Iain Gray: I can, of course, confirm that. The opening or building of a new prison is subject to the full planning process. A result of that—and of the fact that that is an unusual and particularly complex project—is that the process may be long and extended. It is quite proper that consideration is given to the possibilities while we await the final figures in the estates review—and what those figures might tell us—and the outcome of the public consultation.

Phil Gallie (South of Scotland) (Con): Is the minister aware of the recently published report on the past year of the chief inspector of prisons? Is he aware that 50 per cent of the items of good practice that the report identified were drawn from Kilmarnock prison? Does he agree that all is not bad with private sector prisons—just as all is not perfect. Does he also agree that the Scottish Prison Service provides an equally good service in many ways?

Iain Gray: I am aware of the report of the chief inspector of prisons, and that 12 examples of good practice were drawn from Kilmarnock prison. In his report, the chief inspector pointed out that the examples of good practice tended to be drawn from those prisons where there had been a recent full inspection. In this case, those included Kilmarnock and Cornton Vale.

Mr Gallie's later point echoes the comments of Mr Fairweather, who stated:

"I have always said that there are good things at Kilmarnock, just as there are good things in the public sector. Both need to learn from those examples."—[*Official Report, Justice 1 Committee*, 11 September 2001; c 2639.]

That is a good example of the sort of open-mindedness that sets dogma to one side. I hope that we will bring that to bear in the important debate that we will require once the options stemming from the estates review are before us.

Schools (Exclusions)

6. Patricia Ferguson (Glasgow Maryhill) (Lab): To ask the Scottish Executive what action it is taking to address the increase in the number of school exclusions following the transition from primary to secondary school. (S10-3854)

The Minister for Education, Europe and External Affairs (Mr Jack McConnell): Exclusions or suspensions are necessary as a last resort. Our objective is to reduce the reasons for exclusions or suspensions by promoting better discipline in schools and identifying alternative courses of action, which, although they might remove pupils from the classroom, are intended to keep them in the system. The discipline task group report that was published in June made 36 recommendations for improving discipline in schools. An action plan for implementing those recommendations will be published soon.

Patricia Ferguson: Does the minister agree that some of the problems with discipline can be exacerbated when young people must travel long distances outside their own areas and communities and where, as a result, they and their parents are unable to engage with the wider activities of their school? If he agrees, will he encourage local authorities to take that into account when they plan provision?

Mr McConnell: That is an important matter in a number of different ways. The issue is not just about out-of-school activities and parental involvement in and attachment to schools; there can also be specific difficulties with school transport in cases where distances are particularly long. Over the coming months, we want to address discipline on school transport, which contributes to problems at many schools in the early hours of the morning.

Helen Eadie (Dunfermline East) (Lab): Does the minister agree that the work of local authority community service departments and professionals is invaluable in maintaining young people's interest in opportunities for involvement and in the education that is available to them and, thereby, in maintaining their motivation to continue attendance at school?

I ask members to note and welcome the attendance of young people from an organisation called Motiv8, which draws its members from constituencies across central and west Fife.

Mr McConnell: There can be no better antidote to exclusion, absence, truancy or indiscipline in schools than the motivation of young people. Anything that serves to improve that is to be welcomed. The combination of in-school and out-of-school activities that bonds a community together is particularly important in that regard.

Scottish Prison Service (Slopping Out)

7. Lord James Douglas-Hamilton (Lothians)

(Con): To ask the Scottish Executive what plans it has to allocate resources from the £17 million underspend in the Scottish Prison Service budget for 2000-01 to the phasing out of slopping out in prisons. (S1O-3823)

The Deputy Minister for Justice (Iain Gray):

The Scottish Prison Service has received £17 million in end-year flexibility funding in 2001-02. That funding has been allocated to the capital building programme, which includes investment in prisoner accommodation.

Lord James Douglas-Hamilton: Will the minister keep in mind that slopping out is a degrading practice, that it is extremely disagreeable to prisoners and prison officers alike and that, because of European convention on human rights implications, the problem should be addressed with much greater urgency—certainly before 2005?

Iain Gray: I do not disagree with Lord James's key point—that slopping out is a practice that all members want to be ended as soon as is practically possible. In 1990 only 40 per cent of Scotland's prisoners had access to night sanitation. That figure has risen to 70 per cent and the target for this financial year is 76 per cent. The key opportunity to end slopping out completely will come following the publication of the estates review. That is not to say that the Prison Service is not working day in, day out to improve the situation. The figures that I have cited amply demonstrate that.

Alex Neil (Central Scotland) (SNP): Is it not the case that at present the Scottish Prison Service is being not just underspent, but undermined by the shambolic state of its senior management? Is it not the case that staff morale throughout the Prison Service is lower than it has ever been and that the estates department in particular is a total shambles? Is it not time for the minister to take urgent action and to consider the position of the service's chief executive, who surrounds himself with secrecy and refuses to answer basic questions from members of the Parliament, particularly about the condition of the private prison at Bowhouse in Kilmarnock?

Iain Gray: I am not sure what Mr Neil's question was, but I think that he asked about the impact on morale of the uncertainty surrounding the estates review. It is to be regretted that the estates review process has taken rather longer than was hoped. The reason for that is straightforward. It is the responsibility not of Scottish Prison Service management but, as has been made clear before, of the Minister for Justice. He has insisted that the figures relating to estates review options are

rigorously audited by an independent financial organisation. That has led to a delay. However, when we come to take a decision on the estates review, it will be based on proper and rigorously assessed figures. Those steps are necessary if we are to have an outcome that will build morale in the service, as staff will know what is going to happen over the next 10 to 15 years. We must get the review right, not get it quickly.

Central Heating

8. Cathy Jamieson (Carrick, Cumnock and Doon Valley) (Lab):

To ask the Scottish Executive what further steps it plans to take to ensure that all vulnerable people have access to central heating. (S1O-3824)

The Minister for Social Justice (Jackie Baillie):

We have accelerated the programme so that all local authority tenants will have central heating installed by 2004—two years earlier than was planned. We have extended the programme so that from 2004 local authorities will receive resources to upgrade houses with partial central heating systems to give them whole-house heating. Priority will be given to the elderly and disabled.

Cathy Jamieson: I thank the minister for her continued commitment to implementing Labour party policy and working towards ending fuel poverty.

The minister is aware from the copious correspondence that I have sent her on the issue that I am concerned to ensure that everyone who is entitled to participate in the initiative will be able to do so. Can she assure me that as much publicity as possible will be given to the scheme? Will she indicate how many people are likely to benefit from the proposed extension of the scheme?

Jackie Baillie: At least 20,000 additional households will benefit from the extension of the scheme, taking the overall figure up to around 90,000 households across Scotland—predominantly made up of older people—that will benefit from the Executive's initiative.

The Executive has already sent out literature to citizens advice bureaux, energy advice centres, local authorities and housing associations. The Eaga Partnership, which is the private sector body that will deliver the programme, will be required to advertise the scheme widely. We will ensure that MSPs are kept informed of progress.

John Farquhar Munro (Ross, Skye and Inverness West) (LD):

I understood that the Executive originally intended that its central heating programme would include all sections of our community. What steps does the Executive propose to take to ensure that pensioners in

private properties—particularly those in rural areas—are made aware of the financial support that is available to them through this welcome scheme?

Jackie Baillie: I welcome the initiative that has been taken by my Liberal colleagues to highlight the fact that pensioners in rural areas should apply for the scheme. Those pensioners will be identified through the local authority route in any event, and also through the housing association route—they will not be required to do anything. The Eaga Partnership, which will be responsible for delivering the programme in the private sector, will work with local authorities and housing associations. It will run targeted campaigns across the country, paying particular attention to rural areas. I hope that that response reassures John Farquhar Munro.

Mr Kenneth Gibson (Glasgow) (SNP): Will the minister explain why, at a time when the social justice budget has an underspend of £122 million, the contribution of the Scottish Executive to the central heating initiative over the next three years has been slashed from £108 million to £96 million? Those figures are confirmed in her answer to written parliamentary question S1W-17377.

Jackie Baillie: Kenny Gibson makes a valuable point. At the end of the day, what matters is that we will deliver. We will deliver throughout Scotland for every pensioner and every council and housing association tenant who has no form of central heating. We are now moving to provide partial central heating and I hope that Kenny Gibson welcomes that step.

Home Energy Conservation Act

9. Robert Brown (Glasgow) (LD): To ask the Scottish Executive how it compiled the information contained in the first Home Energy Conservation Act progress report to the Parliament. (S1O-3848)

The Minister for Social Justice (Jackie Baillie): The information in the report was drawn from local authorities' returns to the Executive.

Robert Brown: I thank the minister for her reply, but if that is so, why, in answer to written questions, did she advise me that the Executive does not record information separately for each local authority? Does she now accept that that is not the case and that the information is available? Does she accept that it is of considerable importance that the public is able to identify the variation in local authority performance on home energy conservation? Does she also accept that the next HECA report, which is due in January 2002, ought to record information by local authority area and that it would assist the transparency of that exercise if the report took on board the points that I have raised?

Jackie Baillie: I wondered why we could not provide the breakdown that Robert Brown requested. As I understand the situation, previous ministers took the view that the provision of information on individual local authorities would result in an unhelpful league-table approach.

Local authorities, including those on which SNP MSPs sit, start from different baselines and face different constraints. Therefore, comparisons between them could be misleading. However, I have noted Robert Brown's interest in the matter and have asked officials to review whether we can provide him with information at a level of transparency that I also believe to be suitable.

Robin Harper (Lothians) (Green): Will the minister explain whether the CO₂ reductions are guesstimates that are based on local authority guesstimates, which are based not on reductions in actual use, but purely on the efficiencies that local authorities have introduced? For example, if a person who lives in a four-room house lived in one heated room until it was insulated, but now heats all four rooms, that person will probably burn more gas or use more electricity than previously.

Have the figures been calculated on figures that are provided by the gas and electricity companies? The electricity companies say that they are selling more electricity this year than the previous year. I cannot get the figures from the gas companies, because they do not disaggregate them. Are the figures based on anything other than guesswork?

The Presiding Officer: The minister has the green light.

Jackie Baillie: I will attempt to answer Robin Harper and can provide him with the technical detail that he seeks later. I understand that the figures are not guesstimates, but the best available measures. They are not simply taken from the energy companies, but are part of a standard set of figures that we collect from local authorities within a set reporting framework. The Executive wants not only to tackle fuel poverty in Scotland but to end it. I know that Robin Harper shares that sympathy. If he has technical knowledge to share with me, I would be happy to receive it.

Hospital-acquired Infections

10. Brian Adam (North-East Scotland) (SNP): To ask the Scottish Executive whether it has considered the report by Dr Andrew Walker into hospital-acquired infections and what action it proposes to take as a result. (S1O-3843)

The Minister for Health and Community Care (Susan Deacon): Health department officials have considered the report and are making arrangements to meet Dr Walker to discuss it further.

More widely, the Scottish Executive is taking forward a range of measures together with the national health service in Scotland to tackle health care associated infection. Additional investment, enhanced surveillance, improved standards of cleanliness and better use of antibiotics are just some of the measures that will contribute to an improvement.

Brian Adam: Does the minister agree that the cleanliness of our hospitals is a significant contributory factor? Does she share my concern that many hospitals currently do not meet the standards that were set by the Scottish health service management executive group in 1987? What plans does she have to review the standards of cleanliness that are expected?

Susan Deacon: The Scottish health plan that was published last December was explicit on the priority that we assign to cleanliness in hospitals and other health care settings. That is why the Clinical Standards Board for Scotland is currently working on the development of national standards for cleanliness. We are determined to ensure that the matter is addressed. I am pleased to say that many parts of the NHS have reviewed their cleaning contract arrangements and many have made changes as a consequence. We will certainly keep up that pressure.

It is important to note that hospital cleanliness is only one factor that affects the level of hospital-acquired infection. There are many other things, as Brian Adam recognises, that contribute to what is a worldwide problem.

Irene Oldfather (Cunninghame South) (Lab):
rose—

The Presiding Officer: Your microphone is not on.

Irene Oldfather: Does the minister believe that this report has any implications for those health boards, such as Ayrshire and Arran Health Board in my constituency, that propose to transfer maternity units to district general hospitals?

The Presiding Officer: I am not sure that that is relevant to the question.

Tommy Sheridan (Glasgow) (SSP): The minister mentioned national standards of cleanliness. Everyone agrees—probably including the minister—that hospital-acquired infections have risen in direct correlation to the privatisation of cleaning services. Will she agree to examine the renationalisation of cleaning services in our hospitals? Can she tell us now what the cost of renationalising cleaning services would be? If she cannot tell us now, will she give a commitment to establish what the cost would be, so that we can tackle hospital-acquired infections? Standards of cleanliness may be only one factor, but it is the

main factor according to all observers.

Susan Deacon: I repeat that cleanliness is only one factor that contributes to the level of hospital-acquired infection. It is important that we continue to challenge the false connections that Tommy Sheridan has just posed.

That is not to underestimate the importance of the issue; I have been very clear about that. However, let us remember that we have to work on many other areas—including the effective use of antibiotics and some other deep-rooted issues that occur in health care systems around the world.

The Executive wants to ensure that the highest possible standards of cleanliness are achieved in our hospitals. Insufficient priority was given to that issue for many years. The previous Tory Government was driven by its dogma that the private sector was the way forward for cleaning and that cutting costs would be one of the key drivers. We recognise that cleaning is a priority. We want the highest possible standards and the best value. We are pleased that, as a consequence of our actions, many parts of the NHS are bringing cleaning services back in house. Some services will still be provided by external contractors, but the standards must be high.

Mr Murray Tosh (South of Scotland) (Con): On a point of order. Will the Presiding Officer reconsider his ruling on Irene Oldfather's question? She was raising a genuine local concern about the potential health risks to mothers and children in Ayrshire should the maternity facility in Irvine be relocated to a district general hospital where there is a genuine risk of cross-infection.

The Presiding Officer: My decision was marginal, but I caught the minister's eye and we were both slightly puzzled. Does the minister want to answer the question?

Susan Deacon: I am happy to do so.

The Presiding Officer: Come on then—we will give it another chance.

Irene Oldfather: Thank you, Presiding Officer. There was a difficulty at the beginning of my question with the microphone.

The Presiding Officer: That is right.

Irene Oldfather: However, I certainly said "this report"—referring to the report that Brian Adam had referred to. The question was therefore competent.

The Presiding Officer: I am sorry—but there was a technical difficulty at the beginning of your question.

Susan Deacon: Let me attempt to answer the

question as best I can. We have discussed maternity services on a number of occasions; I am sure that we will do so again. I assure Irene Oldfather that I would expect decisions on NHS maternity services in any part of the country—whether those decisions concern the location of maternity units or other aspects of service delivery—to take into account safety and quality at every level. Issues such as the control of infection and the reduction of risk have to be part of those considerations.

Waste Water Treatment

11. Alex Johnstone (North-East Scotland) (Con): To ask the Scottish Executive what action it can take to assist Alpine Cold Stores Ltd in upgrading the facilities at the former Christian Salvesen plant in Dundee in order to ensure that the plant meets European Union waste water regulation requirements. (S1O-3853)

The Deputy Minister for Enterprise and Lifelong Learning and Gaelic (Mr Alasdair Morrison): I understand that Alpine Cold Stores Ltd has been awarded almost £600,000 for the first stage of its development plans at Dundee. That money came from the Executive's processing and marketing scheme. The level of award reflected the importance of those facilities to growers in the area.

Alex Johnstone: Although I recognise that Mr Morrison is not an environment minister, I will ask him whether he will put further pressure on the ministers with responsibility for the environment to ensure that the budget that Alpine Cold Stores has allocated for this work can, if at all possible, be spread over two years in order that the company can meet its requirements and support the industry of fruit and vegetable growers in the north-east who have no alternative source of processing now that Esk Foods Ltd of Montrose looks likely to go under.

Mr Morrison: As I mentioned in my response, the company was awarded £600,000. Another avenue that is open to the company is to apply for regional selective assistance. As I understand it, the company has yet to make such an application. I also understand that Rhona Brankin's officials have met company representatives and offered as much help as currently can be offered. I would welcome further inquiries from the company and look forward to receiving them.

The Presiding Officer: Question 12 has been withdrawn.

Lung Diseases

13. Michael Matheson (Central Scotland) (SNP): To ask the Scottish Executive what action is being taken to improve services for people

suffering from lung diseases. (S1O-3833)

The Deputy Minister for Health and Community Care (Malcolm Chisholm): In common with many other diseases and conditions, lung diseases are tackled through a range of measures at all stages of care.

Michael Matheson: The minister will know that Scotland has a poor record when it comes to lung disease and that there are many thousands of lung-disease sufferers in Scotland. Within that group, around 1,000 patients would benefit from the provision of liquid oxygen. At the moment, the Scottish drug tariff prevents general practitioners from prescribing liquid oxygen to their patients; however, in England GPs can prescribe it. Is the minister prepared to review the Scottish drug tariff to allow GPs to prescribe liquid oxygen for those patients who require it? If not, will he explain why GPs in England are trusted to do so but GPs in Scotland are not?

Malcolm Chisholm: I am aware that several people have problems in getting portable oxygen cylinders on the NHS. I shall shortly meet representatives of a breathe easy group from Edinburgh to discuss those problems. Following that meeting, I shall consider the points that Michael Matheson has made.

Ms Margo MacDonald (Lothians) (SNP): I add my plea to that of my colleague. I have written to the minister regarding a constituent who is terminally ill and would therefore welcome any decision on the matter to be made as speedily as possible.

Malcolm Chisholm: I have nothing to add to the answer that I have given.

First Minister's Question Time

SCOTTISH EXECUTIVE

Secretary of State for Scotland (Meetings)

1. Mr John Swinney (North Tayside) (SNP):

Before I ask my question, I associate the Scottish National Party with the comments that were made earlier by the First Minister in relation to the dreadful incident that took place in Switzerland earlier today. The spirit of democracy must prevail and the work of government must go on.

To ask the First Minister when he next plans to meet the Secretary of State for Scotland and what issues he intends to raise. (S1F-1259)

The First Minister (Henry McLeish): Now that Mike Russell has taken his seat, I congratulate him on his contribution to First Minister's question time last week. On reflection, he did not do badly enough to be temporarily taken off the SNP's national executive a few days later.

I last met the Secretary of State for Scotland on 25 September and we have no immediate plans to meet.

Mr Swinney: The First Minister refers to the contribution of my colleague, Mike Russell. I notice, in the *Official Report*, that the First Minister referred to Michael Russell as

"a man of sound judgment".—[*Official Report*, 20 September 2001; c 2716.]

I am happy to agree with the First Minister on that point from last week's question time.

Can the First Minister tell me whether, since the dark days of Margaret Thatcher's Government, the number of homeless people has risen or fallen?

The First Minister: I echo John Swinney's sentiments about the sound judgment of Mike Russell, who is laughing.

The underlying trend is down; we welcome that. Homelessness is an important issue for every member in this chamber. That is why the coalition is pursuing such vigorous housing policies in which measures to combat homelessness play a key role and in which tackling homelessness is a priority.

Mr Swinney: That is the usual non-answer to a definite question that we get from the First Minister. The question was whether the number of homeless people in Scotland has risen or fallen since Margaret Thatcher left office. The number has, in fact, risen by 16,000. Today's news is that homelessness is up under the Labour Government and, to add to the woes, the number of children who are being forced to live in inappropriate bed-

and-breakfast accommodation is also up.

The First Minister told us that inappropriate use of bed-and-breakfast accommodation by families damages the education and quality of life of children. As his policies are letting down the children of Scotland, will he now urgently commission a review of the Executive's housing policy to help Scotland's homeless people?

The First Minister: It is fairly evident that John Swinney has turned from homelessness back to an issue that he raised at the SNP conference. Let us be clear about the social agenda that the coalition is pursuing, which has children at its heart—so much so that we are doing more to reduce child poverty in Scotland than any previous Administration in the post-war period. That is something that the SNP should think carefully about and want to support, instead of denigrating policies that are designed to help children.

The underlying trend of homelessness is down. We are doing more to tackle the issue with local authorities, and the homelessness task force is also applying itself to the issue. Let us not have constant talking down of key groups in our society. The SNP must recognise that we value what we are doing for children and the homeless, and that those policies will continue to be supported by the coalition.

Mr Swinney: Is that the summit of the First Minister's ambition? He has managed to take out of poverty 1 per cent of the 33 per cent of Scotland's children who live in poverty—1 per cent in four years. It will take more than 100 years for us to get children out of poverty under the present Government.

The First Minister said at the end of last year that his policies were about demonstrating his compassion by ensuring that the most vulnerable in our society—the homeless—benefit from the nation's prosperity. Well, 16,000 fewer people are benefiting from Scotland's prosperity as a result of the failure of this Government's policy. Is not it the case that the Government is showing not compassion, but contempt for the homeless?

The First Minister: I reject utterly the fatuous remarks that John Swinney makes. It is important to recognise who is doing the work to tackle those key social issues, and then to measure that work against the ranting from the SNP conference last week. In the SNP, we have a party that is simply about tax and separatism. It is a party that does not want to say that the new hospitals at Hairmyres, Wishaw, east Ayrshire, and the new royal infirmary in Edinburgh, are important. It is a party that does not want to celebrate the fact that 70 schools have been built or refurbished in Scotland.

What is the SNP's answer to every problem?

We now know that it is to raise taxes. I wish to put it on the record that the major social issues in Scotland are being addressed in a formidable way by this coalition. That will continue.

I finish by quoting Andrew Wilson, who is always an expert in the areas that we are addressing. His newspaper column, on the subject of leadership, was headed:

"I would rather be staked naked in a Highland glen covered in perfume and used as midge bait than be leader of political party"—

by which he meant the SNP.

Mr Swinney: Is not it about time that on one unique occasion the First Minister answered one of the questions that he is asked? He has been asked today why homelessness is increasing in Scotland. Will he answer that question, instead of giving us nonsense about other issues? Why is homelessness rising in Scotland? Why is the Government failing?

The First Minister: We have made the point several times this afternoon that the underlying trend is down. The Scottish people want practical solutions to the problems that they perceive in Scotland. The SNP wants to tax more, it wants separation, and it wants to ignore the use of private capital to refurbish schools and hospitals. That is the choice. The SNP is a party, as we have seen recently, that cannot count. As our Minister for Finance and Local Government said, the SNP will never count unless it stops talking to itself and starts listening to the Scottish people.

Cabinet (Meetings)

2. David McLetchie (Lothians) (Con): To ask the First Minister when the Scottish Executive's Cabinet will next meet and what issues will be discussed. (S1F-1260)

The First Minister (Henry McLeish): The Cabinet will next meet on 9 October, when it will discuss issues of importance to the people of Scotland.

David McLetchie: I hope that at its next meeting the Cabinet will discuss the hospital building programme. Does the First Minister agree that the programme, which was initiated by the Conservative Government, would not be possible without the private finance initiative and public-private partnership schemes, which are enabling new hospitals to be built more quickly and cost-effectively than would otherwise have been the case, and which are delivering better facilities for our patients and better value for our taxpayers?

The First Minister: I am pleased to acknowledge the role of private capital in our hospital building programme. Everyone in this chamber should support that principle. What we

are seeking to do is not to get bogged down in ideology, as parties can do, but to apply the term, "What matters is what works". For us, what works is what is best for patients. If that means that private capital has a role to play, it is constructive to acknowledge that.

David McLetchie: I acknowledge the First Minister's remarks. He and I seem to share a great deal of common ground on this issue. In fact, we seem to share more common ground than he shares with the Liberal Democrats in his Cabinet. Will the First Minister confirm that the Scottish Executive and other public bodies in Scotland will continue to use PFI and PPP schemes as an essential part of improving our public services, and that there is no question of a Scottish Executive-imposed moratorium on such schemes, as was proposed by the Liberal Democrats at their conference the other day?

The First Minister: We made the point in our exchanges last week and I will make it again this week. What matters is what works. The people of Scotland are not served well by the old-fashioned, dated ideology of the nationalists, nor by some of the wilder excesses of the Conservatives, who want wholesale privatisation. We are saying that if people require operations, the capacity exists and clinical judgments have been made by each health board to use those facilities, that is fine.

We also want to have a debate about the future of public services in Scotland and their reform from within. If we can add to a hospital programme by using private capital intelligently, the people of Scotland will welcome that warmly.

Let us leave ideology aside and assume that we want the best health service. From that, David McLetchie can take the fact that there is a role for what he has talked about. At the end of the day, we do not want a two-tier health service. The health service is a public service. We are proud of that fact. The key issue is the quality of the people that work in the health service.

Economy (Impact of Terrorist Attacks)

3. David Mundell (South of Scotland) (Con): To ask the First Minister what assessment the Scottish Executive has made of the impact on the economy of the recent terrorist attacks in the United States of America. (S1F-1256)

The First Minister (Henry McLeish): I have asked the Executive's economist to prepare an assessment of the likely impact on the Scottish economy of the recent tragic events in the USA. The report will be ready within the next couple of weeks.

David Mundell: I thank the First Minister for his answer. In the light of today's events, it is clear that we continue to live in uncertain times.

Does the First Minister share my concern that, even without events elsewhere, the Scottish economy is

“set for three years in the doldrums”

as *Business a.m.* put it, and that the manufacturing industry in Scotland is in recession? Does not that mean that the First Minister and the Executive should be giving more priority to the creation of wealth in Scotland than to spending Scotland's wealth?

The First Minister: The Executive wants to spend more time in ensuring that we acknowledge what is happening in the economy and that we do everything possible with our colleagues at Westminster to minimise the impact of recent developments in America and the downturn in the global economy. However, the danger is that we start to affect confidence and to talk down real achievements.

David Mundell is right. Based on figures for the first two quarters, manufacturing is in recession. However, the Fraser of Allander Institute, in its comments this morning, predicted lower growth for this year but some recovery in 2002. The institute acknowledges that, although considerable uncertainty remains, on current evidence Scotland should avoid recession.

I want to see the United Kingdom's sound fundamentals being built upon. We recognise the difficulties that have been created by the events of two weeks ago and by the global downturn. That is why we have requested the report from Andrew Goudie and his economists. We will want to share that report, when it is published, with the other parties. We all have a vested interest in talking up the Scottish economy and tackling problems where they emerge, whether they are in tourism, financial services or manufacturing. Let us collectively boost the confidence of the country, because we will need that confidence in the months that lie ahead.

Alex Neil (Central Scotland) (SNP): I welcome the First Minister's commitment to make public Andrew Goudie's report.

Will the First Minister give serious consideration to the proposal by Bill Speirs of the Scottish Trades Union Congress that Parliament should convene a meeting that involves key sectors of business, the trade unions and others, to look at the economic consequences of the events of the past three weeks and to agree what urgent action, if any, is required? Furthermore, if Andrew Goudie's report identifies particular problems in key sectors, such as the airline industry, tourism and insurance, will the Executive be prepared to take the necessary action—for example, by pressing for the suspension of the airport tax, which would help tourism and the airline industry?

The First Minister: First, I welcome Alex Neil's comments, because they are constructive on the issues that we face in the Scottish economy at present. Secondly, I had meetings with the STUC and the Trades Union Congress recently. Both organisations are writing, to me and to the Prime Minister respectively, to engage in dialogue. If we are to build confidence, I welcome the fact that we are to speak with our trade union colleagues.

I also want to speak to the business community. However, we will await the outcome of Andrew Goudie's report and then look at the sectors on which we need to concentrate. We need to retain confidence and work with Westminster—the fundamentals are sound—and then build towards some involvement, where that is required. It is important that the Parliament works together on this issue. I can give the assurance from this spot that we want to do that.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): The First Minister will understand that the Inverness to Gatwick air link is vital to Highlands tourism and therefore to the Highlands economy. Given that airlines are cutting services, will the Executive consider applying a public service obligation to that route as an incentive to airlines to continue operating that link?

The First Minister: I confirm to Jamie Stone that we are in dialogue about that with the appropriate department down south. It is important for tourism and economic development in the Highlands and Islands that we try to maintain the routes that exist, win back the routes that have been lost and win new routes. I reassure Jamie Stone that we are working towards that. That is fundamental, because the airline business is facing a difficult next few months. Those matters have become more important in the scheme of things. I give that reassurance.

Social Justice Objectives

4. Dr Richard Simpson (Ochil) (Lab): To ask the First Minister how the Scottish Executive's plans for personal care for older people will contribute to social justice. (S1F-1270)

The First Minister (Henry McLeish): We have placed older people at the heart of our social justice agenda. Implementing free personal and nursing care is another huge step towards ensuring fairness and equity in the way in which we care for all older people and shows clearly that the Executive is delivering on its social justice commitments.

Dr Simpson: I thank the First Minister for his answer. He may be aware that yesterday and today the whole Parliament congratulated him, the ministers with responsibility for health, and the care development group on their work on free

personal care. The First Minister's steadfast and clear leadership on the issue has been pivotal in our reaching the present point.

Will the First Minister go one step further by ensuring that the implementation group, the establishment of which Susan Deacon announced yesterday, will examine the strategic management of the community care sector, including delayed discharges and the programme of closing unsuitable, out-of-hours, long-stay national health service beds?

The First Minister: The first part of Dr Simpson's question might have been uncomfortable for some, but I quite enjoyed it.

As usual, Dr Simpson has raised some wider issues relating to longer-term care. The Minister for Health and Community Care was, of course, listening to him. While we are talking about free personal care, I hope that we will recall that the Minister for Health and Community Care has invested in that package a substantial amount of money to ensure that the infrastructure for long-term care is widely developed, which means that we must consider issues such as bedblocking and the future of residential care. That said, a new era is opening up for older people in Scotland. The Parliament should share my pride about what we are doing.

Nicola Sturgeon (Glasgow) (SNP): I, too, congratulate the First Minister on completing his party's U-turn on free personal care earlier this week. That was a victory for the Parliament and the people of Scotland. Now that the First Minister has seen off his health minister, will he give us a personal guarantee that he will also see off Westminster in its attempts to withdraw attendance allowance from Scottish pensioners?

The First Minister: I thought that we were heading for a more positive comment. We in the coalition live in hope.

On Nicola Sturgeon's latter point, of course we are discussing those issues with our colleagues at Westminster. That is fairly normal for part of a Government that is two years into its existence as part of the devolution settlement. Discussions continue. We look for a positive outcome. That is the position at present.

We must also remember that the Parliament is doing tremendous work. A bill must be passed. We must start in April 2002. That is the new year that is opening up. Discussions will continue at Westminster. When we have a conclusion on those discussions, we will be happy to report to the chamber.

Meat and Livestock (Export Ban)

5. Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): To ask the First Minister when the Scottish Executive expects the export ban on meat and livestock imposed by the European Commission to be lifted. (S1F-1267)

The First Minister (Henry McLeish): The Minister for Environment and Rural Development will continue to press the strong case for resuming lamb exports from Scotland. Because the resumption of exports depends on the agreement of other member states, one cannot predict when the ban will be lifted.

Fergus Ewing: That response had an uncharacteristic and singular lack of optimism. Is that because the OIE, the international body for animal health, must declare Scotland to be disease free before the ban can be lifted and that that cannot occur until that body's next meeting, which is in March 2002?

The First Minister: That is not the situation. All of us are in politics to be optimistic, but we must be realistic in the aftermath of what has been a considerable problem for the United Kingdom and for Scotland.

Let us be clear that the last confirmed case was on 13 May—17 weeks or almost four calendar months ago—and 90 per cent of Scotland has remained disease free. Of course Ross Finnie and the coalition want to resume exports as soon as possible. Every possible step is being taken to ensure that that happens. We are having discussions with the United Kingdom and Europe, and with vets—name the discussion and this Executive is involved in it. [MEMBERS: "Answer."] Some members are shouting "Answer"; we are saying that every possible effort will be made to ensure that, when the appropriate time comes, we will put the case for Scotland—as we are doing—and try to get the exports resumed.

Phil Gallie (South of Scotland) (Con): Despite the publication of glossy Scottish Executive documents about relationships with Europe, and irrespective of the lifting of the ban, there will be a longer-term effect on the sale of lamb meat and beef to Europe. What is the First Minister doing to ease the way into the marketplace for those Scottish products once the ban has been lifted?

The First Minister: We are keen to be at the heart of Europe. That is the communiqué that has been outlined. We are working hard as an Administration to ensure that when the opportunity arises, we can exploit it. We want to ensure that we get our exports started as soon as possible. In the aftermath of serious situations such as the foot-and-mouth outbreak, we must work with the United Kingdom and Europe to ensure that we make progress. That is what we are doing.

Dorothy-Grace Elder (Glasgow) (SNP): Will the First Minister kindly ask his officials to study the issue of carcase-only transportation? The foot-and-mouth disaster gives us a chance to look to a better future for both animals and human beings. Carcase-only transportation would lead to the reopening of local abattoirs, cut down on infection risk and end the abysmal cruelty, which our European partners abhor, that is involved in animals being trucked thousands of miles.

The First Minister: It is the hallmark of the Administration, and I hope of the Parliament, that animal welfare is crucial to what we are doing. Dorothy-Grace Elder invites me to go further than I might want to go this afternoon. Suffice to say that animal welfare is crucial but the main thing is that, to rebuild confidence after a difficult period, we work together to get the export ban lifted and start to work in agriculture to get back to the position that we were in before. It is a major challenge; we must work on animal welfare and on exports. I believe that there is a future for farming but we must be patient and go forward painstakingly.

Common Fisheries Policy

The Presiding Officer (Sir David Steel): We will now take the emergency question from Richard Lochhead.

Richard Lochhead (North-East Scotland) (SNP): Does the Scottish Executive intend to submit a response to the European Commission's green paper on the future of the common fisheries policy? The closing date is this weekend.

15:32

The Deputy Minister for Environment and Rural Development (Rhona Brankin): The United Kingdom response to the Commission's green paper has been issued today. The response reflects fully the Scottish priorities for the review of the common fisheries policy.

Richard Lochhead: There will be outrage throughout Scotland's fishing communities that Scotland is not making its own submission to that very important consultation. The minister will be aware that up to 40,000 Scottish jobs depend on a new CFP that is good for Scotland. Despite the fact that the Scottish Parliament legislates for two thirds of the UK fishing industry, the London minister will call the shots for Scotland's fishing industry. I ask the minister—

The Presiding Officer: Order.

Richard Lochhead: Given that Brittany—

The Presiding Officer: We do not often have an emergency question, but I made it clear at the beginning that an emergency question is treated like any other question. It is not a statement or a series of statements. It is a quick question and then we move on.

Richard Lochhead: Will the minister lead from the front in Europe and submit the Scottish Government's own response to the CFP consultation in the next few days to reflect Scotland's priorities?

Rhona Brankin: I have been over this ground time and time again with Mr Lochhead, yet he still fails to understand the devolution settlement. The UK response fully reflects Scottish interests and priorities. We were fully involved in the preparation of the review and a unified response from a member state has greater impact than a fragmented response from its constituent parts.

Richard Lochhead's question is typical of the SNP, which is intent on picking away at the edges of the Scotland Act 1998. The SNP raises the issue of the CFP as an excuse to argue for more powers to be transferred to Scotland, with the ultimate aim of tearing Scotland away from the

rest of the UK. The SNP insists on refighting the battles that it lost at the general election, when barely 20 per cent of the Scottish population voted for independence.

Alex Johnstone (North-East Scotland) (Con): I welcome the minister's response to the emergency question. Given the unanimous support of the Parliament for the report from the European Committee, will the submission reflect the issues that were covered in the report?

Rhona Brankin: Very much so. The European Committee produced its helpful report in May and its recommendations have been incorporated into our response to the review.

Hugh Henry (Paisley South) (Lab): The gist of my question has been covered by Alex Johnstone. However, I am perplexed about the reason for having an emergency question on the matter.

The Presiding Officer: The member must be careful—that is a reflection on the chair.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): I welcome the minister's response. [*Interruption.*] The children on the SNP benches are a little excited, but they will calm down.

During this exercise, what consultation took place with the fishing and fish processing industries before we reached the point where we are today?

Rhona Brankin: There has been widespread consultation with every section of the industry. We issued a consultation paper, to which we had a good response. All the responses have been taken on board in the preparation of our response.

Robin Harper (Lothians) (Green): Was the minister able at any point to discuss the representations from RSPB Scotland for more local control of inshore fishing? Does the minister agree that her presence with the UK minister would at least reinforce what we have to say at a European level?

Rhona Brankin: I am not quite sure what is meant by that. However, since I became responsible for the Scottish fishing industry, I have represented Scottish fishing interests alongside Elliot Morley at every EU Fisheries Council. I will continue to do that.

We very much welcome RSPB Scotland's involvement and its response to the green paper. We welcome the fact that many other environmental non-governmental organisations responded.

Mr John Home Robertson (East Lothian) (Lab): Will the minister confirm that Scotland's interests are being presented to the European fisheries council with the full force of Britain's 10

votes in the Council? Under the terms of the Treaty of Nice, that number is shortly to be increased to 29 votes. What would the effect on the interests of Scottish fishermen be if the Scottish National Party were to succeed in its objective of reducing our vote in the Council from 29 votes to seven, which would mean that we would have fewer votes than landlocked countries such as Austria, Hungary and the Czech Republic?

Rhona Brankin: I agree with the member. In effect, devolution gives Scotland the very best of both worlds.

The Presiding Officer: On that happy note, we end question time.

Police and Fire Services (Finance) (Scotland) Bill: Stage 1

The Presiding Officer (Sir David Steel): The next item of business is the stage 1 debate on motion S1M-1992, in the name of Jim Wallace, on the general principles of the Police and Fire Services (Finance) (Scotland) Bill.

15:40

The Deputy Minister for Justice (Iain Gray): I thank the Local Government Committee for its careful consideration of the Police and Fire Services (Finance) (Scotland) Bill and for its report, which provides a considered assessment of the issues that arise from that small, but quite intricate, piece of legislation. I welcome the committee's broad agreement with the general principles of the bill, although I recognise that it has some concerns about the detail. Before dealing with the matters raised by the committee, I would like to give some background about the need for the bill and to set it in context. It would probably be easier if I deal with each service in turn and, if I may, I shall begin with the police.

As I am sure members are aware, the police are funded differently from other local authority services. Each force has a police authority or joint police board, which has responsibility for setting force budgets. The Scottish Executive pays a grant of 51 per cent to cover eligible police expenditure up to a cash limit. Joint police boards then requisition the balance from their constituent local authorities or, in the case of unitary police authorities, from the local authority.

Until 1996, the Scottish Office set a maximum number of police officers for each force, and police grant was paid at 51 per cent of all eligible police costs. Since then, the controls on police officer numbers have been removed, and police grant has been paid up to a cash limit. That change has given chief constables and police authorities more freedom to manage their budgets. However, it has left the police facing something of a quandary. As an emergency service, they have to keep in hand sufficient reserves to enable them to meet unusual demands, but at present they are obliged to return any money unspent at the end of each financial year. That creates a pressure to rush to spend money at the end of the year to avoid its being lost to the force.

In November 1998, the Accounts Commission for Scotland and HM inspectorate of constabulary investigated police funding and published a report called "Credit to the Force". Among other things, it concluded that better value would be obtained if forces could carry forward a working balance from

year to year. The report argued that working balances, in conjunction with greater stability in funding, would make the financial planning process more efficient and effective. The report suggested that the amount that could be carried forward should be limited to 3 per cent of a force's annual budget.

Richard Lochhead (North-East Scotland) (SNP): Am I right in saying that a 3 per cent limit also applies to the fire service, which has a different financial structure from the police service? There is perhaps a case for the Government, which funds the police service, putting a limit on the carry-forward of underspends, but why is that the case with the fire service, which is not keen on that 3 per cent limit? Why is the same limit applied to both services?

Iain Gray: The limit on carry-forward carries with it an element of control. The reason for making similar proposals for the fire service and the police service is a matter that, if Richard Lochhead is willing to wait, I shall come to later in my speech.

As members will know, we have introduced three-year budgets for local authorities, including the police service, giving the stability sought by the "Credit to the Force" report. The ability to manage spends at the end of each year is of even greater significance if forces have to budget for three years at a time, so that underspends in one year can be compensated for in the next. In fact, we have gone beyond the recommendation in "Credit to the Force" and have allowed joint police boards to accumulate balances year on year. I shall return to that point later.

The bill amends the Police (Scotland) Act 1967 to make provision for the carry-forward of working balances. Section 1(1) of the bill deals with the carry-forward of unspent police funds by joint police boards. It does so by amending the 1967 act to require the amalgamation orders that set up the boards to make provision with regard to the payment by the constituent authorities of the amounts that the joint police board estimates will be incurred.

Section 1(2) of the bill amends the 1967 act to ensure that both joint police boards and unitary police authorities can carry forward unspent police grant. At present police grant is paid after an order is laid under section 32 of the 1967 act before the beginning of each financial year. That order is redetermined to show the actual grant paid after the end of the financial year when actual figures are known. The bill ensures that, given the approval of ministers, boards will be able to carry forward police grant.

I mentioned the origin of the proposals in the report "Credit to the Force". As Mr Lochhead correctly pointed out, that report related only to the

police. However, it would have been remiss of us not to have regard to the read-across to the fire service. Many of the same considerations apply and we have therefore included provisions in the bill relating to the carry-forward of working balances by joint fire boards. No equivalent to police grant is payable to fire authorities so, to that extent, the provision for joint fire boards is shorter. Apart from that, and some minor adjustments to the existing legislation in respect of administration schemes, the provision for those boards has the same effect as the provision for joint police boards.

Part of the answer to Mr Lochhead's question is that a unitary fire authority with a single local authority would be able to carry forward using the other arrangements for local authorities to carry forward; however, where a joint board is in place, the proposed legislation would be required to allow that carry-forward too. The fire service is, of course, also an emergency service and, although most of the imperative for the legislation came from the police side, it seemed right to mirror arrangements for the fire service.

I hope that members will understand that the bill's intention is to provide for better financial management, to avoid a rush to spend at the end of each year in particular, and to underpin the three-year budgeting cycle that has been introduced. The bill is a sensible amendment to existing legislation and the Local Government Committee's report commends the general principles of the bill. I hope that the report's conclusions will be endorsed by Parliament today.

The committee had some concerns about the constraints in the bill. If the bill becomes law, there will be issues about the building-up of large balances and the impact on local taxation of not returning unspent requisitions to local authorities. Consequently, some safeguards have been built into the bill.

The first safeguard is that balances can be carried forward only with the consent of the constituent authority whose contribution constitutes, or is part of, the money that is intended to be carried forward. Secondly, any proposal to carry forward requisitioned funds or police grant should have the consent of the Scottish ministers. In addition, as discussed earlier, there is a 3 per cent limit on the amount that can be carried forward from individual years, although that carry-forward can be accumulated year on year.

The committee, and many of the witnesses who gave evidence, had some difficulty with the first safeguard. The fear was that if a single authority opted out of carrying forward its share of any underspend, the difficulties caused would undermine the whole principle of the bill. The

proposal was introduced to protect the position of individual authorities since, at present, any unspent requisitions are returned to them in full. We have carefully considered the committee's report and the evidence submitted by the witnesses and concluded that the provision could be removed from the bill. We will lodge an amendment to that effect at stage 2, assuming that members approve the motion.

The committee was also concerned about the need for ministerial consent before a carry-forward could take place. Again, we have carefully considered the committee's report and the evidence submitted; however, we still think that there is a case for involving ministers and I will explain why.

As I mentioned, we have gone beyond the recommendations in "Credit to the Force". The bill as drafted allows authorities to accumulate carried-forward amounts and so build up large balances to meet anticipated financial pressures. The ability to build up reserves may have an impact on local council tax levels and we therefore think that some sort of safeguard is necessary. However, we acknowledge that misuse of the facility is unlikely and we do not wish to get involved in day-to-day police and fire board issues. Some witnesses expressed concerns about the time that it might take to get the ministerial consent that is required. We therefore propose to allow boards blanket consent to carry forward balances without reference to the justice department, except in exceptional circumstances.

The details have yet to be worked out but, for example, automatic consent might be based on the accumulated amount not exceeding, say, 5 per cent of that year's budget. That approach would give the boards the certainty they need, but protect the interests of taxpayers at both national and local level. That is a significant qualification, and I hope that committee members in particular will agree that it is one that goes a long way towards meeting the concerns raised about that provision.

Some people have argued that the provision is not necessary because, at least in the case of police grant, the Executive can react to excessive reserves by simply reducing the amount of police grant available in subsequent years. Fire boards could apply the same approach to any reserves accumulated by brigades. However, I think that most of us would agree that it is better to avoid difficult situations arising rather than to apply sanctions later in the process.

There is another reason why ministerial consent is important, particularly in relation to the police. Given that police grant and local authority requisitions are treated separately, it would be possible for a board to deliberately set a budget

above its requirements, draw down police grant and then carry forward police grant, but not requisitions. That would distort the balance between police grant and local authority expenditure. I do not want to suggest for a moment that that kind of devious machination is likely, but safeguards should be put in place to stop it occurring.

The final safeguard is a limit of 3 per cent on the amount that can be carried forward. That limit is based on the recommendation in "Credit to the Force". The limit may prove generous or restrictive in practice, but it can be varied by means of a statutory instrument subject to the negative resolution procedure.

In conclusion, we think that the bill is sensible and that it will help financial management in the police and fire services. I am glad that the Local Government Committee approves the general principles of the bill.

I move,

That the Parliament agrees to the general principles of the Police and Fire Services (Finance) (Scotland) Bill.

15:52

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

I am sure that members wish to welcome to the chamber representatives of the police service in Fife. It is a nice coincidence that they are visiting today when we are discussing the Police and Fire Services (Scotland) Bill. I am certain that they will find the proceedings of great interest, even though the two unitary authorities, Fife and Dumfries and Galloway, are not covered by the legislation insofar as it relates to the carry-forward of unspent requisitions.

The bill is a sensible measure that will allow police and fire authorities to carry forward working balances from one financial year to the next. It offers greater flexibility and more prudent financial planning and, as the minister said, it will stop the rush to spend as the end of the year approaches. The SNP supports the general principles of the bill.

I am pleased that the general principles of the bill command support throughout the public service spectrum. The Convention of Scottish Local Authorities has welcomed the principles of the bill because of the greater financial flexibility it offers; the Association of Chief Police Officers in Scotland has stated that the bill would enhance significantly the efficient use of resources; and the Accounts Commission for Scotland believes that the bill will be helpful in assisting police and fire brigades to deliver better value for money.

As the minister outlined, there are a number of concerns about the bill. I am grateful that the

minister has suggested, at an early stage in the debate, that he is willing to consider amendments at stage 2. It is important that during the debate we run through the reasons why many members feel that some parts of the bill need to be examined.

The first concern is about ministerial approval for carrying forward working balances. Local councils do not require ministerial approval to carry forward their working balances and we believe that police and fire boards should have the same flexibility as local councils. We do not believe that additional bureaucracy and control is necessary and we do not understand why it is necessary to exercise ministerial control over the amounts in question, which will be modest. The minister indicated that ministerial approval will be dealt with by informal arrangement. If that is so, most of us are at a loss to understand why that informal arrangement must be enshrined in legislation. That control is unnecessary and it will undermine the modest provisions of the bill.

Of greater concern is the requirement that joint police or fire boards have approval from all the constituent authorities to carry forward the underspent money. I am grateful that the minister has already acknowledged that that will be subject to amendment. Chief Constable Rae of the Association of Chief Police Officers in Scotland highlighted his concerns about what would happen if one constituent authority refused to allow the carry-forward:

"it is difficult for me to say that I will not send as many police officers to an incident because that authority has withheld a proportion of the budget."—[*Official Report, Local Government Committee*, 4 September 2001; c 2152.]

That perhaps explains why there is concern and why we are grateful that the minister has indicated that that proposal will be amended at stage 2. COSLA believes that the proposal would undermine the basis of the current relationship between joint boards and the constituent members.

It is appropriate to mention the democratic legitimacy of the joint boards. They comprise, after all, elected councillors and have been a standing feature of Scottish local government for many years. They must be free to determine their priorities, not just from the perspective of one authority, but from the strategic perspective of all the areas that they cover.

It would be a matter of regret if amendments were not to be lodged that prevented that legitimacy from being undermined. That might also lead to delay and set council against council to no great purpose. In any event, the local authorities would take action to ensure that any joint police board or fire board that was building up unreasonable reserves would make the necessary

adjustments during the normal budgetary procedure. That is how the situation should be.

I confess to having no strong opinion at this point on whether an upper limit of 3 per cent should be placed on the carry-forward. COSLA believes that the joint boards should decide the percentage of carry-forward by a normal consultative process with the joint bodies. Representatives from the Chief and Assistant Chief Fire Officers Association have expressed concern that the figure seems to have been plucked from thin air.

I will now speak on an issue that is not specific to the bill—pensions. The intention behind the bill is laudable. It has found support throughout the public sector. However, the reality is that the benefits of the bill will not be felt for some time, because any underspends are currently used to fund the pensions of the fire service. On that point, Tim Stone of COSLA said:

“A major problem with the increasing cost of fire service and police pensions is forthcoming. Those will increase substantially over the next 10 years and will somehow have to be funded. I suggest that that cannot be dealt with using the reserves with which the bill is concerned.”—[*Official Report, Local Government Committee*, 4 September 2001; c 2141.]

Although the bill will have a modest effect on underspends in the future, the reality is that it is terribly academic in the medium term until such time as police and fire pensions are dealt with. I urge ministers to address that matter with some urgency. All the representations that I have received indicate a belief that there is a time bomb under the pension schemes for the police and fire services in Scotland. I urge the minister to go away, think about that and find out whether we can put in place a better system.

The principles of the bill are welcome. A number of issues should be addressed by amendments at stage 2. However, we need sufficient funding and resources for pensions in the first place. I congratulate the minister on the bill. It is modest, but it will make a real difference to the police and fire services in Scotland. The SNP welcomes the general principles of the bill.

15:59

Mr Keith Harding (Mid Scotland and Fife) (Con): I congratulate Tricia Marwick on speaking for a full seven minutes. She has said practically everything that I was going to say, so I will find it difficult to keep going for five minutes.

Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): Mr Harding does not have to speak for five minutes.

Mr Harding: Oh but I must, just to deprive Mr Rumbles of the time.

The Conservatives, like the majority of the witnesses who gave evidence to the Local Government Committee, broadly welcome and support the bill. However, we do have some reservations, which the minister has gone some way to addressing. We feel that the proposal that ministerial approval be sought to carry forward working balances is unnecessary, particularly as there is no similar requirement for local authorities' budgets. We welcome the minister's announcement today and his movement on the issue.

Although the figure of 3 per cent for the upper limit on the carry-forward is reasonable and workable, we are concerned by some comments about the fire service pensions deficit. Tricia Marwick has already highlighted the problem, but it is worth repeating. We were told that any savings achieved would be used to address the pension deficit and that no reserves could be built up. Although the matter is not within the scope of this bill, I hope that the minister will acknowledge the great problem of the fire service pension deficit and consider the issue separately.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): Mr Harding and I have both served on police boards in our time. Does he agree that the pension problem is potentially so big that it might not be best to tackle it through revenue funding or by carrying forward balances? Would it not be more sensible to move towards a managed pension fund for police and fire services? I know that it would take a lot of money to set up such a fund, but it might be the best approach to take.

Mr Harding: There is no doubt that that is a possible solution. That is why I have asked the minister to consider the issue separately and open up the debate. As Tricia Marwick said, the problem is a time bomb which will explode in the next few years.

Another concern is the proposal that joint boards will be required to seek the approval of constituent authorities to carry forward unspent budgets. As Tricia Marwick has already pointed out, the chief constable of Strathclyde expressed concerns in his evidence to the Local Government Committee about the prospect of having to determine who would pay for what. Boards should not have to consult budgets before they address issues.

Furthermore, in its written evidence to the Local Government Committee, the Chief and Assistant Chief Fire Officers Association said:

“If one authority did not agree”

to the build-up of reserves

“the proposed requirement could affect the ability of firemasters to respond to incidents, and could in certain cases, lead to decisions on the level of response to specific

incidents being influenced by a particular Council's decision on the carry-forward proposal."

In these days of restricted council budgets and with many local authorities experiencing current overspends, there will always be a temptation to claw back underspends from the joint boards. The boards should have the ultimate decision on the roll-over of unspent moneys without requiring the approval of the constituent authorities. We welcome the minister's announcement today that he will introduce the proposal as a stage 2 amendment.

When the minister sums up, perhaps he can explain why joint valuation boards were not included in the proposal and whether they will be taken into account in future. That said, we welcome the bill and the added budget flexibility that it gives, and support its general principles.

16:02

Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): The bill's primary purpose is to allow fire and police authorities to carry forward any underspends in their budgets to the following financial year. The measure is long overdue and I commend the Executive for introducing such sensible financial proposals so early in the life of the Parliament.

Currently, the Scottish Executive pays 51 per cent of the funds of the fire and police authorities to cover their expenditure up to a predetermined level, with the remaining funds coming from local government. If the police authority overspends, the money has to be made up; if it underspends, the remaining funds are repaid to local government and the Scottish Executive. In 1998, before devolution, the Accounts Commission's report "Credit to the Force: Funding and Financial Delegation in the Police Service" recommended that police forces should indeed be allowed to carry forward their working balances into the following financial year. The report says:

"On the one hand, as an emergency service, they have to keep in hand sufficient reserves to enable them to meet unusual demands. However, forces tend to want to ensure that budgets are spent as wisely as possible and do not wish to rush to spend money at the end of the year."

That position is perfectly reasonable, and I imagine that many members in the chamber—although I should point out that the chamber is hardly packed—who have worked in the public sector have at some time been told that they have funds that must be spent in a matter of days before the end of the financial year. We all know that that is a ludicrous way in which to budget, but that has been going on in many parts of the public sector for years. We must get away from the bad practice of use-it-or-lose-it funding and I am glad that the bill directly addresses that issue.

The bill will undoubtedly foster good financial management. Its measures will be subject to the two checks that have already been mentioned. First, the balances that can be carried forward will be limited to 3 per cent of the budget, which is a very sensible measure.

Secondly, balances are to be carried forward with the consent of the constituent authorities and Scottish ministers. On ministerial approval, it is important to note the evidence given by the Association of Chief Police Officers in Scotland to the Local Government Committee. An ACPOS representative said:

"Councils do not require ministerial approval to carry forward their unspent balances; joint police boards require the same flexibility."—[*Official Report, Local Government Committee*, 4 September 2001; c 2147.]

Councillor Joseph Shaw of COSLA said:

"All that troubles me is the fact that the process might be held up. People must realise that the fire department is an emergency service. We had to deal with fires in Arran, which cost us roughly £50,000. If I had had to wait for ministerial approval, the cost could have been £250,000. It is lucky that we put out the fires in time. Waiting for ministerial approval might have meant that we lost Arran."—[*Official Report, Local Government Committee*, 4 September 2001; c 2143-44.]

Those are fair points. I am pleased that the minister is to lodge amendments to address some of the issues at stage 2 and that the Executive has listened to the Local Government Committee. In its report, the committee says:

"The Committee notes the Deputy Minister's response. However, it is not persuaded that the need for ministerial approval for proposed carry-overs has been demonstrated."

I know that the minister talked about stage 2 amendments; I still hope that the Scottish Executive will loosen up a little on its control over funding, for which there is no need. Having highlighted those concerns, which I hope will be dealt with at stages 2 and 3, I can say that the Liberal Democrats definitely recommend that the Parliament should approve the general principles of the bill.

16:06

Dr Sylvia Jackson (Stirling) (Lab): The Local Government Committee's discussion of the Police and Fire Services (Finance) (Scotland) Bill was interesting and raised some important issues. However, as Keith Harding said, it is becoming more difficult to speak in the debate as more speeches are made, because consensus has been reached. I was pleased to note that the minister has given way on many of the committee's recommendations, although there is still much to discuss about ministerial approval.

I want to talk about an issue that was well aired at the evidence-taking stage. It is not directly

affected by the bill but is linked to it: the problem of fire service pensions. I am delighted that representatives of the fire service are attending today. Firemaster Williams stated:

"the pensions problem with which we are faced means that any savings that we make will have to go into the pensions part of the budget. The issues are linked."—*[Official Report, Local Government Committee, 4 September 2001; c 2133.]*

I agree with Tricia Marwick and Keith Harding that fire service pensions must be addressed fairly rapidly, but the issue is not directly related—*[Interruption.]*

The Deputy Presiding Officer: Do not conduct conversations in between the speaker and the chair, please, Mr Gibson.

Dr Jackson: As fire service pensions are not directly related to the bill, I will deal with the issue that remains largely outstanding: ministerial approval. The evidence provided by Chief Constable William Rae and his ACPOS colleagues crystallised what I regard as the main issue: more effective financial planning—in other words, financial planning with the flexibility that is currently available to local authorities. As Chief Constable Rae said, the requirement for ministerial approval as well as constituent authority approval will

"not create the facility that the bill is intended to create of allowing us to break away from the annual budget cycle."—*[Official Report, Local Government Committee, 4 September 2001; c 2146.]*

The chief constable felt that the ministers currently have adequate controls to prevent large balances building up, including the proposed 3 per cent limit; the fact that ministers determine the total grant-aided expenditure levels for both the whole service and individual forces, against which the police-specific grant is paid; and the controls over capital allocations and any discretionary funds that are allocated. It was strongly argued that there is no possibility of the grant being used for non-police purposes and that balances cannot be held for the sake of it. ACPOS felt

"The proposal for Ministerial approval would introduce uncertainty and unnecessary bureaucracy to the financial planning process".

Chief Constable Andrew Cameron argued that a system of ministerial approval and constituent authority approval

"would hinder our confidence in following the principle of three-year budgetary planning",

although I accept that the issue of constituent authority approval has now been dealt with. Chief Constable Cameron also argued that local unit commanders needed to have increased confidence

"at inspector level to prioritise their local community

needs."—*[Official Report, Local Government Committee, 4 September 2001, c 2151.]*

More devolved financial management would allow that to happen. Local needs could be prioritised and dealt with in an on-going and effective manner.

Other witnesses argued that sufficient structures are in place at police and fire board level to make ministerial approval unnecessary. Indeed, it was felt that a requirement for ministerial approval goes against the spirit of the bill, which is to give the police and fire services more freedom to manage their budgets flexibly and effectively. In response to my question about when ministerial approval would be required, Iain Gray implied that the system would be so informal as to be non-existent. If so, there seems no reason for requiring ministerial approval. Tricia Marwick made the same point earlier.

The sentiments that I have expressed wholly reflect the feeling of the Local Government Committee. There are still issues to discuss, but all members of the committee are agreed on the general principles of the bill and on the need to move forward with it.

16:12

Ms Sandra White (Glasgow) (SNP): Consensus is rife in the chamber today. That is always welcome during stage 1 consideration of a bill. Amendments can be made at stages 2 and 3.

This bill contains three contentious provisions. The first is the 3 per cent limit, the second is the requirement for consent by the constituent authority and the third is the requirement for ministerial consent.

The minister has said that the Executive will lodge an amendment at stage 2 to deal with the issue of constituent authority consent, and I welcome that. I have been a member of the Local Government Committee for only two weeks, but I know that it had considered the relevant documentation and debated the issues before I joined. The committee was happy that the minister had committed himself to lodging an amendment to the bill. I was even happier than other members, because I was concerned by what Iain Gray said in his letter to the committee of 11 September. In the final paragraph of that letter, he stated:

"a local authority would have to have made a conscious decision that it was willing to suffer a lower standard of policing or fire services than that enjoyed in neighbouring areas and to have spent the money thus saved elsewhere. Ultimately it would have been up to the electorate to decide whether they agreed with that order of priorities".

I now do not have to write to Mr Gray to ask him to explain what he meant. He may say more about the matter in summing up, because I was

confused by the suggestion that politics should come into the police and fire services.

The issue of ministerial consent is more problematic. Mike Rumbles has already pointed out that we might have lost the isle of Arran if we had had to wait for ministerial consent. I did not want to raise that issue, because I thought that it might frighten people to death. Instead I will quote Councillor Hinds, whose comments are short and to the point. He said:

"The difficulty is the bureaucracy of the system."

That is right. The councillor continued:

"If the Scottish Parliament is about nothing else it is about trust and devolving power and resources. That is the principle of the matter."—[*Official Report, Local Government Committee*, 4 September 2001, c 2144.]

I hope that the minister will reconsider that issue. I am sure that the Local Government Committee will do so.

The other issue that I mentioned was the 3 per cent limit. After being questioned by the committee, representatives of COSLA and the fire and police boards appeared to agree that they would accept the 3 per cent limit if that was the only of ensuring that the bill was passed. However, they felt that the same limit was not imposed on councils and that it amounted to a form of capping. Others have also raised the issue of the 3 per cent limit. Along with ministerial consent, that is the only contentious matter remaining in the bill.

The bill is sensible and I am happy to support it at stage 1. We know that a variety of amendments will be lodged at stage 2, but, on the whole, it is a sensible bill. It was crazy that police or fire services could have been prevented from carrying out their duties simply because a council would not give them money. I welcome the bill at stage 1 and I welcome the amendments that the minister is to lodge at stage 2.

16:15

Mr Michael McMahon (Hamilton North and Bellshill) (Lab): One of the Parliament's strengths can be found in the fact that we are able to find time to introduce short bills that tidy up some of the issues that seem to interested parties to have been hanging about to be dealt with for a long time. Many areas of Scottish legislation are known to require remedial action, but finding the time to deal with them was previously a problem. The Police and Fire Services (Finance) (Scotland) Bill comes into that category. It is simple enough to amend the Police (Scotland) Act 1967 and the Fire Services Act 1947 to allow working balances to be carried forward. The clear value inherent in such short bills leaves one wondering why they could not have been dealt with earlier.

This good bill has the sensible intention of bringing into force the suggestions that were made in the joint report of HM inspectorate of constabulary and the Accounts Commission for Scotland, "Credit to the Force". Fulfilling the bill's intention will allow police and fire boards to take greater value from their resources and to have greater stability in funding and enhanced efficiency and effectiveness in future financial planning. It is hardly surprising that the intentions of the bill found support from everyone who took part in the consultation process.

Another strength of the Parliament is that we are able quickly to pick up problems that have been identified by those who are affected by a bill. The progress of the Police and Fire Services (Finance) (Scotland) Bill through the scrutiny process, via the Local Government Committee, raised a number of issues that the committee was required to cover in its report.

As previous speakers noted, three main issues arose during the consultation process. Colleagues on the committee have addressed those points already. I will focus on the issue that gave me the most cause for concern: the impact of the proposal to allow constituent authorities to withhold consent for the carry-forward of unspent moneys. Both ACPOS and CACFOA raised that issue and both provided the committee with disturbing scenarios of the potential consequences if an authority withheld its consent.

Chief Constable Rae of Strathclyde police said:

"once one of the partners takes away its share of the cake, it is difficult for me to say that I will not send as many police officers to an incident because that authority has withheld a proportion of the budget."—[*Official Report, Local Government Committee*, 4 September 2001; c 2152.]

Those words were echoed by the CACFOA representatives. Their concerns were so strong that it would have been wrong if the committee had not taken cognisance of them. I am glad that the minister, like the committee, also recognised those concerns.

Once the committee had recognised the concerns that had been raised, members had no alternative but to conclude that the proposal on opt-outs in the bill was unacceptable. I am in no doubt that an authority's decision to withhold moneys could have led to a reduction in the level of provision within that authority at any given time. Therefore, I am pleased that the minister reconsidered that proposal and will lodge amendments. Surely it is right that the total underspend is either carried forward or withheld in its entirety. That is the only way in which the dangerous possibilities that were outlined by the police and fire officers could be averted. My committee colleagues and I felt so strongly about that matter that we would have found it

inconceivable for the bill to remain in its present form after stage 2.

I repeat: this is a good bill, with good motives. I was concerned that, as drafted, it could have unwittingly introduced inequalities in the provision of the emergency services. That would not have been the bill's intention, but the potential consequences would have been unacceptable. The minister is to be congratulated on his intention to lodge amendments to the bill at stage 2 to prevent those potential consequences.

16:19

Bill Aitken (Glasgow) (Con): When I heard the minister use the term "devious machination", I wondered what he was intending to bring into play. I was certainly disturbed from my afternoon torpor and he made me wonder why he was seeking to stretch out such an anodyne debate. I presume that members are unlikely to be in the park until 5 o'clock.

The subject matter of the bill is fairly straightforward and there is likely to be agreement about the bill without division—at stage 1, at least. However, the bill could cause a number of situations to arise.

Those of us who have been involved in local government well remember the problems of unspent moneys. Indeed, I always had a diary note for the second weekend in February to walk the streets of my council ward to look for potholes and other matters to report, in the certain knowledge that, with money to be spent, the jobs would be done. That was neither good budgeting nor good local government; it was simply the way of the system. Therefore, anything that allows the police and fire services to avoid such problems is to be welcomed.

The fire service pensions deficit is the one serious point that has been flagged up in the debate. Clearly, there is a problem, which, in view of the financial difficulties that are being experienced and will continue to be experienced over the next year, is likely to increase. Jamie Stone's suggestion was made in an entirely positive manner, but I am not satisfied that it would deal with the matter. However, it is worthy of exploration and I have no doubt that that will be done in due course.

Bearing in mind the politics of the issue, we have a serious concern about the way in which the overspends must be agreed unanimously by the components of any joint police board. It is not beyond the bounds of possibility—indeed, it is a probability—that not all members of police boards will agree. In time, different local authorities may come under the control of politicians of differing political complexions, so that there will inevitably

be differing political expenditure priorities. It seems not unlikely that situations will arise in which there is no unanimity of purpose or action. At that stage, there will be a real problem. The chief constable of Strathclyde police was quite correct to flag up that potential difficulty.

We are relieved that the minister, in uncharacteristically consensual mode, has said that he is prepared to look again at certain aspects of the bill. We had been concerned that ministerial approval would have been necessary for any carry-forward of working balances, because we recognise that the Executive seeks to a quite unprecedented extent to restrict local government's freedom of movement. Therefore, it was with some relief that we heard that the matter is likely to be reconsidered at stage 2. We seem to be demonstrating a degree of success in the matter.

The police and fire services are an extremely important part of Scottish life. If those services are not functioning to their maximum, lives are put at risk. Given the substantial amount of the Scottish block that those organisations use, budgeting for them is highly important and anything that will ease that process is welcome. As Mr Harding has said, the Conservatives will vote to approve the bill at stage 1. We look forward to the minister's amendments at stage 2.

16:23

Trish Godman (West Renfrewshire) (Lab): Today will not be the first time that the minister has accepted much of what is in a stage 1 report that has been produced by the Local Government Committee. Whatever the committee is doing, we must be doing it very well.

Today, we have had a useful and worthwhile debate on a bill that is of considerable importance to the police and fire service boards. Its implementation will enable both services to be maintained on a high level of operational efficiency.

The committee believes that the Scottish Executive has carried out genuine consultation on the bill. Michael McMahon made an important point about the need to be able to carry forward overspends as well as underspends. I hope that the minister and his officials will take Michael McMahon's valuable comments on board at stage 2.

Similarly, I agree wholeheartedly with what Tricia Marwick, Sylvia Jackson and Sandra White said about the inappropriateness of the requirement for ministerial approval for the carry-forward of working balances. The minister has not yet convinced me or the committee of the need for that approval. Councils are not constrained by

such bureaucratic regulations, so why impose them on the police and fire boards? If we are serious about the principles of devolution and subsidiarity, the requirement for ministerial approval should be ditched.

I note the minister's comment that the joint boards will not now be required to seek the approval of all the constituent authorities to carry forward unspent moneys. The committee believed that that requirement was entirely unnecessary. Every authority has representatives on those boards. Are those people not to be trusted? Are they to be overruled by their authorities if those authorities say, "We want some of our money back, so go and fight that case at the board"? In the interests of democratic accountability and the autonomy of board members, let us put some trust in their mature and sensible decision making. If they cannot argue their case on the board and back in the council, the question that arises is whether they should be on the board.

The Deputy Minister for Finance and Local Government claims that the proposals in the bill are a reasonable halfway house as far as the constituent authorities are concerned. I have some scepticism about ministerial halfway houses; in this case, I would put my trust in the board.

Other members have commented on the importance of the fire service pension scheme and of insurance cover for firefighters. Those issues were outside the scope of the bill. However, when issues arise in evidence that are outside the scope of a bill but are obviously extremely important, it is incumbent on the committee that hears that evidence to take those issues up. With the committee's agreement, I have written to the minister about the its concerns over the pension entitlement of our firefighters, which must be protected. The committee and I will continue to pursue that issue and I will wait to hear what the minister has to say. We seek ministerial assurance. Although it was not part of our remit, we must not let that critical issue fade away.

This bill is good, but it will require amendment along the lines that have been proposed by my colleagues on the committee. I thank the committee members for their support in producing the report and for turning up today and making this debate last as long as it has done. I also thank all the other MSPs who have turned up to make it last a bit longer.

I urge members to support the general principles of the bill.

16:27

Mr Kenneth Gibson (Glasgow) (SNP): As a consensus politician—which I clearly am—I found myself in a rising panic at the prospect of talking

about the bill. Every speaker chipped away more and more of the fairly puny speech that I had prepared. I hope that I can do as well as Bill Aitken did in speaking from the heart.

Both Bill Aitken and Trish Godman made excellent speeches and—as I did not give her the credit that she believes she deserves for her contributions to the voluntary sector—I will mention the good work that Tricia Marwick has done on this issue.

We have arrived at a consensus on the bill. Trish Godman highlighted issues that still have to be resolved, but I think that we are heading in the right direction, especially on whether the minister will or will not intervene. I am pleased that the minister has decided to amend the bill on the issue that appears, according to the report, to have caused the most irritation to local authorities—that of all constituent authorities having to consent to allow moneys to be carried forward.

During the evidence gathering on the bill, Michael McMahon put his finger on a number of important points when interrogating Firemaster Williams—although "questioning" is perhaps a better word than "interrogating". Michael McMahon expressed concern over how fire brigades would be able to fund themselves in the long term if there were more call-outs than the budget allowed for. The fact that he focused on that point will be significant in ensuring that resources are made available to address that issue. None of us wants there to be too many phone calls and not enough fire engines, or for firemasters to be concerned about moving a fire engine from one local authority area to another because of a restriction on budgets. I am therefore pleased that the minister has addressed that issue.

Some members have expressed concerns about the pension fund. In the Local Government Committee, it was said:

"There is a difference of about £22 million between the amount that the Scottish fire service needs this year and the amount that it needs in 2005 to cover pensions. The service's total annual budget is just over £200 million."

Clearly, that issue will have to be addressed. As Trish Godman said, we were told that

"there is no equivalent ministerial control over the general fund for councils or their housing revenue account."—*[Official Report, Local Government Committee, 4 September 2001; c 2135-37.]*

I thought that it was brave of her to throw a hand grenade at the minister on that issue.

As Michael McMahon pointed out, one of the great things about devolution is the fact that the Parliament can introduce bills that are very specific—although I am sure that independence will enable us to do that to a greater extent and over a wider range of subjects. The bill could not

have been introduced at Westminster and the fact that it has been introduced now is a great testament to the system in which we work. I realise that the issue that the bill deals with may not be of much interest to the massed ranks in the press gallery or the hordes of people in the public gallery. I also realise that this debate may not be as thrilling as some that we have had. Nevertheless, it is essential and I look forward to participating—perhaps in a more involved way—in such debates in the future.

16:31

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): Consensus has a soporific quality, so I shall try to inject a little controversy into the debate to liven up proceedings. In the proper manner of winding up, I pay tribute to all those who have spoken. The minister has given us a full and frank account of where he is coming from and the Liberal Democrats support the bill, especially the changes that were made to address issues of concern.

I pay tribute to Tricia Marwick for her speech. I am glad that the subject of pensions has been flagged up. I am tempted to say, "Hands up anyone who has been on a police or fire board." However, let us not get into that. I have a feeling of déjà vu. There was a time when Mr Peacock, as convener of Highland Council, used to say to me, as a member of the Northern Joint Police Board, "Go in there and sort them out." Here is the first controversial point. Accounting—or the way in which the money is managed—in police forces and police boards is not always as transparent as it might be. I have had personal experience of going to a meeting of the joint police board and asking, "Why, chief constable or chairman, is money being spent in that way?" I did not always get a satisfactory answer.

I became known to that police board as a paid-up member of the awkward squad. There is obviously no connection, but I was done for speeding on the way back from a particularly difficult meeting. That happened again over the next two months, until I was driving on nine points. Of course, that was not the police getting their revenge on me—although I wondered about it. The chairman of the police board told colleagues that I was a troublemaker and that, by way of revenge, he would have the sergeant demonstrate the new truncheon on me.

The fire services issue is serious. In constituencies such as the one I represent, funding is the problem time and again. For example, we are having problems in getting a fire station in Dunbeath in east Caithness and in Scourie in north-west Sutherland. The flexibility that will result from the bill—the ability to carry

forward funds and to amass them—will be helpful. Nevertheless, in contrast to other members, I believe that the role of the minister is important. First, it will provide a kind of protection for local authorities, as there have been fears about what could happen. Tension has repeatedly grown between local authorities and joint police and fire boards. Secondly, fire and police services have an overarching national aspect and the minister's role is to make national decisions about the provision of services.

That concludes my short speech. I shall have difficulty in filling my prescribed time except by telling a few jokes, which I cannot be bothered to do. I therefore leave it at this: I beg the ministers to consider the issue of pensions. I do not know the solution, but I suspect that it will have to involve something along the lines of a managed pension fund. I do not know how else that chunk of money can be secured—there may be other ways, but I do not know of them.

At some future date, the accounting and reporting procedures of some of the boards must be examined, because all too often in my experience board members do not understand fully what is being done and how money is being managed, which is in stark contrast to my experience over a number of years as vice-chairman of finance for my local authority. That is a concern. This morning we talked about being open and accountable. We are giving flexibility to police forces and fire boards, but their elected members, MSPs and ministers must know exactly how the money is being managed. I will be happy only when I can rest my head knowing that that is the case, so I ask ministers to consider that.

16:36

Mr David Davidson (North-East Scotland) (Con): On behalf of my party, I welcome the Police and Fire Services (Finance) (Scotland) Bill. Police and fire brigades are essential parts of community protection, which is vital to the well-being of everyone in this country. I am delighted that tidying-up legislation in this area has been introduced.

End-year flexibility is good for police forces. Along with three-year budgets, it will enable stable financial planning, but it will also allow police forces to accumulate funds to be spent on new technology, when it comes along—I know that in many police forces the introduction of new technologies has placed a major strain on budgets. That strain will be relieved for police forces, but I do not think that the same will apply to the fire service, because of the pension problems that have been highlighted today. I encourage those who have spoken today to take part in a future debate on fire service pensions.

Members have highlighted three tensions. The first is whether the 3 per cent limit is reasonable. The second is the issue of consent and constituent authorities, which may cause tensions in joint boards, as has happened in other areas of Scottish public life—area tourist boards, for example. The general thinking behind the bill may have to be applied to other aspects of community life. The third area of tension is the role of ministers. The Conservatives have reservations about that, because the process is tremendously bureaucratic. On behalf of our party, I welcome the offer that the Deputy Minister for Justice made to introduce amendments at stage 2 to take care of some of the difficulties; members from all parties have said that their concerns may be solved by the proposed amendments.

I am concerned about funding difficulties, particularly funding of the fire service. I am reminded of going to a museum in York, which showed examples of plaques that were put on walls to prove that people had paid their subscription to the fire service. If there was no plaque, the fire service would not go there—it was as simple as that. We must never return to that situation in such a vital area of public safety.

In this morning's lengthy and sometimes rowdy debate, comments were made about the lack of rules on end-year flexibility. I am delighted that the way in which ministers have been thinking about the bill shows that a lesson is being learned. We must discuss how we deal with budgeting throughout public life in Scotland.

I am not a member of the Local Government Committee—although I have served my time as a local councillor—but I congratulate it on the amount of work that it has done and the quality of its report. It is obvious that a lot of hard work has been done in a consensual and practical manner. We must closely scrutinise amendments at stage 2. Those amendments should be constructive and should not take away from the principles of the bill, which we are delighted to support today.

16:40

Tricia Marwick: I thank Trish Godman and the other members of the Local Government Committee, who have done far more work on the issue than I have—I have been a member of the committee for only two weeks. The report is a good one; it highlights the issues that need to be highlighted. The fact that the minister has acknowledged that amendments must be made is a testament to the committee's work over the past two weeks and, more important, over the past two years.

I also thank those members of the Fife constabulary who have sat through the debate. I

am sure that they found it a bit more interesting than we did. We have raised issues of real concern, particularly about pensions. As Trish Godman said, that issue does not relate to the bill, but it is important and it is right and proper that the committee highlights it. We expect ministers to go away and give the matter some serious thought. They must ensure that pensions are secured now and in future and that money is not taken away from the reserve to do that.

I hope that, even though he is not conceding it at the moment, the minister will accept an amendment at stage 2 on ministerial control. I referred to the fact that the bill does not directly affect Fife or Dumfries and Galloway, the two unitary authorities. If the minister is considering an amendment on the need for ministerial control, I hope that he will take into account the unitary authorities' specific needs.

I refer the minister to paragraph 10 of the policy memorandum that accompanies the bill. It says:

"Although unitary police authorities could use their 'general funds' to carry forward unspent police grant, a re-determination of that grant ... would require the repayment of any unspent grant. The intention is that any re-determinations will not require the return of unspent police grant that unitary police authorities wish to carry forward."

It goes on to say:

"Unitary authorities that wish to carry forward working balances will therefore need to have in place administrative mechanisms that show that any carried forward amount is spent only on eligible police expenditure. Such administrative mechanisms will need to have the approval of the Scottish Executive."

If the minister accepts an amendment whereby joint boards are not required to seek ministerial approval for carry-forward, I hope that he will also consider the impact of that on the unitary authorities. I hope that he will not allow unitary authorities to be under a different regime from that governing the joint boards. We have only two unitary authorities in Scotland: Fife Council—my area—and Dumfries and Galloway Council. I hope that the procedures that will be in place will not mean that the two unitary authorities are disadvantaged in comparison to the joint board areas.

I welcome the move forward by the minister today. However, there is work to be done at stage 2. I hope that the minister will look at the amendments and take on board the sincere comments that have been made, particularly about the pension funds. I look forward to stage 2 and a shorter debate at stage 3.

16:43

The Deputy Minister for Finance and Local Government (Peter Peacock): Presiding Officer, the prospect of talking for 15 minutes on this

subject daunts me, but I gather that you are going to suspend the meeting as soon as I sit down. That will save everyone from the device that I was going to use, which was to go through a journey of Highlands and Islands police and fire board meetings over the years in which I was associated with them. There are many renowned stories, let me tell you.

As members know, the Highlands and Islands boards occasionally used to hold their meetings in Orkney and Shetland—they take their meetings all round the place. A chairman of one of the boards could not fly, which is a bit of a disadvantage if one is going to Shetland. He had to set off several days in advance and return several days later—given what happened in Shetland, it was often useful to have several days to recover on the journey back. I see John Farquhar Munro nodding vigorously; he was one of the members who used to attend those meetings. All the December meetings of the Highlands and Islands fire and police boards were held in Inverness to allow people from the islands to do their Christmas shopping. I am glad to say that members will be saved from any more such stories.

Before I go into the substance of the bill, I will pick up two points that members raised but that do not relate to the bill. Members talked about the difficulties that arose for many years in funding fully in any given year the pension costs that fall on an authority, whether it is a fire or police board, although police boards now have more flexibility in such matters. That burden can fall on fire boards in a way that is not well profiled; the number of retirals in a year can also make a major impact on the budget.

I assure members that although that is not a matter for the Executive—pension law is reserved and the pension funds are a UK matter—the Home Office is considering it. It realises that serious issues must be addressed. We will be an active participant in the discussions that take place to try to find long-term solutions to the problems.

Mr Stone: I will press the minister on one issue. He will recall that, when the Tory party conference went to Inverness, the local police board's budget went pear-shaped and the police were left with a problem. Will the bill help to address such an issue? I would accept an answer in writing later.

Peter Peacock: On the general question of flexibility, the bill should help. The Deputy First Minister answered a question at last week's question time about the costs that are associated with the extra policing for the Parliament. Such costs are being considered more generally.

I will respond to the question on why the bill does not cover joint valuation boards. Our view was that, in dealing with police and fire boards, we

were addressing the major problem and large amounts of public expenditure. The sums involved with joint valuation boards are much smaller. However, although we did not feel it appropriate to proceed with that issue in the bill, we could deal with it if it were ever felt to be a pressing need—we have not ruled that out.

Like Iain Gray and others, I welcome the Local Government Committee's work on the bill and its support for the bill's general principles. I also welcome the response from the whole chamber to Iain Gray's suggestion that the Executive is prepared to give ground on several matters that concerned the committee. I am glad that we have gone what seems a long way towards satisfying committee members on those points.

I am sure that, with good will, we will be able to lodge amendments at stage 2 that will completely satisfy the committee. I would be more than happy to have further discussions through the usual channels to fine-tune our proposals even before stage 2, to ensure that we can find the proper way to proceed.

As members know, the bill allows authorities to accumulate carry-forward amounts and so build up significant balances to meet expected financial pressures. The ability to build up reserves may have an impact on local council tax levels, so some checks will remain necessary. Several safeguards have been put in place, essentially to prevent the accumulation of unnecessarily large reserves.

Members have raised points about ministers' powers over such accumulations. The intention is not for ministers or their officials to intervene inappropriately or bureaucratically. We genuinely want the procedure to be simple and to allow matters to progress with ease in each year when a reserve could be carried forward.

However, part of the funding for joint police boards comes from local authorities. If joint police board balances build up significantly and local authorities face pressures on their budgets or increase council tax significantly, we will have to recognise that an anomaly has been created. In such circumstances—which we do not expect to occur often, if at all—we want to have the powers to allow the normal dialogue in any grant distribution system between police authorities, local authorities and the Executive to take place and to give ministers some discretion in the situation. That is a reserve power, which would be triggered only in extremis. Ministers would not constantly be brought into the situation.

I will consider Tricia Marwick's interesting point about unitary authorities. The accounting procedures are different in a unitary authority, where the police board is—as in the case of Fife

Council and Dumfries and Galloway Council—part of the local authority. That is because the respective boundaries are coterminous; the board and the authority are part of the same structure, so the flexibilities may already exist. I am not clear that unitary authorities will be disadvantaged, but we will examine that.

Tricia Marwick: I refer back to ministerial control. If the minister is saying that that control is going to be informal, I am at a loss to understand why it must be enshrined in legislation.

Peter Peacock: The reason is the one that I have given the chamber. With an informal set of procedures, accumulated balances could build and build. We do not want that to happen. We accept the need for balances to be carried forward for the purposes that we have set out in the bill, but we do not want them to become excessive. Ministers will have the power to authorise—or not authorise—further transfers into the accumulated reserve only when the balances threaten to become excessive. It would be extremely anomalous if a police board or fire board that was funded by the local authorities in large part—or in total in the case of the fire boards—were to build up very large balances at the same time as local taxation was rising. The power is included to guard against such situations. I assure members that we do not think that the situation will arise often. In practice, we think it unlikely that large balances will build up. The consents regime will be designed to pick up exceptional cases and will avoid undue interference by the department and ministers.

We can return to the detail at stage 2, but I am sure that we will be able to consider positively the automatic approval of a class of consents, which will make requirement of ministerial consent an exceptional occurrence. As Iain Gray indicated, an accumulated amount of 5 per cent of budget would perhaps be the appropriate figure. We would be happy to have discussions through the usual channels to fine-tune that proposal.

As members know, the bill provides for the carry-forward of working balances by police and fire authorities at the end of each financial year. It limits that carry-forward to 3 per cent of a force's or brigade's budget in any one year. It allows the 3 per cent limit to be changed by order, if that limit proves inappropriate. That picks up on a point that Richard Lochhead made. The bill allows balances to accumulate over time and requires ministerial consent for any carry-forward proposal with an assurance that, as I have indicated, ministers will not be involved unnecessarily.

The bill, as drafted, also makes provision for the consent of individual authorities to carry forward their share of any underspend. As Iain Gray indicated, we have agreed to introduce an amendment to delete that provision from the bill in

response to the Local Government Committee's concerns.

The intention of the bill is to provide for the better financial management of police and fire services, to avoid a rush to spend at the end of a financial year in the way that, as Bill Aitken outlined, used to happen in local authorities, and to underpin the three-year budgeting cycle that was introduced by the Scottish Executive.

The bill is sensible. It will help financial management in the police and fire services. We accept that it can be improved by the measures that we have set out today and I look forward to the Parliament's endorsement of our proposals. I commend the motion to the Parliament.

Parliamentary Bureau Motions

16:54

The Presiding Officer (Sir David Steel): There are three Parliamentary Bureau motions. I do not know whether Mr Robson wants to make a speech on them to keep us going for a little while.

The Deputy Minister for Parliament (Euan Robson): I was sorry to have missed some of the previous debate, because my uncle was for many years the chairman of a fire board in the west of Scotland. I would have liked to have had the opportunity to contribute to the debate, but my duties took me elsewhere.

The Presiding Officer: You can contribute if you like.

Euan Robson: No, thank you.

Motions moved,

That the Parliament agrees that the Health and Community Care Committee is designated as Lead Committee in consideration of the Community Care and Health (Scotland) Bill and that the Bill should also be considered by the Local Government Committee.

That the Parliament agrees that Murdo Fraser be appointed to replace David Mundell on the Subordinate Legislation Committee.

That the Parliament agrees that the following instruments be approved:

the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (West Coast) (No.5) (Scotland) Order 2001 (SSI 2001/295); and

the Fishing Vessels (Decommissioning) (Scotland) Scheme 2001.—[*Euan Robson.*]

The Presiding Officer: I am afraid that I have no option but to suspend the meeting for four minutes because I have no power to bring forward decision time.

16:56

Meeting suspended.

17:00

On resuming—

Decision Time

The Presiding Officer (Sir David Steel): There are eight questions to be put as a result of today's business.

The Presiding Officer: The first question is, that amendment S1M-2248.1.1, in the name of Ben Wallace, which seeks to amend amendment S1M-2248.1, in the name of Malcolm Chisholm, on the care development group, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Aitken, Bill (Glasgow) (Con)
 Canavan, Dennis (Falkirk West)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Harding, Mr Keith (Mid Scotland and Fife) (Con)
 Johnstone, Alex (North-East Scotland) (Con)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)
 McLetchie, David (Lothians) (Con)
 Mundell, David (South of Scotland) (Con)
 Scott, John (Ayr) (Con)
 Tosh, Mr Murray (South of Scotland) (Con)
 Wallace, Ben (North-East Scotland) (Con)
 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)
 Brankin, Rhona (Midlothian) (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)
 Fitzpatrick, Brian (Strathkelvin and Bearsden) (Lab)
 Gillon, Karen (Clydesdale) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 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)
 Jenkins, Ian (Tweeddale, Ettrick and Lauderdale) (LD)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (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)
 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, John Farquhar (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)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
 Sheridan, Tommy (Glasgow) (SSP)
 Simpson, Dr Richard (Ochil) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Thomson, Elaine (Aberdeen North) (Lab)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

ABSTENTIONS

Adam, Brian (North-East 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)
 Fabiani, Linda (Central Scotland) (SNP)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Grahame, Christine (South of Scotland) (SNP)
 Hamilton, Mr Duncan (Highlands and Islands) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Lochhead, Richard (North-East Scotland) (SNP)
 MacAskill, Mr Kenny (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)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (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)
 Stevenson, Stewart (Banff and Buchan) (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 16, Against 64, Abstentions 30.

Amendment disagreed to.

The Presiding Officer: The second question is, that amendment S1M-2248.1, in the name of Malcolm Chisholm, which seeks to amend motion S1M-2248, in the name of Nicola Sturgeon, on the care development group, 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)
 Brankin, Rhona (Midlothian) (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)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fitzpatrick, Brian (Strathkelvin and Bearsden) (Lab)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Gillon, Karen (Clydesdale) (Lab)
 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)
 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)
 Jenkins, Ian (Tweeddale, Ettrick and Lauderdale) (LD)
 Johnstone, Alex (North-East Scotland) (Con)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (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)
 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)
 McLetchie, David (Lothians) (Con)
 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)
 Mundell, David (South of Scotland) (Con)
 Munro, John Farquhar (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)
 Quinan, Mr Lloyd (West of Scotland) (SNP)
 Radcliffe, Nora (Gordon) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
 Scott, John (Ayr) (Con)
 Simpson, Dr Richard (Ochil) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (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)
 Canavan, Dennis (Falkirk West)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Elder, Dorothy-Grace (Glasgow) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Grahame, Christine (South of Scotland) (SNP)
 Hamilton, Mr Duncan (Highlands and Islands) (SNP)
 Lochhead, Richard (North-East Scotland) (SNP)
 MacAskill, Mr Kenny (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)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Russell, Michael (South of Scotland) (SNP)
 Sheridan, Tommy (Glasgow) (SSP)
 Stevenson, Stewart (Banff and Buchan) (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)

ABSTENTIONS

Ewing, Mrs Margaret (Moray) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (SNP)

The Presiding Officer: The result of the division is: For 79, Against 28, Abstentions 3.

Amendment agreed to.

The Presiding Officer: The third question is, that motion S1M-2248, in the name of Nicola Sturgeon, on the care development group, as

amended, 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)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Canavan, Dennis (Falkirk West)
 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)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fitzpatrick, Brian (Strathkelvin and Bearsden) (Lab)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Gillon, Karen (Clydesdale) (Lab)
 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)
 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)
 Jenkins, Ian (Tweeddale, Ettrick and Lauderdale) (LD)
 Johnstone, Alex (North-East Scotland) (Con)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (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)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)
 McLeish, Henry (Central Fife) (Lab)
 McLetchie, David (Lothians) (Con)
 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)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Mundell, David (South of Scotland) (Con)
 Munro, John Farquhar (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)

Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
 Scott, John (Ayr) (Con)
 Simpson, Dr Richard (Ochil) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Smith, Mrs Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (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

McGrigor, Mr Jamie (Highlands and Islands) (Con)

ABSTENTIONS

Adam, Brian (North-East 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)
 Fabiani, Linda (Central Scotland) (SNP)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Grahame, Christine (South of Scotland) (SNP)
 Hamilton, Mr Duncan (Highlands and Islands) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Lochhead, Richard (North-East Scotland) (SNP)
 MacAskill, Mr Kenny (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)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (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)
 Sheridan, Tommy (Glasgow) (SSP)
 Stevenson, Stewart (Banff and Buchan) (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 79, Against 1, Abstentions 31.

Motion, as amended, agreed to.

Resolved,

That the Parliament welcomes the report of the Care Development Group and the Scottish Executive's commitment to implement its recommendations and further welcomes the statement made by the Minister for Health and Community Care on 26 September 2001.

The Presiding Officer: The fourth question is, that motion S1M-2249, in the name of Alasdair Morgan, on Government stewardship of the public's resources, be agreed to.

Motion agreed to.

That the Parliament notes the Scottish Executive's news release of 19 September 2001 on end-year flexibility.

The Presiding Officer: The fifth question is, that motion S1M-1992, in the name of Mr Jim Wallace, on the general principles of the Police and Fire Services (Finance) (Scotland) Bill, be agreed to.

Motion agreed to.

That the Parliament agrees to the general principles of the Police and Fire Services (Finance) (Scotland) Bill.

The Presiding Officer: The sixth question is, that motion S1M-2252, in the name of Mr Tom McCabe, on lead committees, be agreed to.

Motion agreed to.

That the Parliament agrees that the Health and Community Care Committee is designated as Lead Committee in consideration of the Community Care and Health (Scotland) Bill and that the Bill should also be considered by the Local Government Committee.

The Presiding Officer: The seventh question is, that motion S1M-2253, in the name of Mr Tom McCabe, on committee membership, be agreed to.

Motion agreed to.

That the Parliament agrees that Murdo Fraser be appointed to replace David Mundell on the Subordinate Legislation Committee.

The Presiding Officer: The eighth question is, that motion S1M-2254, in the name of Mr Tom McCabe, on the approval of statutory instruments, be agreed to.

Motion agreed to.

That the Parliament agrees that the following instruments be approved:

the Food Protection (Emergency Prohibitions) (Amnesic Shellfish Poisoning) (West Coast) (No 5) (Scotland) Order 2001 (SSI 2001/295); and

the Fishing Vessels (Decommissioning) (Scotland) Scheme 2001.

The Presiding Officer: That concludes decision time.

“Value Nurses” Campaign

The Presiding Officer (Sir David Steel): The final item of business is a members’ business debate on motion S1M-2054, in the name of Margaret Smith, on the Royal College of Nursing Scotland’s value nurses campaign.

Motion debated,

That the Parliament supports the Royal College of Nursing Scotland’s “Value Nurses” campaign, which highlights the crucial role that nurses play in delivering high quality patient care; welcomes the nursing summit announced by the Minister for Health and Community Care, and believes that the Executive should take action to recruit and retain more nurses and to reward them in a way which demonstrates the value the Parliament attaches to their work.

17:05

Mrs Margaret Smith (Edinburgh West) (LD): I am delighted and honoured to sponsor a motion to value and recognise the wide range of work done by Scotland’s nurses and to support the RCN’s value nurses campaign.

I welcome nurses to the public gallery and thank those who have contributed to our online discussions this week on the Parliament’s interactive website forum.

Nurses account for one half of the NHS work force and 80 per cent of the care delivered by the NHS. Nurses are everywhere—in hospitals, schools, industries and care homes. They are in every community in Scotland and are the backbone of a caring NHS. They must be supported and valued by us. They are also crucial parts of professional teams of other NHS staff—of secretaries, doctors, cleaners, porters and lab staff, for example.

Over the summer recess, I took the opportunity to support RCN’s campaign by shadowing some of our nursing staff as they went about their work. I shadowed Duneil Macloud, who works with homeless people at The Access Point in Edinburgh. The service is jointly funded by the health board and the City of Edinburgh Council social work department and provides a one-stop shop where professionals in health, social work and housing can help homeless people with complex needs. I sat in on a case conference. It was clear that Duneil and his colleagues dealt with a wide range of issues, from mental health to hepatitis C, safe sex issues, the aftermath of violence and problems relating to drug and alcohol misuse.

I spent a day with Graham Nisbet, who is a community detox nurse in Bannockburn. We visited former drug addicts in their own homes and

listened to their stories of how they are coping on methadone programmes. Graham offered advice and support. It was clear that his job is not easy. When the former drug addicts cracked—as many did—he was still there telling them that they were not back at square one as they had been clean for three to six months or a year. He would tell them that it was time to be clean again.

I went to Glasgow for a night shift at the sick kids hospital at Yorkhill. Nurse manager and guide Mary Macauley kept me going. I am glad that she is in the gallery. I spent the night doing ward rounds with her as she dealt not only with clinical needs—such as putting a line into a seriously ill child—but with the infrastructure of the hospital. She dealt with the consequences of a terrible thunderstorm and rain coming through the oncology department roof. I do not think that I will be asked back—I was something of a Jonah.

I also met and talked to dozens of highly trained nurses, many of whom gave one-to-one care to babies in the neonatal wards and intensive treatment units. They told me that they were paid less than £20,000 after 13 years and extra training in their specialist field. In fact, a nurse would have to be a third year junior sister with eight years’ experience to earn the same as a police constable who is just out of probation.

I spoke with parents—mums and dads who just sat, watched, waited and wished that their children were well. I wonder whether those parents thought that £20,000 is enough. I do not think that it is and I do not think that they did, either.

I thank the nurses who spoke to me and those who continually speak to me in my role as convener of the Health and Community Care Committee. Nurses speak to me openly about understaffing, pay, training, violence at work and the need for regular shift patterns. Many have thought of leaving, but few will. They are dedicated to their jobs and see that they make a real difference to Scotland every day.

We can make a difference, too. In the face of rising vacancy levels and falling student numbers, we must make a difference. We cannot change salaries—that is up to the independent pay review body—but all of us can lobby hard to ensure that nurses are given above inflation pay increases to help close the gap with other public sector workers.

We have the power to make a difference for nurses in many other ways. The Minister for Health and Community Care has made three welcome announcements in the past few weeks that will impact on nurses. A 10 per cent increase in bursaries was announced in July and £90 million of trust debts are to be written off—that will help to safeguard nursing jobs and many others.

In the past few days, the minister announced details of the nursing recruitment and retention convention in November, which she vows—she confirmed this to me a few moments ago—will not be a talking shop, but will

“look at the key issues affecting recruitment and retention, and follow this up with the necessary initiatives to develop local and national actions towards achieving our shared objectives”.

What key issues must be addressed? The motion says that we must do all that we can to recruit, retain and retrain nurses. Our nurses face an ad hoc lottery in trying to find a trust that will pay fees for them to do return-to-practice courses. If they undertake retraining, they are expected to do 150 hours of unpaid clinical placement at the end of it.

All in all the cost to the returning nurse is in excess of £1,000—even before transport to work and child care are included. It is essential that Susan Deacon look seriously at following Alan Milburn's example and announce £1,000 for each returner. We need them badly. We need their experience and we have a record number of vacancies to fill. It would be a good investment all round: for us, for the national health service and for nurses.

Nursing levels are at a record low. There are more than 1,600 nursing vacancies right now, including qualified places—accounting for 3.6 per cent of the nursing work force. The number of vacancies has risen by 48 per cent in the past year. We should be seriously worried about that and serious action must be taken to retain the staff we have, to recruit more and to retrain those who have left.

The RCN has shown in the past few days that there are 10,000 nurses who are no longer practising in Scotland. They are out there somewhere; in their homes, in call centres, in offices. One of them is even here in the Parliament. We have to do all we can to reach out to them and bring them back to nursing—apart from the one who is here in the Parliament.

We need greater flexibility in working and shift patterns and to improve the availability of child care. Time is not on our side: a quarter of NHS nurses will be eligible to retire within the next 10 years, yet the number of newly registered nurses fell by 7 per cent last year.

We should be doing more to encourage greater career development. In England, there are 3,000 consultant nurses whereas in Scotland, so far, there are only 12. Time and time again, the policy set out in “Our National Health: A plan for action, a plan for change”, which we have all signed up to, relies on nurses for its success. Freeing up general practitioner time, delivering on waiting

times, improving public health all rely—as does NHS24—on the flexibility of our nurses. They rely on nurses taking on new roles and taking on greater clinical responsibility than ever before. All that relies on a greater number of nurses—nurses who, right now, we do not have.

We rely heavily on our nurses for the responsibilities that are outlined in “Caring for Scotland: The strategy for nursing and midwifery in Scotland”. “Nursing for Health: A review of the contribution of nurses, midwives and health visitors to improving the public's health in Scotland” means that we will rely on them even more in the years ahead.

We must address the needs of nurses, whether they be those of the community nurse who works single-handedly on one of our islands and finds it difficult to access training or they be those of an accident and emergency nurse in one of our urban hospitals who is trying hard to ensure that she is not added to the list of casualties on a Friday night. I know that the Minister for Health and Community Care, the deputy minister and the Parliament value our staff as highly as the rest of us do. Now is the time to turn our admiration into action.

I hope that the minister will act right away and give returners £1,000 towards their return-to-practice costs. I also hope that the nursing convention will address the wider issues that I have mentioned—which we will here more about in the debate—and send a clear message to Scotland's nurses that they are valued by the Parliament and by the people it serves.

The Deputy Presiding Officer (Mr George Reid): I will not be able to call everyone, even with speeches of three minutes, so I am prepared to entertain a motion without notice to extend the debate by 10 minutes, to 6 o'clock.

Mrs Margaret Ewing (Moray) (SNP): May I move a motion to extend the business?

The Deputy Presiding Officer: Yes.

Motion moved,

That the meeting be extended by 10 minutes.—[Mrs Margaret Ewing.]

The Deputy Presiding Officer: The question is, that the motion be agreed to.

Motion agreed to.

17:13

Janis Hughes (Glasgow Rutherglen) (Lab): I must declare an interest—I am a member of Unison. As the only nurse in the Scottish Parliament, I feel qualified to contribute to the debate. Margaret Smith talked about the valuable role of nurses in delivering high-quality patient

care. I am sure that no one is in doubt about that.

I am proof of the fact that nurses leave the profession. The average age of nurses in Scotland is 47, which indicates that the profession has major problems with recruiting and retaining young people. I support fully actions that enable us to do that and to offer former nurses, such as me, a chance to retrain and return to nursing without financial penalty. As Margaret Smith said, that facility is available to our colleagues in England and Wales and I urge the Executive to implement a similar scheme in Scotland.

Nurses are a valuable group of people, but without doubt they are part of a bigger team. I am sure that the nurses who are in the public gallery will agree that they could not do their job without porters, cleaners, catering staff, clerks, secretaries, laboratory staff and many others whom time precludes me from mentioning. This week, I too lodged a motion that acknowledges the role that those groups of staff play in the health service. They make up the health care team. It is vital that we acknowledge that every member of that team plays a valuable part.

It is also important that we recognise that all groups of staff must have input into the new unified NHS boards. That will be done by having the chairs of each staff partnership forum and local area clinical forum on the boards. That will enable all groups of staff who are part of the team to be represented on the new boards. I welcome that.

As a former staff side representative, I have been involved in representing staff. It is important that we ensure that the voices of all those who contribute to the team are heard. The new board set-up will allow that.

Although I value very much the role of nurses and hope that I, in my time as a nurse, played—and will play at some time in the future—that valuable role and was valued by the community, we must remember that nurses are a crucial part of a team that contains a lot of other staff, who are also valuable.

17:16

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I congratulate Margaret Smith on securing the debate and Janis Hughes on her contribution to it. I am sure that there will not be a great deal of controversy about anything either of them has said. We all value nurses—that is the aim of the RCN's campaign. We all want action to follow the campaign. The most obvious specific measure that the RCN has advocated is the implementation in Scotland of a policy that is already in place in England and Wales—funding for the £1,000 return-to-practice course.

Whatever else we get from the debate, I hope that the minister will respond clearly to that. It is one thing that we expect of him. I say that with regard to the fact that £700 million has not been spent this year. Why could that money not have been spent on the one simple measure that I mentioned—along with many other measures that have been proposed?

Many other members wish to speak. I will make one more point. I will visit the Royal Northern infirmary tomorrow as a putative shadow nurse. I do not think that they could have made a worse choice, but there we are. I look forward to the experience. I will learn more about some of the things that I have heard about the practical, day-to-day difficulties of being a nurse in the Highlands. Nurses there face difficulties such as paying for their own travel. Kim MacLean mentioned that she uses up to £700 a year from her own pocket. Nurses throughout Scotland, but particularly in the Highlands, have the difficulty of paying for their own training, which is quite insulting in this day and age.

I will learn about the difficulties for nurses, doctors and those in professions allied to medicine—such as physiotherapists, occupational therapists and podiatrists. We rarely mention PAMs. Sometimes, those in such professions feel left out because we tend to talk only about nurses and doctors. Ancillary workers are also neglected.

I look forward to hearing what other members have to say in the debate. I was slightly surprised to be called to speak at such an early stage. I hope that the minister will give us specific assurances.

17:18

Mr Jamie McGrigor (Highlands and Islands) (Con): I congratulate Margaret Smith on securing the debate, which I welcome. Well motivated, happy nurses are key members of our Scottish health team.

Two weeks ago, I visited Lorne and Islands district general hospital in Oban. I am grateful to the nurses there, who took the time and trouble, despite being busy, to spend so much time with me.

The stress of working in the NHS is overwhelming. The nursing sector is at the sharp end and bearing a heavy load. It was put to me that nurses are practitioners who deliver 80 per cent of the care for patients. The undeniable facts that four out of 10 nurses wish to leave the professions in the next five years and that one in three would leave now if they could, show the state of morale and the grave danger that the NHS would face if those figures were to turn into reality.

Nursing is a vocational profession. It is a profession of extreme worth and value. That it be recognised as such is essential. Nurses are the people on whom patients rely when they are terrified and in pain. Because of chronic short-staffing, many nurses are working excess hours without recompense. It is their natural reaction to give help where it is needed and always to answer the call, but it is obscene for such efforts to be taken for granted.

That said, the nurses' low morale is only symptomatic of a declining NHS. The fact is that patients are waiting far too long for admissions. Because they are more ill than they should be by the time they receive any treatment, the treatment has to be more intensive. The nurses' job becomes much more difficult and much less rewarding as they see too many people needlessly suffering and dying. It is no good producing small parcels of money that everyone is chasing. Such a sticking plaster will not cover the deep wound.

The whole NHS system needs to be better funded and organised. In Germany, for example, nurses are happy. They work in clean hospitals and see patients being admitted and treated immediately—and getting well as a result of good nursing. That contrasts with the situation in the NHS, where all too often nurses bear the brunt of patients' complaints from delays, denied treatment and a rationing of resources. Germany puts only a small percentage more public funding into its health service than we do. The gap is filled by private funding and the result is a clean, efficient and happy work force providing patient-oriented, flexible care that covers the needs of a grateful public. Does not Scotland deserve the same?

Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab): I hesitate to introduce a partisan element to the debate, but Mr McGrigor has prompted me to do so. I take it that, at some point in this year zero speech, he will recant his party's contribution to the health of the NHS. I seem to remember Conservative spokespeople clutching their wallets whenever the British Medical Association or the RCN approached them. Will he apologise for their words during this debate?

Mr McGrigor: I regret to say that the Conservative health spokesperson is currently recovering from a very bad car crash, and I am sorry that she is not here today. I do not have the time to answer that question.

Finally, when will the Executive implement the proposals outlined in "Agenda for Change: Modernising the NHS Pay System"? If serious steps are to be taken to tackle the recruitment and retention issues that face us, nurses in Scotland will need to be aware of their career prospects and opportunities, and know that they will be matched by appropriate financial rewards.

17:22

Nora Radcliffe (Gordon) (LD): In this brief speech, I will use my experience of the health service over the past few months to highlight two things we should do if we value our nurses.

First, we should give them decent training. An elderly, deaf neighbour spent the last months of her life in hospital with terminal cancer. There were extreme difficulties with communication. Furthermore, in hospitals nowadays, earpieces are used to take patients' temperature; people removed the woman's hearing aid to take her temperature and forgot to put it back in. When her daughter asked them whether they could not write "Mrs Polson is deaf" on the board behind the bed to ensure that such mistakes did not occur, the member of staff rounded on her and said, "That would be stigmatisation." That makes me think that although that member of staff probably had disability awareness training, the quality of the training was perhaps not all that it should have been.

Secondly, I should like to mention the protocols within which nurses work. Earlier this year, the elderly aunt who lives with us broke her leg and spent some weeks in hospital. To my knowledge, a nurse took her history four times during those weeks, which meant sitting down with a clipboard and going through a list of questions. It is ridiculous that that information could not have been gathered once, or indeed that it was not already known in this technological day and age when data are held in central databases. That nurse's time would have been far better spent just chatting to my aunt. The experience would have been better for the nurse and my aunt if there had been time and space to communicate without a clipboard full of questions between them; the nurse would have received far more valuable information and the personal contact would have been better.

We should give our nurses quality training and sensible protocols to work within.

17:24

Alex Neil (Central Scotland) (SNP): I too congratulate Margaret Smith on securing this debate, and on making an excellent opening speech. In no way do I want to be partisan, but I think that this is one debate the Minister for Health and Community Care should have attended, to demonstrate beyond doubt that the Executive values our nurses.

Let us go back to first principles. What are we all trying to achieve? We are trying to achieve shorter waiting times for operations, shorter waiting lists, national targets on cancer, heart disease and stroke, and a range of other objectives. We cannot

do those things unless we not only value our nurses, but put our money where our mouth is. It is not enough for us to stand here and give lip service to the nurses; the Parliament must be committed to action.

A lot is said about nurses' care of patients—quite rightly—but from recent personal experience I can tell members that the care given to relatives is often as important as the care that is given to patients: the kind word, the cup of tea at 3 o'clock in the morning given to someone waiting for an elderly relative to die or the wee pat on the back for comfort. That is the role of the nurse, as well as looking after the patient. Where would our health service be without the professionalism and dedication of the nursing profession? Nurses' dedication is as important as their professionalism—the two are essential features of the profession.

Specific issues have been raised. For example, Fergus Ewing and Janis Hughes mentioned the special plight of returning nurses. I will mention one particular issue: student nurses. It is a question of numbers. If the current prospect is that about a quarter of nurses will retire in the next 10 years, if about a quarter of nurses in training do not finish their training course, if there is a further reduction in the number of nurses because more are leaving the profession than are coming into it, we will face a crisis, particularly given the fact that the average age of the population is to increase substantially over the next 10 to 15 years.

It is not just a question of having to attend to the problems of returning nurses and serving nurses; we also have to turn our attention to student nurses. In particular, as well as increasing the bursary, as the RCN is calling for, let us ensure that every nurse in training, not just some, receives a bursary.

The Parliament needs to be prepared to raise tax if that is what it takes to look after and really value our nurses. Without our nurses, there is no national health service.

17:28

Tommy Sheridan (Glasgow) (SSP): I endorse what Alex Neil said and I thank Margaret Smith for securing the debate and for the quality of her speech. Nurses are undoubtedly the Henrik Larssons and Claudio Caniggias of the NHS football team. From some of the hairstyles I see in the public gallery, I see that some nurses have mimicked those players. Unfortunately, however, the rewards made to our nurses are pitiful compared with those made to our top footballers. Is it not incredible that we read newspaper reports telling us of the £25,000 or £30,000 a week that footballers are paid, while some senior nursing

staff with 12 or 13 years' service get less than £20,000 a year? This debate about valuing nurses comes from that perspective.

All the other points that have been made—about training, support staff, options and career structure—are valuable, but what matters most is whether nurses can pay the mortgage or the rent and whether they can afford to support their families. On the wages they receive at the moment, that is simply impossible. It is not good enough that we continue to value our bankers and financial analysts more than we value the nurses in our health service.

I call on the Deputy Minister for Health and Community Care to address that point in his reply to the debate. Yes, there are independent salary review boards. There is no doubt that they investigate salaries. The problem is that they investigate salaries from their current level. The difficulty is that salaries are too low to begin with. I appeal to the minister to consider establishing a wide-ranging NHS pay commission that would examine pay scales across the whole NHS team. As well as paying the Caniggias and the Larssons properly, we need to pay the porters, the domestics and the medical secretaries a decent wage. Would it not be valuable for this Parliament to conduct a full review of wages and salaries in the health service, with a view to making solid recommendations? If higher taxes are needed to deliver that, let us have higher taxes. Until we have a well-paid, well-resourced health service, we will not have a healthy health service.

17:31

Pauline McNeill (Glasgow Kelvin) (Lab): I welcome the nurses, who come from a virtually all-female profession, to the Scottish Parliament. It is worth noting that the vast majority of nurses, midwives and health visitors are women. I say that because there are issues to do with conditions of employment that need to be addressed. I am referring to shift patterns and other matters that concern nurses.

I declare an interest in this issue, in that I cut my teeth as a union official for the GMB. Few members may know that the GMB organises nurses. I welcome the campaign by the Royal College of Nursing, but it should be recognised that other trade unions are also working to improve conditions for nurses.

I want to make a few points about what has been done wrong in the past and about the way in which the morale of nurses, midwives and health visitors has been damaged. The clinical grading exercise of 1989 was damaging to the profession. In that process, every nurse had to justify their

existence and what they did. The exercise set nurse against nurse and midwife against midwife. I hope that we can move on from that and that we can give nurses their true place, on the basis of what they do in the health service.

I am pleased that we have abolished two-stage pay offers for nurses, midwives and health visitors. I am also pleased that we are not considering performance-related pay, which featured under the previous Conservative Government. There is no place for performance-related pay in the nursing profession.

I want to say a few words about the plight of enrolled nurses. In my time as a union official I represented many enrolled nurses, and I believe that they are a particularly important part of the profession. In the past, enrolled nurses have been asked to pay their own way in order to retrain as first-level registered nurses. It is not acceptable that any nurse—particularly an enrolled nurse—should have to pay for their development and training. I hope that that issue can be investigated.

I believe whole-heartedly that the nursing profession is able to take up many of the challenges of the NHS. This is not just about pay; it is about conditions and about giving nurses their rightful place in the health service, so that they can deliver more skilled care. That would help us to retain nurses in the health service.

It is no longer good enough to rely on the good will and commitment of nurses. We need a strategy that will support them financially and in their studies. If we get that right, we will retain the nurses, midwives and health visitors who make up an important part of our health service.

17:34

Shona Robison (North-East Scotland) (SNP): I will be brief, to allow other members an opportunity to speak. I thank Margaret Smith for securing this important debate.

As part of the RCN's value nurses campaign, I recently spent some time at Ninewells hospital in Dundee shadowing a charge nurse in the acute surgical admissions ward. That was certainly an eye-opener for me. The charge nurse was a wonder woman. She spent most of the day managing beds, people and everything else. I tried to keep up with her, but at the end of the day I was absolutely exhausted. Yet she does that work day in, day out.

On top of her other work, she also had to manage a budget, of which 80 per cent was devoted to staffing. Managing that budget was no mean feat, given the round of cuts in Tayside, which, I hope, will be alleviated following the deficit write-off. However, when a member of staff went

off sick or went on maternity leave, no cover was provided. The staff were working shifts that I did not think were possible. In fact, I wondered whether those shifts breached the new working time directive. I was shocked to learn that staff were working long shifts day after day without a break in shift patterns that were nine or 10 days long. The figures show that the number of nurses employed in Tayside has fallen by 6 per cent since 1996. Fewer people are doing more work, and that position cannot be sustained.

Although we welcome the nursing summit as a step forward, much more has to be done to address the problems of recruitment and retention in nursing. A few months ago, I had the pleasure of addressing the RCN conference in Harrogate, at which delegates made clear what they wanted and gave the Minister for State at the UK Department of Health a hard time.

I hope that the minister will endear himself to the nurses who are in the public gallery by responding positively to the demands of the value nurses campaign.

17:37

Lord James Douglas-Hamilton (Lothians) (Con): I congratulate Margaret Smith on raising this extremely important debate. We should all be grateful to Scotland's nurses for what they have done over countless years.

I wish to put a specific question to the minister. At a time when waiting lists in Scotland have increased, when there are fewer beds and more bedblocking and when there are fewer nurses, will he explain why the Scottish Executive has decided on a policy of providing no central funding for nurses who wish to return to nursing? Is he not aware that nurses who wish to retrain in Scotland are likely to have to pay around £250, yet central funding is available for retraining in England and Wales, along with an allowance for support while nurses are on retraining courses? How can that discrimination against Scotland's nurses be justified, particularly given the fact that it is contrary to the RCN's wishes?

I believe that the Scottish Executive's policy is wrong and I hope that today the minister will undertake to re-examine it. Janis Hughes and Fergus Ewing were right to raise that point and to ask for nurses to receive more sympathetic treatment in Scotland. I believe that they should be given more sympathetic treatment. Nursing should have a high priority in order to maintain the highest possible standards in patient care.

The Deputy Presiding Officer: I call Jamie Stone, to be followed by a 60-second speech from Kenny Gibson.

17:38

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): I also congratulate Margaret Smith on securing this debate. On behalf of the Liberal Democrats, I welcome our friends in the public gallery. Although the turnout of MSPs may seem sparse, the debate is actually well-attended for a members' business debate.

I cannot pretend to be a health expert. I have never been a member of the Health and Community Care Committee and, because I am bogged down with my work on the Holyrood project, I am not very knowledgeable about the subject. However, I know that nurses are held in the highest esteem in our country. They are at the opposite end of the spectrum from people such as journalists and politicians.

I also know that I strolled along through life, sublimely believing that it could never happen to me and that health should be taken for granted. Then, as many members know, one day my wife was taken very ill. Those black days are etched into my family's memory. My wife had to go to Aberdeen royal infirmary—she was ill to the point where she nearly died. Alex Neil talked about the cup of tea at 3 in the morning or the pat on the back, and I have been there, as has my family—not for a day or a week but for many months.

In that situation, had it not been for those people who bolstered me and gave me a bed for the night, I would have come very close to the point where I did not know my own mind. What they did was wonderful. From that experience, I know that my family and I value nurses and that nurses have a vocation. If there are angels on this earth, they are nurses. Many nurses soldier on, when many other professionals would not work for such money and would walk away. Nurses soldier on because they have a vocation. Politicians must not cynically take advantage it.

The Deputy Presiding Officer: We only have time for the briefest of contributions from Kenny Gibson.

17:40

Mr Kenneth Gibson (Glasgow) (SNP): I thank the Presiding Officer for accepting my plea. I do not consider nursing to be a female profession but a caring profession. Although there are many things I would like to say, I will touch only on one issue that has not been mentioned.

The safety of nursing staff has caused great concern to a number of members over the past few months. Assaults on nursing staff have been accelerating each year. Every day, nurses go into hospitals thinking not only about caring for and treating patients—or even making a cup of tea for a distressed relative—but wondering whether they

will be physically or verbally abused during their shift. In this day and age, it is totally unacceptable that nurses have to go through that. I urge the minister to address that issue in his response.

17:42

Nicola Sturgeon (Glasgow) (SNP): I congratulate Margaret Smith on securing today's welcome debate. I also add my support to the RCN's value nurses campaign. The minister and I are joining the RCN for dinner later this evening, so if the minister wants hot soup, he should reflect carefully on his comments.

The motion raises some hard issues that we must address. To put it simply, we are facing a crisis of morale and recruitment in the nursing profession. We have heard many of the statistics already this afternoon: there are 1,000 fewer nurses in our hospitals today than there were four years ago; vacancies are up by 50 per cent in the last year alone; a quarter of our nurses are set to retire in the next 10 years; the same proportion of student nurses drop out before the completion of their courses. Many more students who complete their courses will go abroad or south of the border where they think, quite rightly, that nurses' conditions are better.

To avert the impending crisis, we need action now. I welcome the fact that the date for the nursing summit has at last been set, but at this stage we need not more words but practical policies. We need to bring more young people into the profession. We need more flexible nurse training opportunities and measures to tackle student poverty. The increase in bursaries that the Deputy Minister for Health and Community Care announced earlier this year was welcome but did not go far enough. The average debt of student nurses is nearly £4,000. We also need policies to bring back into the health service some of the 10,000 qualified nurses who are not currently working. We have heard a lot tonight about return-to-practice courses, which are a simple but important measure that the Government could commit itself to.

We need policies to retain nurses within the profession and give them more career development opportunities. There are thousands of nurse consultant posts south of the border, but only 12 in Scotland. We need more opportunities for nurses to progress in their careers while staying within clinical practice. Tommy Sheridan is right that we need action to tackle low pay within the nursing profession. The Government could and should adopt such practical policies to solve the problem before it gets out of hand.

However, politicians can do something more. They can do something that is perhaps less

tangible than the practical measures that I have mentioned. Quite simply—if I may use the title of the RCN campaign—we can value nurses. We can make it clear that we value nurses. That would mean valuing in its entirety the contribution that nurses make. As Alex Neil said, the contribution that nurses make goes way beyond clinical practice. It also means never falling into the trap, or rising to the temptation, of berating nurses or other health professionals simply because they point out the problems that they face day in, day out. Politicians can contribute. This is not rocket science; it is just common sense. A crisis faces us; but if we take action now we can avert that crisis and send a loud and clear message to our nurses that we value them.

Without wanting to break the spirit of consensus, I have to say that it would have been the most positive of gestures to our nursing profession had Susan Deacon been present in this debate this evening. However, let us stop talking. Let us take the things that we have talked about tonight and let us put them into practice. The time for talking is over; the time for action is now.

17:46

The Deputy Minister for Health and Community Care (Malcolm Chisholm): I begin by congratulating Margaret Smith on securing the debate and by welcoming nurses to the public gallery. I applaud the enormous contribution that they make to patient care, both in the community and in hospitals. The Scottish Executive is determined to promote nursing as a valuable occupation and to demonstrate by our actions that nurses are valued.

As in other related areas, I believe that we should balance the positive initiatives that have been taken against the various problems that certainly remain. Those problems must not and will not be swept under the carpet. That is why we need to come together to address them positively and constructively.

On Tuesday, as several members have mentioned, Susan Deacon, the Minister for Health and Community Care, announced arrangements for the nurse recruitment and retention convention, which will bring together key players in the nursing and midwifery professions in Scotland and overseas to address long-term recruitment and retention issues. The convention will be held on 19 November. Invitations have been issued to a wide variety of people who have an interest in the future of nursing in NHS in Scotland—staff representative bodies, directors of nursing, providers of nurse education and nurses themselves—to come to the summit to discuss and investigate innovative ways of addressing recruitment and retention at all grades in the

nursing profession.

The convention will not be a talking shop or a one-off event. Instead, the round-table discussion will give all parties an opportunity to look at the key areas that affect recruitment and retention and to follow that up with the necessary initiatives that will develop local and national actions towards our shared objectives.

The value nurses campaign began with six demands. I am pleased that the first of those was met in July when I announced a 10.4 per cent rise in student nurse bursaries from 1 September this year. I hope that that will help to some extent to attract nurses and keep them in training. Since 1996-97, student intakes have risen by 15 per cent and 10,000 more nurses will qualify in the next five years. That is 1,500 more than was originally planned. There are also 450 more qualified nurses now than there were in 1997. However, as we know, there are vacancies—albeit fewer here than there are in England. The number of vacancies that last over three months is 0.6 per cent. At the convention, we shall certainly give serious consideration to the RCN's proposals on return-to-practice courses. The possibility of more flexible return-to-practice courses will also be considered at the convention.

Family-friendly policies are very relevant to recruitment and retention, as Margaret Smith reminded us. We already require all NHS employers to meet, or exceed, best-practice guidance on family-friendly policies as part of the new staff governance standard. In order to help employers, guidance on family-friendly policies was launched recently, including guidance on flexible working, child care and career breaks. We shall ensure that those policies are implemented. Further discussion on those issues will take place at the convention.

This year, for the third year in a row, we have implemented in full the recommendations of the independent nurses pay review body. The latest pay award means that pay for all nurses has increased by 20 per cent in cash terms since 1997. I note that Tommy Sheridan called for a Scottish pay review, but I know that the RCN supports a UK approach to the matter.

We know, however, that the current NHS pay and grading structure does not meet the needs of today's NHS. That is why the health department, along with the other UK health departments, is playing a full part in discussions on "Agenda for Change", which Jamie McGrigor asked about and which sets out proposals for modernising the NHS pay system. The proposed new system will underpin better career progression and modern conditions of service and it will ensure that all NHS in Scotland staff are rewarded fairly, according to the work that they do and the contribution that they

make, rather than according to their job titles.

Mrs Ewing: I have heard many of those comments before, sometimes in the House of Commons where I served as an RCN panel member. Will the minister give one concrete example of action that will be taken by the Executive in response to the many points that have been raised by members?

Malcolm Chisholm: I made an announcement in the summer in response to one of those demands and I have stated clearly that the other demands—some of which I have yet to deal with in my speech—will be addressed fully by the convention. I know that Margaret Ewing wants me to give assurances, but I can say only that we are taking the demands very seriously as part of a process. We are not limiting ourselves to those specific demands, but we are addressing the issue on a broader front.

On NHS boards, we want to ensure that all staff have the opportunity to contribute appropriately to decision making in the NHS in Scotland, without one profession being favoured over another, which is the point that Janis Hughes made. That is why we are giving a stronger voice to area partnership forums and asking NHS boards to carry out a major overhaul of their area professional advisory committees, including the establishment of new area clinical forums in each board area. The chairs of the area clinical forums and the area partnership forums will be on the boards, and either or both of those chairs could be nurses.

There are two other parts to the campaign. The first is the protection of time off for, and the provision of more money for, training. That issue must be addressed because some trusts find it difficult to release staff and because the money for training is not always spent on that. That issue will be addressed. We expect, as part of that, that the new special health board for education and training that will be created in April will take a role in co-ordinating and overseeing educational support for health care staff, including nurses.

The second part of the campaign is the empowering of senior nurses to direct quality patient care. Trust directors of nursing have been asked to ensure that every ward sister and charge nurse in their organisation has access to a leadership development opportunity within a five-year plan, commencing this year. That is why the Scottish Executive has invested £1.75 million in areas such as ward sister/charge nurse development. That is regarded as a key priority in the modernisation of the NHS in Scotland and the empowering of staff. We have also issued guidance on nurse consultant posts. The number of posts—13—is totally inadequate, and we are determined that trusts will employ more nurse consultants.

Those latter proposals are part of the extension of the role of nurses. Many recent initiatives have reflected the new roles that nurses are adopting, including the role of nurses in NHS24, a service that will provide 24-hour access for patients to health advice from nurses. However, we have also heard the announcement of funding for 80 public health practitioners and the Executive is involved in the family health nurse project. That project is being tested as a means of delivering community nursing in remote and rural areas of Scotland and is a World Health Organisation pilot project. Other initiatives that I have heard about recently include the role of nurses in endoscopy services, which reflects the way in which roles throughout the NHS are changing. We are committed to extending and expanding the role of nurses in the NHS in Scotland.

I conclude by reaffirming the Executive's commitment to valuing our nurses. Much has been done, but the main point is that more remains to be done. I know that some people will be disappointed that I have not been able to make specific announcements tonight, but I have clearly indicated the direction of travel. I am sure that everyone is looking forward to the convention, in which answers to many of the questions that members have asked will be given. I look forward to listening to nurses at the dinner tonight and at the conference tomorrow, and I leave it to them to decide whether my soup will be hot or cold.

The Deputy Presiding Officer: That concludes the debate. It remains for me only to thank those who have participated, the representatives of the nursing profession in the gallery, those who followed our proceedings by webcast, and those who have input ideas and comments via the participation pages on the website.

Meeting closed at 17:55.

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