

MEETING OF THE PARLIAMENT

Wednesday 23 January 2002
(*Afternoon*)

Session 1

£5.00

© Parliamentary copyright. Scottish Parliamentary Corporate Body 2002.

Applications for reproduction should be made in writing to the Copyright Unit,
Her Majesty's Stationery Office, St Clements House, 2-16 Colegate, Norwich NR3 1BQ
Fax 01603 723000, which is administering the copyright on behalf of the Scottish Parliamentary Corporate
Body.

Produced and published in Scotland on behalf of the Scottish Parliamentary Corporate Body by The
Stationery Office Ltd.

Her Majesty's Stationery Office is independent of and separate from the company now
trading as The Stationery Office Ltd, which is responsible for printing and publishing
Scottish Parliamentary Corporate Body publications.

CONTENTS

Wednesday 23 January 2002

Debates

	Col.
TIME FOR REFLECTION	5603
BUDGET (SCOTLAND) (No 3) BILL: STAGE 1	5605
<i>Motion moved—[Mr Andy Kerr].</i>	
The Minister for Finance and Public Services (Mr Andy Kerr)	5606
Alasdair Morgan (Galloway and Upper Nithsdale) (SNP)	5612
Mr David Davidson (North-East Scotland) (Con)	5617
Donald Gorrie (Central Scotland) (LD)	5621
Des McNulty (Clydebank and Milngavie) (Lab)	5624
Fiona Hyslop (Lothians) (SNP)	5626
Ben Wallace (North-East Scotland) (Con)	5628
Elaine Thomson (Aberdeen North) (Lab)	5630
Andrew Wilson (Central Scotland) (SNP)	5632
Iain Smith (North-East Fife) (LD)	5634
Mr Tom McCabe (Hamilton South) (Lab)	5636
George Lyon (Argyll and Bute) (LD)	5638
David Mundell (South of Scotland) (Con)	5640
Brian Adam (North-East Scotland) (SNP)	5641
The Deputy Minister for Finance and Public Services (Peter Peacock)	5644
EURO 2008	5648
<i>Statement—[The First Minister].</i>	
The First Minister (Mr Jack McConnell)	5648
DECISION TIME	5659
MYALGIC ENCEPHALOMYELITIS	5660
<i>Motion debated—[Alex Fergusson].</i>	
Alex Fergusson (South of Scotland) (Con)	5660
Janis Hughes (Glasgow Rutherglen) (Lab)	5663
Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP)	5664
Mrs Margaret Smith (Edinburgh West) (LD)	5665
Susan Deacon (Edinburgh East and Musselburgh) (Lab)	5667
Lord James Douglas-Hamilton (Lothians) (Con)	5669
Nicola Sturgeon (Glasgow) (SNP)	5670
Robin Harper (Lothians) (Green)	5671
Dorothy-Grace Elder (Glasgow) (SNP)	5671
Christine Grahame (South of Scotland) (SNP)	5672
Bristow Muldoon (Livingston) (Lab)	5674
Dr Winnie Ewing (Highlands and Islands) (SNP)	5674
Mr John McAllion (Dundee East) (Lab)	5675
The Deputy Minister for Health and Community Care (Hugh Henry)	5677

Scottish Parliament

Wednesday 23 January 2002

(Afternoon)

[THE PRESIDING OFFICER *opened the meeting at 14:30*]

Time for Reflection

The Presiding Officer (Sir David Steel): To lead our time for reflection, we welcome the Right Rev Brian Smith, the Bishop of Edinburgh in the Scottish Episcopal Church.

Right Rev Brian Smith (Bishop of Edinburgh, Scottish Episcopal Church): It might be that poetry is in our minds today because in a couple of days' time it will be Burns night. Today's pause for thought might remind you to pick up a haggis on the way home.

As we know, Burns is often regarded as Scotland's greatest poet. However, as we begin 2002, we might also be conscious that this year is the centenary of the death of William McGonagall, who is regarded by many as the worst poet that ever lived. On his centenary, we might recall that he opened his published works with a poem entitled "An Ode to the Queen on her Jubilee Year".

We thus find ourselves confronted with two popular literary evaluations—one poet is deemed clearly to be good, the other is deemed clearly to be bad. We might wish that all judgments had such clarity to them and that we could make a clear decision in favour of the good and reject the bad.

However, we know that most decisions are not like that. We have to choose between options that seem to be equally good, or between options that seem to be equally disastrous. In such situations, heated discussions arise and conflicting stances are taken.

We recall the tale of the ecclesiastical minister who had a great reputation for effecting reconciliation when marriages ran into difficulty. A young student heard of his effectiveness and asked if he could go along with the minister to see how he did it.

Together they went to see the husband. The minister listened to his side of the story and then said, "You know, you are absolutely right." They then went to see the wife. The minister listened again, thought, and said to her, "You know, you are absolutely right."

They left the house. The student was furious and said, "How could you do that? You said he was right and then you said she was right. They can't both be right." The minister thought for a moment and then said carefully to the student, "You know, you are absolutely right."

We face two ways of making evaluations. When we considered our poets, we judged quickly that one was good and one was bad, and we moved on to arrange a Burns supper rather than one for McGonagall.

When our minister faced his couple, he sought carefully to find and affirm good in each of two positions that some would see as irreconcilable. Consistency could wait and come later. Reconciliation was the minister's number one priority.

There are two ways in which we could be led. We might want to ask which is the one that we should most often seek to follow. Perhaps the problem is that, unfortunately, both approaches are absolutely right.

It is our privilege to be able to use both. We need the skills for both. Thus it is within the Christian tradition that we hold on to a belief that God the father and God the son, mysteriously, are one.

Budget (Scotland) (No 3) Bill: Stage 1

The Presiding Officer (Sir David Steel): Before we begin the debate, members will want to note that, under standing order 13.2.2, I have decided to take a ministerial statement on Euro 2008, as that is in the public and parliamentary interest. The statement will take place at half-past 4, which means that the debate on the Budget (Scotland) (No 3) Bill will be truncated. The Presiding Officer will look for drop-outs from the list of speakers. If there are none, I will have to drop speakers. Members may, if they are so minded, withdraw their requests to speak. There are no Parliamentary Bureau motions today.

Andrew Wilson (Central Scotland) (SNP): On a point of order, Presiding Officer.

The Presiding Officer: No afternoon would be complete without one.

Andrew Wilson: I hope that the point of order will not always be from me.

I apologise for making a third point of order on the Government's manipulation and leaking of the widely discredited "Government Expenditure and Revenue in Scotland 1999-2000" report. I think that last week the whole chamber welcomed the measured letter from the Minister for Parliamentary Business to you, Sir David, in which she apologised for the Government's treatment of that report and regretted the fact that the Secretary of State for Scotland had leaked its contents on the Monday before Parliament received it.

However, it emerged in *The Times* and the *Daily Record* this week that the Minister for Parliamentary Business apologised to the Secretary of State for Scotland for that letter. Where does that leave protection of the Scottish Parliament? Is the Minister for Parliamentary Business withdrawing her letter to the Presiding Officer? Who is sorry now—Mrs Liddell or Mrs Ferguson? How can we protect the Parliament and its workings from ministers in London who can run roughshod over written agreements that they drafted and breach agreements between the Parliament and London? Will the minister in Edinburgh clarify which position she holds—that of her firm statement in defence of the Parliament last week, or that of her apology to her London colleague this week?

The Presiding Officer: With great respect to the member, I say that this is the third time that he has raised a point of order on this matter and that he is in danger of flogging a dead horse. As far as the Parliament is concerned, the Minister for

Parliamentary Business has acknowledged that something happened that should not have happened and has undertaken to do her best to see that it does not happen again. What happened in the Executive is a matter not for me or for the Parliament, but for the Executive. We will leave it at that. As far as I am concerned, the matter is closed.

It would help if opening speakers took less than their allotted time in the debate on the Budget (Scotland) (No 3) Bill, but that may be a triumph of hope over expectation.

14:37

The Minister for Finance and Public Services (Mr Andy Kerr): The debate will not be poetry in motion. The minister who spoke to us at time for reflection mentioned poets, but the debate will be neither Burns nor McGonagall—it will be a lot worse. I saw the look of despair in members' eyes when they heard that the debate had been chopped by half an hour, but I will do my best to give due regard to the important issues that are part of the process.

The Budget (Scotland) (No 3) Bill is my first Budget Bill as a minister, the third for Scotland and the second to be the result of the full budget process. That process has bedded down quite successfully in the past two years, but we are not resting on our laurels. Only recently, we responded to the Finance Committee's report on stage 2 of the budget process. Other matters will be dealt with in due course.

I came to this year's process when it was rather advanced, although I was involved in the budget process in my previous life as a committee convener. I place on record my appreciation for those who worked hard before I picked up the bill process.

Coming to the process with a fresh eye, I am struck by the fact that we have implemented a truly consultative budget process that has achieved a degree of genuine engagement with the wider public. If the Parliament is to be truly successful, it must make progress on becoming relevant to ordinary Scots. One way of doing that must be to allow input into decision making on how we spend their money. It is critical that we extend engagement with the Scottish public and I look forward to delivering a series of budget roadshows later this year.

That is not to say that the budget process is perfect. I am sure that we all agree that consultation and engagement with the public could improve further. We will aim to do that. The process also has some repetition, which we may address in due course.

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

When has public consultation resulted in changes to this or previous budgets?

Mr Kerr: I will deal with that point and with our commitment to the convener of the Finance Committee to examine the process fairly soon.

The Budget (Scotland) (No 3) Bill is special and, because of the extensive consultation, it is subject to special procedures. The bill does several things. It provides Parliament's authorisation for the use of resources by the Scottish Administration or by any body or office-holder whose expenditure is paid out of the Scottish consolidated fund under any enactment. It also authorises payment of sums out of the Scottish consolidated fund and sums that are payable into the Scottish fund— income, to use non-technical language—to be applied for any purpose other than payment into the fund. It specifies the maximum amount of relevant expenditure for the purposes of section 94(5) of the Local Government (Scotland) Act 1973 and maximum amounts of borrowing by statutory bodies.

We should highlight two points about the bill. First, we are under an obligation to consult widely on it. That is an obligation that we accept gladly. The second point is the financial issues advisory group's requirement to ensure that the appropriate legislation that authorises budget payments is in place before the start of the financial year. Those points show a marked improvement on the pre-devolution processes.

This year, apart from the purposes of and figures for expenditure, we have made two other changes to the bill. We have amended it to bring the Executive into line with private sector accounting practice by providing powers to net account for VAT. In last year's bill, VAT was shown as an accruing resource—in other words, as income—with appropriate purposes against which it could be spent. However, in this year's bill, VAT is dealt with by the provision of a general power to accrue and spend it at sections 1(a), 1(b), 2(a) and 2(b).

We have also slightly extended the powers to amend the bill through budget revisions. That means that there is a power to amend the whole of schedule 5 rather than, as in previous years, only the amounts specified. That change is made to allow us to insert the appropriate entry when a body that is subject to borrowing limits is set up in the course of a financial year. That is likely to be the case when Parliament passes the Water Industry (Scotland) Bill.

The bill authorises expenditure through the departments of the Scottish Executive of resources that total just over £19 billion. In addition, it authorises local authority capital

consent up to a further £632 million. The scale of the budget for 2002-03 reflects the highly successful outcome of the spending review process, SR2000. That process added nearly £1 billion to our original planned budget for 2001-02 and nearly £2 billion to the original planned budget that we are now considering; it will also add £3 billion to the budget for 2003-04. Increases in the amount of resources that are made available to spend are always welcome, but it is what we do with those resources—what we deliver—that really matters.

I talked earlier about involving the public in decisions about public spending. Many ordinary people are not interested in how many billions of pounds are in the budget. They would rather see Government doing something that improves their daily lives. The Executive has always recognised that.

As for innovation, we look to the new methodology that we are employing with regard to spending. We will revisit some of those issues. One of the innovations that was welcomed most widely was the commitment that we made to the Scottish public on the process that was set in train by the late Donald Dewar who, when he published "Making it work together: A programme for government" in September 1999, set out for ordinary Scots what we needed to do to make a difference to their lives.

That document identified 164 commitments that were to be achieved over this session of Parliament. The Executive revisited those commitments in January last year when we published "Working together for Scotland", which set out a further 163 commitments. Some of the commitments were aspirational and others simply spelled out the first steps in a long process of improvement. Many commitments had tight time scales; others acknowledged that delivery would take several years. All the commitments are about making real improvements to the lives of ordinary Scots.

We should consider our performance against those commitments in the context of a Budget Bill because the monitoring and assessment of our progress in delivery should be at the heart of any financial planning process. The most recent internal monitoring exercise showed that we have achieved, or expect to achieve, more than 90 per cent of our commitments.

That is a record of which the Executive can be proud. It demonstrates that we have delivered, or realistically expect to deliver, nearly all our commitments. It is a fine record of achievement that provides a solid foundation on which to progress as the Executive focuses on delivery this year. I will arrange for detailed analysis of progress against all commitments to be made

available in the coming months.

I am determined to continue to shift our emphasis towards outcome measures, as those are the measures that are tangible and mean something to most people. As I said, most people are not really interested in how many billions of pounds are in the budget; they are interested in what we can do to improve their daily lives in terms of repairs to schools, better roads and better facilities at hospitals. Looking to outcomes will help us to focus on what we are delivering against the investment that we are making.

Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): I would be the first to acknowledge that more money than ever before is going into the health service in Scotland. The minister mentioned outputs. Is he aware that, under the budget, the north-east of Scotland, which has 10 per cent of the population, has only 9 per cent of the facilities? If we are interested in outputs, we must have resources to deliver on that.

Mr Kerr: Those matters clearly need to be considered in relation to what we are achieving with the next spending review. However, the budget is based on the Arbuthnott review of the required resources. That review engaged widely with the whole of civic Scotland. The result in some areas was as Mr Rumbles describes it, but in other areas it has led to more effective spending. Those matters will always be subject to discussion, and Mr Rumbles raises them frequently in the chamber. What I want to do in this debate on the budget bill is to say what we are doing with taxpayers' money to make services more important and relevant to them and to deliver for them. That is the most important thing.

Mr David Davidson (North-East Scotland) (Con): The minister mentioned moving to outcome budgeting. Does he intend to deliver, in parallel with next year's budget bill, an outcome paper that we could debate beforehand? How does he intend to scrutinise outcomes? Will he do that internally or will someone from outside do it? At his predecessor's roadshows last year, only invited audiences could come along and ask questions, which raises a question in my mind.

Mr Kerr: I understand that it is not the case that there was an invited audience. We will be laying out our strategy and plans for roadshows and I shall say more about that later in the debate. We are clearly focused on those areas.

We must reflect on the evolving budget process, which we want to develop in line with some of the recommendations that the Finance Committee and others have made. It is important that spending decisions are governed by clear and specifiable targets. Before we take any decisions, we must be

clear about what the resources will buy and when they will buy them. We must examine how those resources will deliver the required output and the arrangements that we need to have in place with our partners to ensure delivery. We must clearly specify what benefits improved service delivery will bring and we must critically measure and assess those benefits. We must also establish key milestones to monitor and ensure that final delivery is achieved. I agree with Mr Davidson that those matters need to be fleshed out in due course. We are setting our objectives and targets, which will meet some of his requests.

Expenditure follows decisions and delivers the agreed output that I have asked officials to instigate in our system. That will allow us to track progress on key expenditure decisions at six-monthly intervals. Not only will that allow a lengthy process of analysis over a period of time, but it will ensure that, every six months, we monitor expenditure to ensure that key milestones are being reached.

As well as monitoring spending decisions and allocations, we need rigorous monitoring arrangements for priority areas such as our determination to tackle waiting times and delayed discharges in the health service. That monitoring will ensure that money is going to the right place, that we are hitting the right targets and that we have the right mechanisms in place to ensure delivery and to ensure that we are achieving the outcomes that we want.

I hope that all members will accept that we should not be under any illusions. The process is a difficult one and it will take time to harness it, but we are certainly heading in the right direction.

Let us consider some of the outputs for the Budget (Scotland) (No 3) Bill. The budget for transport in Scotland in 2002-03 is more than £1 billion, which represents an increase of £40 million on 2001-02. Those resources will deliver all the schemes that have previously been discussed by ministers, such as road improvement schemes, trunk road schemes and a target reduction in fatal and serious road casualties. All those matters are important to the people of Scotland.

Andrew Wilson: I would like clarification on that point. The sum of £1 billion will not be spent on transport projects in Scotland. How much of that £1 billion budget figure is a resource accounting and budgeting manoeuvre and how much is actual spend on the ground?

Mr Kerr: Clearly, there are elements in that budget figure that do not go directly to the roads, such as loan charges. With this budget and with future spending reviews, we are moving towards ensuring that resources are targeted on priorities for the people of Scotland. What cannot be argued

against is the fact that that budget figure represents real money going into real projects and delivering real roads and real infrastructure improvements. That is what the budget is all about.

I could go on to list the budget figures for other departments and important spending areas. There are more than half a million students in higher and further education. There are 16 million general practitioner consultations every year. Fresh fruit for infants is being delivered by every health board in Scotland. I could list other important aspects of the budget, but time is against me.

Tommy Sheridan (Glasgow) (SSP): Will the minister tell Parliament what percentage of the budget would be needed to provide universal free and healthy meals for all children in primary and secondary schools?

Mr Kerr: To put it bluntly, I have not considered that question because I do not believe that that policy is correct. It proposes to give resources to those who do not require them rather than to those who do. I would prefer to target resources more effectively and not to adopt the broadbrush approach that Mr Sheridan advocates. However, I will ensure that an answer is given to the question.

The 2002 spending review is important for all of us and our funding principles will underpin our rigorous approach to the review, as I mentioned. We are now finalising our plans for next year's spending review. The key features of that review are that it will examine existing baseline budgets; we will develop an appropriate system of linking spend to policy through targets that reflect required outputs and outcomes; we will focus our priorities to ensure that we deliver the maximum benefit for the people of Scotland; and there will be full and regular analysis of what we achieve. That answers comments that members have made in the Finance Committee and elsewhere.

I am committed to developing targets that accurately reflect our spending priorities and to putting in place systems that effectively monitor the Executive's performance. That is not easy or straightforward, but it is where we are heading.

To improve our allocation process, I plan to develop a system of rigorous scrutiny that is based on developing and costing a range of priorities across portfolios. That will help colleagues with the rigorous examination of spending priorities that the spending review requires.

Through scrutinising our priorities, we will identify areas in which we can spend more wisely and areas in which additional spending will produce good results. That is a responsible approach and will deliver a budget in which resources are matched to priorities to provide outcomes that are required by the Scottish people.

We must make improvements in our system for monitoring what spend achieves. It is essential that, as well as clearly specifying what we want to achieve, we measure what is achieved and demonstrate what we have done. Rigour in the spending review will bring its own rewards and we must ensure that we reap those rewards by monitoring delivery.

I want to say something about fiscal responsibility. All Executive commitments are, correctly, scrutinised in enormous detail by the Parliament, the committees and the wider Scottish community. The Executive has not only delivered on key priorities in health, for teachers and in improvements for older people, but maintained fiscal responsibility. We have funded those crucial commitments from our existing budget. We are not only delivering change that ordinary Scots want; we are delivering it within our existing means. That is responsible financial management.

The Government puts people and first-class public services first and concentrates on people's priorities. It cares about real outcomes for real services, not just about processes. We will deliver on those priorities.

People in communities throughout Scotland care about problems on their doorsteps. The Executive is thinking nationally and globally and it is thinking and acting locally. I will pursue that approach in the coming months—big vision hand in hand with local vision.

I commend the bill to the chamber. It reflects record levels of public spending coupled with prudent financial management.

I move,

That the Parliament agrees to the general principles of the Budget (Scotland) (No.3) Bill.

The Presiding Officer: I am grateful to the minister for taking less than his allotted time. If members want to speak, they must press their request-to-speak buttons so that we know who is still anxious to take part.

14:53

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): When, during time for reflection, the bishop talked about poetry, I thought that that would be the last we heard of it this afternoon. However, I then heard Mr Kerr allude to what the bishop said.

I thank the minister for the budget documents and the bill's accompanying documents. I do not know how many of the eager people who pursue the Parliament's activities on the internet noticed the advert for the accompanying documents and eagerly put in an order only to find that they had paid 65p for a sheet of A4 paper that does not say

much, but we must make money somehow.

I have two points on administration. At about this stage last time, we spent an hour and a half discussing stage 1 of the Budget (Scotland) (No 2) Bill. I looked through the *Official Report* and did not see any complaints about the length of time that was allocated. This year, two and a half hours have been allocated, although that has been reduced to two hours because of the ministerial statement. By and large, the usual suspects who were at the debate in December are present. My point is not that the Scottish budget is not worth two and a half hours of discussion, but that, given that the debate follows hard on the heels of the debate on the Finance Committee report on stage 2 of the budget process, which largely covered the same area, we need to consider how we handle the budget. I think that the minister alluded to that. Members might prove me wrong, but I suspect that we will not have much more light shed on the subject than we did in December.

Bristow Muldoon (Livingston) (Lab): Will the member give way?

Alasdair Morgan: Light is always welcome.

Bristow Muldoon: The budget debate would be a bit more enlightening if the Scottish National Party was more forthcoming about its spending plans.

Alasdair Morgan: I suspect that the Presiding Officer might rule me out of order if I started talking about SNP policy when we are discussing stage 1 of a bill—that is not an invitation, Presiding Officer. Given that, less than a month ago, Mr McConnell said that the Executive had only 18 months to get things right, it is interesting that Bristow Muldoon wants to start the next election campaign. He wants me to tell him what will be in the SNP's election manifesto. He should get down to trying to deliver what Labour has patently failed to deliver in the past four years. Then he can start talking about manifestos for the next election.

Iain Smith (North-East Fife) (LD): Will the member give way?

Alasdair Morgan: Sit down, Mr Smith.

There is a case, when we review the budgetary procedures and timetables, for combining the debates. If, as we hope, the Government is eventually persuaded to change elements of the budget as a result of the committee reports, stage 2 of the bill process—not stage 1—will be the appropriate place for that.

My second administrative point is about the differences in layout between the draft budget document, which has a coloured cover, and the buff-coloured budget documents. There are significant differences in layout, which makes comparisons unnecessarily difficult, especially as

members received the documents only on Monday. I realise that the draft budget is more expansive and has more comments because it does not have the same legal status as the budget, but more similarity of layout between the documents would be helpful.

Members are aware that flexibility in the budget is limited. We are limited by the amount that is paid into the Scottish consolidated fund, which in turn is determined in two ways. First, it is determined by history or by what was paid into it prior to Joel Barnett's involvement. That goes back to the days not of the Labour Government before the general election last year, but of the Labour Government of the 1970s. Whatever members think about that Government, it is open to question whether its allocation of expenditure then is what we need to justify allocation of expenditure in Scotland today.

The second way in which the Scottish consolidated fund is determined is by the Barnett formula. That means that it is determined by changes in departmental spending—by what the financial documents call UK Government departments. In terms of the expenditure that affects the Barnett formula, those departments act as English departments or English and Welsh departments. Their spending increases are, quite rightly, decided by English or Welsh priorities. That means that our total expenditure is determined by changes in those departments' priorities. We are free to reallocate the money wherever we want, but the total of our expenditure is constrained by decisions on priorities elsewhere.

Mr Kerr: Alasdair Morgan seems to be criticising a system that delivered 23 per cent more funds to Scotland than it did to England and Wales. I am confused.

Alasdair Morgan: I am making the point that a significant chunk of the fund, which has been built up since the Barnett formula was introduced, is determined not by priorities on which we decide, but by priorities south of the border.

Even when that sum is allocated to the Scottish consolidated fund, it is top-sliced by the Scotland Office to the tune, I think, of £7.3 million. The Scotland Office has three Government ministers—the Secretary of State for Scotland, the Minister of State and the Advocate General for Scotland—and 107 staff, who are not only there to get air tickets for the Secretary of State for Scotland. There is a parliamentary and constitutional division, a home and social division, an economy and industry division, a finance and administration division and an information services department. No one knows what the Advocate General for Scotland does, but do members know that, to help her do what no one knows she does, there is a solicitor to the Advocate General and two further

divisions to give her legal advice?

As those people are busily working on our behalf, the Scottish Executive goes ahead and provides them with additional services relating to pay, personnel, information technology, procurement, financial systems and internal audit. The question that we have to ask about this budget must be: why is all that expenditure not subject to the Scottish Parliament's scrutiny, given that it affects the money available to us through the Scottish consolidated fund by £7.3 million?

Ben Wallace (North-East Scotland) (Con):

Two years ago, John Reid, who was the Secretary of State for Scotland at the time, came before the Scottish Affairs Select Committee in Westminster to make his case for the increased budget. His arguments were scrutinised by a panel of Westminster MPs, because that is their job. What was the SNP's submission to that committee? From my memory of the transcript, it was not so extensive.

Alasdair Morgan: I can tell Ben Wallace one thing. It is interesting that he mentions Mr Reid's appearance before the Scottish Affairs Select Committee. Apparently, one of the Scotland Office's objectives is to

"promote links between the Scottish Parliament and the UK Parliament".

That is what we are paying £7.3 million for. The Scotland Office departmental report lists three things under the heading of progress in promoting those links: appearing before the Scottish Affairs Select Committee, which is a Westminster committee; going to debates of the Scottish Grand Committee, which is another Westminster committee; and providing written evidence to the Scottish Parliament's European Committee. It provided written evidence because its representatives refused to appear in person. How can the Scotland Office say that those actions promote links between the Parliaments when two of them do not involve people coming to Scotland at all and the third involves their refusing to come to Scotland?

Alistair Carmichael, the Liberal Democrat MP for Orkney and Shetland, has said that the role of the Secretary of State for Scotland is now redundant and cannot be justified, which is a judgment that presumably applies to the 107 civil servants as well. [Applause.] I am glad that his Liberal Democrat colleagues have indicated that they agree with me. No doubt George Lyon will tell us what they plan to do with the £7.3 million.

Des McNulty (Clydebank and Milngavie) (Lab): Alasdair Morgan was concerned that the Presiding Officer might rule him out of order if he suggested any positive proposals on behalf of the SNP. When will he talk about the matters at hand?

He has barely mentioned the powers or the budget document.

Alasdair Morgan: As the budget is about the distribution of money from the Scottish consolidated fund, I thought it reasonable to highlight what is happening to the £7.3 million that we have already lost from it.

I have mentioned two determinants of the money that is paid into the Scottish consolidated fund. There is a third, which is the balancing mechanisms between the various decisions that we make and their consequences for the UK Treasury. For example, on council tax, the guidance on the balancing mechanisms says that

"if, due to decisions made by the Scottish Executive ... the costs of Council Tax Benefit subsidy paid to local authorities changes at a disproportionate rate (both higher and lower), relative to changes in England, then appropriate balancing adjustments are made to the relevant devolved administration's Departmental Expenditure Limit."

In other words, if we were to reduce council tax and therefore save the Treasury money on council tax benefit, our departmental expenditure limits—that is, the block grant—would go up to keep Government expenditure in balance. Why is there no analogous rule for social security payments? If a decision on health made by the Scottish Parliament saves the Department for Work and Pensions £23 million on attendance allowances, why do our departmental expenditure limits not go up to reflect that? Is it because that contingency was not considered when the Treasury's funding policy document "Funding the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly—A Statement of Funding Policy" was drawn up and because some people in Whitehall are now determined to keep this Parliament in check?

The whole issue of the block grant, the Barnett formula and the conflicts between us would not arise if we had the normal powers of a normal Parliament. In the debate on the Finance Committee report on stage 2 of the budget process, I said that we were considering "only half a budget". However, that was not true; the fraction is much less. Vast swathes of Government expenditure are not included in the budget and nearly all the income has been omitted. We should be having a debate about tax—not just about business rates, council tax and the Parliament's tax-varying powers, but about the balance between direct and indirect taxation, the relative level of regression or progression and the possibilities of incentivising business that should be available to this Parliament.

I could talk about the need to set targets—I am glad that the minister wants to make progress on that issue—but I am conscious of the urgings of the Presiding Officer not to take up too much time.

The SNP will not oppose the bill at stage 1. However, I sincerely think that the budget represents—as do all budgets passed under the current devolution settlement—a missed opportunity for Scotland.

15:05

Mr David Davidson (North-East Scotland) (Con): Well, here we are again. This is the third budget stage 1 debate with the third finance minister. First, we had Jack “Magic Circle” McConnell; then we had Angus “Smoke and Mirrors” MacKay; now we have Andy Kerr, the latest graduate of the Hogwarts school of economics. We may have a new Executive team, but what we have heard from the minister sounds like a rerun of the usual spin and overstatement.

It would be of great interest to the Parliament, the people and the press if we could be told clearly what the difference is between the team McConnell budget and the one from team McLeish that we are still struggling through—and I note the presence of Mr McLeish in the chamber. I also ask the minister what changes his Liberal Democrat partners succeeded in obtaining in the budget, assuming that they tried to make changes following Charles Kennedy’s recent declaration of independence from Labour.

Perhaps Mr Peacock, in his winding-up speech, could clarify which parts of the team McLeish budget have been ditched and which parts have been adopted. For example, is the proposed cut in rail support to proceed or not? If parts have been accepted and progressed, why have the ministers who helped to formulate those parts been fired?

Mr Duncan McNeil (Greenock and Inverclyde) (Lab): Mr Davidson has mentioned the budget and various people. Are we going to get something different from the Conservatives? Is he going to explain to us what cuts they would impose on the budget?

Mr Davidson: I will come to that.

We have again heard the wild Labour claims of delivering new hospitals, although that was nothing more than the finishing off of prior Conservative programmes. It is a shame that other Conservative programmes, such as infrastructure renewal, have not been continued. The Scottish economy is in trouble. That is not talking down Scotland, but an attempt to impress on the Executive that it should not just apply a sticking-plaster after a fall, but ensure, where possible, that the accident does not happen. Budgets are not just about vision; they are about delivery. I got a glimmer of hope from the minister when he talked about that. That is a welcome move and the first that we have had from the Executive in three years.

The Executive’s administration budget will rise over the next three years, but there will be a real-terms reduction in the administration budgets for VisitScotland, Scottish Enterprise and Highlands and Islands Enterprise. We welcome the trimming of their overheads and the increased application to delivery rather than process. However, if the business support organisations can operate with greater efficiency, where is the leadership by example from the Executive? Once again, it is asking us to do as it says, not as it does.

Andrew Wilson: Although I acknowledge the fact that the Conservatives did not want devolution, does the member agree that we require a properly resourced civil service to answer the scrutiny of the Parliament and that we should not criticise it all the time, but recognise the pressures that exist?

Mr Davidson: I would have thought it even better for us to focus on what we need to do to drive forward the economy. Merely putting civil servants in place to answer some of the spurious questions that come from the SNP—which have no sense in them—is an absolute waste of public money.

Tourism is at its lowest ebb after four years of downturn and a lack of action from Labour, coupled with the consequences of the terrible events of September 11 and the foot-and-mouth disease outbreak. Where is the support in the budget for the marketing of Scotland? The foot-and-mouth disease outbreak has devastated most aspects of the rural economy. Jobs in the manufacturing industry are beginning to vanish like snow off a dyke, quicker than new technology businesses can absorb the work force. The Executive’s policies do nothing to stimulate the enterprise economy that I thought all members were signed up to.

There has also been a distinct lack of effort to build the infrastructure that our economy needs for the future, be it road, rail or air links or even broadband connectivity. What Scotland needs most is a budget for enterprise and wealth creation, and this budget is far from that. As usual, it is a tax-and-spend budget but, worse than that, it demonstrates the fact that the Executive cannot see the wood for the trees.

The SNP makes spending promises that it cannot afford, never mind deliver. Despite Labour’s claims, it is guilty of the same thing. In his speech on his priorities, which were limitless, the First Minister called for a realisation that everything has a price and that we have a finite budget. Today we heard the minister talk about that, which is another move forward but makes me wonder how long he will last in the Executive.

Where is the evidence of Mr McConnell’s claims

of a few weeks ago that that realisation has been portrayed in the budget documents? It is hard to find. Where are the necessary investments in education delivery, by which I mean proper support for the McCrone settlement for rural authorities? The situation is similar to the situation with the Arbuthnott formula, which my colleague from the north-east, Mr Rumbles, mentioned earlier and which results in uneven support for health across Scotland.

When will the Scottish budget address the structural problems in further education and the growing trend of university deficit increases? When will the Minister for Enterprise, Transport and Lifelong Learning fight for a change in funding for essential apprenticeship schemes delivered by employers? Money follows day-release students to college but it does not assist employers to set up modern apprenticeship laboratories and workshops. Investment in education and training should be a part of a budget for enterprise, but today we heard nothing new.

Can the minister put his hand on his heart and claim that this budget will deliver not only wealth creation, but safe communities, and will foster the confidence that the Scottish people need to have that their money is being spent in a way that delivers focused public service on time and in an accessible manner? I would like to hold the minister to his promise that he will deliver output and outcome documentation for the Parliament. I would like that documentation to go to the Finance Committee at the beginning of the next budget round.

Why has there been a postponement of free personal care delivery? One minister says that the reason is financial; another that it is technical. It would be helpful if the minister could give us an answer.

Mr Kerr: It is easy to do so. The First Minister and I believe in listening to those on the front line who deliver services and they told us that we should delay the implementation of free personal care.

Mr Davidson: I take it from that that the Executive foresees no resource problems with the implementation of free personal care. That is useful information.

The Parliament building in Holyrood seems to be taking a lot out of front-line services. I noticed that Alasdair Morgan had a go at the office of the Secretary of State for Scotland and I point out in passing that our policy is to have a Secretary of State for Scotland in the UK Cabinet to ensure that Scotland's interests in matters that are considered by Westminster are taken into account. Has the minister made any attempt to intervene to ensure that the money that is spent on Holyrood is not

over the top and is not being taken away from the front-line services that he was talking about? We do not want to hear the usual platitudes about reserves, which is the Labour version of the SNP's oil well. The Pontius Pilate approach to this huge problem is not good enough.

The underspends over the past two years were £435 million and £718 million. What is the estimated underspend for this year? At a time of underspend, why does the Executive continue to apply extra taxation? One might ask whether planned underspending might replace the reserve.

Mr Kerr: I can only repeat what I said in a previous debate: underspend relates, on the whole, to large capital projects whose timetables have slipped. It is good government to say that that money should be carried forward through end-year flexibility rather than, as in the previous model, spent in a rush at the end of the financial year on equipment, resources and capital projects that are not required. I would rather have a system in which resource allocation is based on need.

Mr Davidson: I accept the point that you make. However, the point about the reserve is important. The first finance minister, Mr McConnell, denied that there was a reserve and that there was a need for one, but the second finance minister introduced a reserve as a budget line. It would be nice to know whether Mr Kerr intends to follow the procedure of the first or the second finance minister.

Despite statements that the tartan tax will not be invoked—with the open exception of the Minister for Tourism, Culture and Sport—two unfair taxes continue to be levied: the graduate tax that burdens young Scots graduates at a critical stage in their career and the increased business rates that disadvantage Scottish businesses that are already under strain.

Given that Alasdair Morgan started off complaining that today's debate was all about process and not about content, I was a little perturbed when his speech was about process. I could not see how his argument could be sustained. The situation is clear. As usual, Labour taxes then spends, whereas the SNP spends then taxes. At least, that seems to be what we are told in the chamber.

We are moving into a world where, far from giving us the transparency and openness that we were promised, the budget bill—purely because of its layout—reduces the ability of Parliament to test the promises that are made. I agree with Alasdair Morgan on that point. On the prospects for delivery of those promises, I again hold the minister to what he promised members this afternoon.

As was evidenced in the debate on the budget

process, committees find it almost impossible to obtain the information that they require. I have called previously for the budget process to be reviewed radically. I hope that, after last year's budget process report, we might get to that before we get into the next round of the budget. I hope that the new convener of the Finance Committee will take that on board.

There is nothing in the budget to deliver enterprise Scotland. There is nothing to remedy the problems in education. There is nothing that will give confidence to the thousands of patients who are waiting for health care. There is nothing to build the rural economy. There is nothing to give Scotland an infrastructure fit for the 21st century. Despite Mr Kerr's sniggers, he has not added anything different. He has merely swallowed and regurgitated what was delivered in the past.

Iain Smith: So far, Mr Davidson has said nothing about what changes he would make to the budget and what money he would transfer from one part of the budget to fund all the extra work that he claims needs to be done for enterprise. Could he please explain, before his time runs out, how the Conservatives would do the budget differently?

Mr Davidson: The debate is not about what others would do. It is about getting to the truth of what Scottish Labour seeks to deliver through the bill. It is not, as the minister said, about how much is spent; it is about what we get for the money. A budget is a management tool. It is not an end in itself and it is not a substitute for clarity.

The Parliament needs no more vague and empty promises but a programme for delivery of sustainable economic growth, a programme that delivers an effective and accessible national health service, safer communities and better transport, and especially a programme to give the Scottish people confidence in their future. If Mr Smith is listening, the Scottish Conservatives will do exactly that in our manifesto budget for 2003.

15:17

Donald Gorrie (Central Scotland) (LD): I am happy to speak on behalf of the Liberal Democrats, to say that we fully support the budget—it would be a surprise if it were otherwise. The budget is a good attempt to use the money at our disposal. It reflects the priorities of the Liberal Democrats and the Labour party. In answer to David Davidson, those priorities are thrashed out in the Cabinet. The Liberal Democrats pull their weight and make a significant contribution to deciding the priorities of the coalition.

Considerable money is going into education. The McCrone settlement, which is jealously regarded by the English, is a good example of how

the Scottish Parliament and the Executive can do things better than Westminster can. More money is going into health.

Mr Davidson: Will Mr Gorrie explain why rural councils complain that, because of the relationship between the numbers of teachers, children and schools, they do not have enough money from the McCrone settlement?

Donald Gorrie: That is a fair point, which is being addressed. However, the basic settlement is favourable to the teachers and is paid for in the budget. That shows good management.

We are putting more money into health, police and transport to fit the priorities of the Parliament. There is no point in going through all those priorities. The minister has efficiently summarised what the budget is being spent on.

I pay tribute to Jack McConnell and Angus MacKay, the two previous finance ministers. I am sure that the present one will be a worthy successor. The two previous ministers made an honest attempt to improve on the way that budgets are dealt with at Westminster and tried to make the process more transparent and democratic. Despite their efforts, we have not made much progress in that direction, but I pay tribute to them for working it out as well as they could.

The first problem is the Scotland Act 1998. That act was composed in part by people in London who assumed that the members of the Scottish Parliament would be incompetent, extravagant people who could not manage a budget properly. Therefore, the rules governing the way that we deal with the budget are very prescriptive. They do not allow amendment of the budget and they inhibit proper discussion. When people get around to amending the Scotland Act 1998, that issue should be seriously considered.

Alasdair Morgan raised the issue of the cost of the Scotland Office. As he well knows, the Scotland Office is a Westminster affair—Westminster can decide how much money is spent. That is taken off our budget, whether we want it or not. I fully believe that we would get on much better without the Scotland Office, but that is a Liberal Democrat policy, not a coalition policy.

Alex Neil (Central Scotland) (SNP): I thank Donald Gorrie for letting me intervene. Does he agree that while we are governed under the existing regime, it would make much more sense for the consolidated fund allocation for Scotland to come to the Scottish Parliament? That would mean that we could allocate the funds that we think the unnecessary Scotland Office needs, rather than the Scotland Office taking the top slice off our budget and putting it into its bureaucracy instead of into our health service.

Donald Gorrie: Personally, I agree entirely with that and I think that the Scottish Liberal Democrats do too. Although it is not within our control to achieve that, it is legitimate to hold the Scotland Office in London to account for what it does or does not do, as some of my colleagues are busy doing.

One good thing about the budget is the effort to have three-year plans. That is helpful to local government and to other organisations. The difficulty is that the timetable of the comprehensive spending review, which is a UK matter, distorts our budget processes. We do not yet have an answer to that. We should continue to have three-year plans—to plan ahead and to allow other organisations to plan ahead.

As a Parliament, we must pursue the provision of good funding for the national health service by the Executive. We all vote for that, but what does it achieve? There are many criticisms of the NHS and all sorts of problems such as bedblocking. Some problems are perhaps exaggerated. My recent experience of the health service—I spent Christmas and the new year in hospital—was extremely good. However, the NHS still has problems and we must pursue the money that we put into it to find out about service delivery, outputs and outcomes. The Finance Committee is doing good work on that.

We must chase the money through. At the moment the budget document only indicates that such-and-such a health board gets so much money; it does not say how much we spend in total on cancer as opposed to heart treatments, for example, or on children's or elderly people's problems. We need much more clarity. The health boards must give up the information to us. It is no use ministers saying that the information is not held centrally. We jolly well have to get it held centrally, so that we can ensure that the health boards deliver.

Similarly, more money has been given to local government, but we still receive many complaints from councils and citizens that council services in many fields have been getting steadily worse. Although there is more money for education and other particular services, the overall improvement that we think should occur does not occur. We must examine carefully the use of our money. Is the problem that we are not giving enough money to councils or that they are not using the money well? Funding is a big problem, which the Local Government Committee has pursued. We need more information about it.

The public needs more information. The suggestion of sending a leaflet to every house is a good one that should be pursued. That would provide people with a simple summary of how our money is spent and would remove a lot of

misconceptions.

The Parliament does not have major fundraising powers, but let us consider the powers that we do have. It would be a modest but useful help if councils, particularly those in rural areas, were able to charge full council tax on second homes. The whole question of the taxation of small businesses, which the Finance Committee and the Local Government Committee are examining, is important if we are to gauge how fairly business can contribute through the tax system while still helping small businesses.

I pay tribute to the people who have contributed to the improvements that we have made to the budget process, but there is still a great deal of work for the Parliament to do. I look forward to contributing to that progress.

The Deputy Presiding Officer (Mr George Reid): We now move to open debate. Because of the statement that is to be made at 4.30, I doubt whether all members who intend to speak will be called. More members will be called if members keep their remarks to four minutes.

15:26

Des McNulty (Clydebank and Milngavie) (Lab): Although there is a certain ritual element to budget debates, it is surprising that David Davidson has delivered more or less exactly the same speech as he did last year. Perhaps not so surprisingly, Alasdair Morgan gave us a fairly lengthy speech that paid very little attention to how the £20 billion budget is to be spent. If he were to discuss SNP policies, he would only reveal that the cupboard is bare, so perhaps he is justified in not talking about that.

It is important to highlight the fact that the Scottish budget contains a forecast of £20 billion of expenditure—a very considerable amount of money. The allocation of funds reflects the priorities that were outlined by the First Minister a couple of weeks ago, namely, education, health, transport, crime and jobs. It is not just a question of the amounts of money, as Donald Gorrie was saying, but of how we try to ensure that the entire Scottish Executive budget is spent in a way that delivers outcomes that meet the needs of the people of Scotland.

Alasdair Morgan: On the point about the First Minister's priorities, as the budget is largely unchanged from the way it was before the election of the current First Minister, is the member saying that the First Minister's priorities are largely the same as those of the Executive before his election?

Des McNulty: The spending review highlights the way in which the First Minister is moving and

targeting resources, and the First Minister has strongly emphasised delivery and ensuring that the money actually delivers outcomes.

Consultation, as the Minister for Finance and Local Government has pointed out, is very important; so is transparency. We need to know what people's needs are if we are to meet them more effectively. A key theme of reports that the Finance Committee has undertaken is a desire for greater transparency and clarity in the budget process. The Finance Committee and the Parliament must work with the Executive to improve the consultation process and the consideration of budgetary options. In my new role as convener of the Finance Committee, I am determined to engage in that work fully.

As I pointed out in the earlier budget process debate, and as the reports of the Finance Committee and the other committees indicate, there is considerable room for improvement in the budgetary process. The Finance Committee will soon be reviewing the implementation of the FIAG principles and the extent to which the budget matches the aspirations that FIAG set out.

I wish to record my gratitude and that of the committee for the fact that the minister has taken up a number of the committee's recommendations made at stage 2 of the budget process.

Alex Neil: I am always reluctant to interrupt one of Des McNulty's perorations. Yesterday a report was published on child poverty in Scotland. It showed that, after five years of a Labour Government, one third of the children in Scotland are still living in poverty. The Executive's objective is to reduce the number of children living in poverty by 50 per cent by 2010. Where does the budget make provision for ensuring that that happens?

Des McNulty: I will indicate the change in the budget in the five priority areas that have been identified. The budget for health and community care has grown from £5.5 billion in 2000-01 to £6.5 billion in 2002-03—an increase of 20 per cent. There has been roughly the same percentage increase in the budget for education. Those are two of the key areas that impact particularly on child poverty. Much of the extra expenditure is targeted on children. In transport, the budget is growing from £782 million in 2000-01 to more than £1 billion in 2002-03—an increase of one third.

Mary Scanlon (Highlands and Islands) (Con): Will Des McNulty take an intervention?

The Deputy Presiding Officer: The member is in his last minute.

Des McNulty: Substantially increased amounts of money are being made available. From listening

to Opposition spokespersons, one would think that that money is set to one side—that it is not really being made available. However, I assure David Davidson, Alex Neil and others that substantial change is taking place in the budgetary allocations that are being made and that the change is delivering results, although perhaps not as fast as we would like. It is up to members of the Parliament, as well as the Executive, to consider what should be done and how money should be spent, and to ensure that we deliver results and outcomes. That is a very important task for us. I hope that members of all parties will participate in that process.

15:31

Fiona Hyslop (Lothians) (SNP): I am not one of the usual suspects in this debate. I feel like a bit of an interloper. I say to Des McNulty that, when changing how we scrutinise budgets, we should consider impact assessments, rather than whether we believe the promises that are made in Government policy.

I would like to focus my remarks on section 3 of the bill, which relates to the Scottish consolidated fund, and to develop some of the points that Alasdair Morgan made. I will also make a vain attempt to make this issue relevant to people's lives, by relating the sorry saga of the sinks and pans of West Lothian.

Last Tuesday, Labour-controlled West Lothian Council voted to hike up rents by £5 a week. That means that rents have increased by 81 per cent since Labour took power in West Lothian in 1996. The latest increase comes on the back of a kitchen and bathroom scheme and a questionable consultation. The scheme is not voluntary. Those on housing benefit do not have to pay the increase, but if tenants have already installed a new kitchen and bathroom they must still pay an extra fiver a week—for a bathroom that they do not need and a kitchen that they will not get.

How does that relate to the consolidated fund and national policy? Labour councils all over Scotland are eyeing up the West Lothian deal with interest. Such deals would allow councils to hike up rents and get housing benefit from the London Treasury to fund rent increases. Good work if you can get it. That was the practice of councils during the Thatcher years—driving up rents, but digging the poverty trap.

Anorak that I am, I have read the Treasury document "Funding the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly—A Statement of Funding Policy" and I am aware that, if the housing benefit bill in Scotland increases disproportionately to that of our English counterparts, the Scottish

consolidated fund will be cut accordingly. Sections 4 and 5.3.iii of the statement, to which Alasdair Morgan referred, make that clear. I contacted Angus MacKay, who at the time was Minister for Finance and Local Government, about the matter. In his reply, Iain Gray said that if other councils took up the West Lothian scheme and the housing benefit bill in Scotland increased, the Scottish consolidated fund would be cut.

Diligent parliamentarian that I am and fearing that the consolidated fund might be affected by what was happening in West Lothian, I decided to check the figures. Scotland spends more than £1 billion on housing benefit; England spends £9.6 billion.

Mr McNeil: Will the member take an intervention?

Fiona Hyslop: I would like to develop my point first.

In the past three years, the differential in housing benefit spent in England and Scotland has been getting bigger. However, the increase has taken place not in the Scottish bill, as I originally feared, but in the English bill, which has risen disproportionately by £192 million since 1999. Does the minister know how much Scotland is due back from that £192 million? Has the Liberal-Labour coalition asked for an increase in the Scottish consolidated fund? If so, what has happened to that? I suspect that, because the coalition does not know what the answers are, it has not asked those questions. We have not received our due. If we had done, I am sure that the story would have been all over the papers.

I relate that point to Alasdair Morgan's comments about the attendance allowance and free personal care. Is it not the case that the financial arrangement that we have with Westminster is a one-way track? When Scotland delivers free personal care, Westminster takes away our attendance allowances. As the First Minister said last week, it is for the Parliament to take the decision to be prepared to pay the extra fee. However, I dispute that that means that we should rob the savings that are made.

How does that point relate to housing benefit and the consolidated fund? When England takes, by charging a higher benefit bill, Scotland does not get its fair share. Does the minister agree that when Scotland delivers, Westminster takes away? Does he agree that Scotland should have control over state benefits, so that we can develop proper policies on tax, council tax and housing? As Alasdair Morgan said, that would allow us to have a budget that is not determined by English departmental policy decisions.

I am coming to a positive conclusion. We could use control over housing benefit to determine

affordable rents for Scotland, which would help to move people out of the poverty trap. That practical, positive SNP policy would help the Parliament to take the argument over the consolidated fund into the kitchens and bathrooms of Scotland.

15:36

Ben Wallace (North-East Scotland) (Con):

During the debate on the general principles of the bill, it is important that members examine closely spending on health and community care, which takes up the biggest part of Government spending in Scotland. We must also examine the current input of funds to the NHS system, the way in which those funds are spent and whether the objectives that are set out on page 149 of the budget documents are being achieved. In short, have the taxes of the Scottish people been spent correctly to achieve the Government's extensive—although somewhat woolly—promises on health? After all, back in 1997, members of the Labour Government promised that they were the only people who could save the NHS.

The Scottish Conservatives allow that health funding has been increased in the budget. That increase is not surprising, given that in the past four years the Chancellor of the Exchequer has increased the tax burden, and that the economy—which has continued to grow—has delivered more funds into his coffers. We would have expected any Government to put funds behind its commitments. However, this is the year of delivery for the Labour party and, I suspect, the 18 months of delivery for the Scottish Executive. As the Minister for Health and Community Care and his colleagues have said on many occasions, what counts in delivery is not just the amounts of money that are involved—what also counts is how the NHS delivers.

The amounts of money that are involved—as a percentage of gross domestic product under this Government—pretty much continue in the same upward trend that started under the Tories, but many people forget that. We may talk about billions but, as Andy Kerr realises, billions bamboozle, whereas people latch on quickly to increases when we talk about percentages.

Des McNulty: During the UK general election, Michael Portillo advocated cuts of £8 billion in his proposed UK budget. Scotland's share of those cuts would be about £400 million a year. In which public services would Ben Wallace reduce spending by £400 million?

Ben Wallace: The Conservatives are committed to ensuring that spending would not grow faster than the economy. That was our pledge. Will Des McNulty guarantee that the Labour party will

continue to increase spending faster than the rate of growth of the economy? If so, the Labour party will simply send the country further into debt.

I will refer to moneys in the budget that could be better used in service delivery. I will also refer to outcomes, because the Executive has failed significantly to meet its health outcomes. Part of the debate is about how we can get the money in the budget to the front line. We must ensure that the budget is matched with appropriate safeguards and efficient mechanisms. For example, Scottish Conservatives fear that funds will not reach the right places unless there is more ring fencing, and that the elderly and those who provide care services will not receive the funds that are desperately needed to resolve the community care crisis.

The Auditor General's report of December 2001 took an overview of the NHS in Scotland and identified some worrying trends including—most important—that of the ever-increasing number of hospital trusts that are going into deficit. The deficit has increased from £5.18 million in March 1998 to £52 million last year. No one can be satisfied because the deficit is now 10 times greater than it was three years ago.

Mr Rumbles *rose—*

Ben Wallace: I would give way, but I am in my last minute.

The benefits of cost-effectiveness that were brought about by competition within the NHS have been disregarded since we left power in 1997. I ask the Executive to re-examine the role that was played by commissioning. We should remember that, when fundholding started in 1995, the 25 per cent of GP practices in the UK that were fundholding practices managed to save £125 million, which was re-invested in front-line services. Although problems arose with the increased administration that resulted from contracting, the saving was greater than the contracting costs. The reintroduction of an element of fundholding would perhaps bring back some of those savings.

We welcome the Executive's attempts to streamline provision of negligence claims and the belated beginning of better monitoring of practitioner services. However, we need to look at the outcomes which—to be honest—have been pretty appalling. Labour's claim is that the Executive has started to build new hospitals as part of its hospital building plan. Of course, seven of those eight hospitals were started under the Conservatives. The Executive's aim to deliver six of those projects by last year is way behind schedule. The pharmacy plan, which was included in last year's targets, has still not appeared. NHS 24, which was first pledged in March 1999, is a

year and a half behind its equivalent in England and Wales.

The problem is that, for all the money that the Executive has given, it has not achieved its outcomes. The solution is that the Executive must question its policy and the mechanisms for getting money to the patients and to those who are in need. The Executive has failed on the NHS; its outcomes will not be achieved. We shall not oppose the budget bill, but we shall monitor the outcomes.

15:41

Elaine Thomson (Aberdeen North) (Lab):

Over the past three years, the budget has been growing at about £1 billion a year. That has resulted in this year's budget of £21.1 billion. That extra funding has led to substantial growth in public services in many vital areas such as education, health, fighting crime, transport and jobs.

I want to talk about what that increase in the budget means for local front-line services. For example in Aberdeen, greater resources for the police have resulted in a sustained drop in crime, especially housebreaking. Drugs misuse is a major problem throughout Scotland, but particularly in Aberdeen—

Richard Lochhead (North-East Scotland) (SNP): Will the member take an intervention?

Elaine Thomson: No thanks. In Aberdeen, we are increasingly seeing the drugs services—

Richard Lochhead: Will the member give way?

Elaine Thomson: I have just started my speech and am not even out of my first minute.

The services on the ground are beginning to provide, for example, community rehabilitation and advice. That is because of the sustained growth in funding and the £100 million that has been allocated for tackling drugs. Recently, Aberdeen started using drugs treatment and testing orders, which took a long time to get off the ground because of the shortage of trained drugs workers. The extra funding has provided for growth in the provision of drugs services, which is now resulting in a shortage of trained workers in that field.

Richard Lochhead: Will the member give way?

Elaine Thomson: No thanks. I have other things to say.

Health is another area in which—as members have said—extra funding worth £1 billion is going into the provision of better services. That will, for example, help to cut waiting times. The specialist emergency and accident nurses who now provide services in Aberdeen have cut waiting times for

patients. That is just part of the modernisation that is going on.

Mr Rumbles: Because Elaine Thomson mentioned the national health service, I want to highlight an issue in which all north-east MSPs should be interested. Elaine Thomson acknowledged the fact that more money is being given to the NHS, but does she acknowledge that, although the NHS in Grampian provides 10 per cent of the outputs of the NHS, the Arbutnott formula provides it with only 9 per cent of the income? That is £50 million a year that is being siphoned away from the north-east. Will Elaine Thomson comment on that?

Elaine Thomson: The Arbutnott formula—which was put together by an esteemed group of people from throughout Scotland—has been widely accepted and is starting to address some health issues. An extra £20 million has gone into health services in the north-east. We are seeing better services in the area, such as the specialist nurses to whom I referred.

Other issues might need to be addressed. We must consider where to put resources and how best to spend them. For example, we might consider the number of hospitals in the north-east.

Another area in which we see sustained growth and investment is education.

Mary Scanlon: Will the member give way?

Elaine Thomson: No.

McCrone has acknowledged the professionalism and dedication of teachers. More funding has gone into school maintenance, books and equipment. In Aberdeen, I was pleased recently to see more money going into new community schools. We will double the number of community schools throughout Scotland, which will allow the development of better educational opportunities for some of our most disadvantaged youngsters in various communities.

In Aberdeen, because of the extra funding for social inclusion initiatives, we will be able to develop bases for special educational needs in all Aberdeen schools and not just in a select few. That is because of extra money from the Scottish budget.

The Presiding Officer is indicating that I should finish, but I did take rather a long intervention from Mr Rumbles.

Transport has also had more investment—more than £1 billion. That is of key importance to Aberdeen and the north-east. It is vital to the underpinning of our continued economic success. There has been movement towards the development of better transport in Aberdeen. I would like to see a modern transport system being

developed and being given the support that it needs. I ask the minister to consider the importance of that for Aberdeen and the north-east.

There has been sustained investment in public services throughout Scotland and not only in Aberdeen. There is more to do, but those services are the priorities of the people of Scotland.

15:46

Andrew Wilson (Central Scotland) (SNP): I would like to say what a great pleasure it is to take part in this debate but, of course, that would be a lie.

The content of the budget documents that members have before them is worthy of consideration. When the minister talks about thousands of millions of pounds being spent on transport, it is important that he is open and honest. He should consider the point that I made in an intervention. There is £1 billion in the overall budget for transport, but half of that—one half—is a notional capital charge. It is not an interest charge, as the minister stated, but a notional capital charge. It will not be spent anywhere. It does the public no good to be misled by the minister's suggesting that a massive increase in funding is taking place, when what we actually have is a simple accounting change and a notional payment.

If we boil the budget down, we can see why—after two and a half years of public spending growth, and two and a half years of lengthy and tortuous debates on the budget—the Government is simply not delivering on core public services. The dogs in the street know that the health service is in crisis. Anyone who travels anywhere in Scotland knows that the transport system is in deep, deep trouble. The core of all of those problems is the worst economic growth rate in western Europe. It is therefore vital that we look behind the robbing-Peter-to-pay-Paul debates to find out how we can use Scotland's resources to transform the lives of people in Scotland.

Mr McNeil: Will the member give way?

Andrew Wilson: Duncan, it will be a significant pleasure.

Mr McNeil: The member spoke about robbing Peter to pay Paul. Will he confirm that he supports the policy—being promoted by some members of his party—to reallocate moneys from the budget to better-off areas at the expense of poorer areas?

Andrew Wilson: I do not acknowledge that allegation. Money should be put where it is needed most. That seems self-evident. Does Duncan McNeil regard the taking of money from the Scottish budget in order for Whitehall to pay

for bloated Scotland Office administration as good allocation of Scottish funds? There is a core constraint at the heart of the Scottish budget, and if the empty vessel would make less noise we might be able to get somewhere.

Constitutionally, the Scotland Office is able to take money directly out of the NHS in Scotland, directly out of schools in Scotland, and directly out of housing in Scotland. It has done so and it has doubled its budget in four years. How can a budget be doubled in four years for that office? It is an office that the Liberals do not want; that we do not want; that the Tories did not want, but now do for some reason—although I never do follow Conservative policy—and which half the Labour members in Westminster do not want? It is absurd that £28 million will be spent on an office to which a minister apologises one week after attacking it, and on a woman—the Secretary of State for Scotland—who is out of control. That money could be invested in Scottish public services. That highlights the core problem: we cannot take adult, mature decisions to grow our own revenue base and to allocate our own resources without interference from—to be frank—troubling ministers in London.

As Fiona Hyslop and Alasdair Morgan asked, why do we meet Whitehall departments' increased costs that result from decisions that we make, but get no benefit if we take decisions that make savings for UK departments? That does not create a productive system in Scotland. There is no incentive in the current structure to increase growth and to increase our tax base to drive forward a reform agenda within the Government sector. That is a massive weakness in the devolution project.

At 4.30, we will hear an announcement from the First Minister on Euro 2008. That will probably involve significant cash allocations from our budget, which I will support. However, the revenues that hosting Euro 2008 would generate from tax revenues from growth would all be lost to the Scottish budget. A perverse incentive is built into the system.

The Deputy Minister for Finance and Public Services (Peter Peacock): Rubbish.

Andrew Wilson: The Minister for Finance and Public Services has left the Chamber, but his deputy has decided to holler from the sidelines.

If what I suggested is not true, I will be over the moon to find out the truth—I will wait to hear it.

Likewise, at least £120 million of the £300 million that is being spent on the Scottish Parliament will be recycled in tax. In a normal country, our exchequer would feel the benefits, but in Scotland those benefits are lost to the public purse and go elsewhere. That is remarkable. We

must build up the powers of the Parliament. I understand why Andy Kerr does not trust himself with more power, but I would trust the people of Scotland with the powers to deliver.

15:51

Iain Smith (North-East Fife) (LD): I never know how to follow Andrew Wilson's obscure economics speeches. I am glad that he is not the economics minister in Scotland. That would be a disaster, because he seems to think that the system could operate to allow us all the benefits of spending, but none of the disadvantages of taxation. That would be a strange system.

The debate should be about the priorities for Scotland and the Scottish Parliament, because budgets are about delivering on priorities. There is never enough money; we could always spend more. For example, next year £600 million extra in real terms is going into local government—which I know a great deal about—from the Scottish Executive; however, local government will always ask for more. More can always be done to improve local government, which still suffers from the savage cuts that the Conservatives made to its budget following reorganisation. Those cuts decimated services throughout Scotland and the situation was not helped by the first two years of the Blair Labour Government in Westminster, which continued with those savage cuts.

Significant improvements have been made since the Liberal Democrat-Labour partnership Executive came to power in 1999, but more needs to be done. Local government wants to spend more money in order to improve services that have suffered, such as community and leisure facilities and roads and transport. Those services have not received the required funding, so we must do more.

Dr Sylvia Jackson (Stirling) (Lab): Does Iain Smith agree that a substantial investment of money on non-trunk roads is required at local government level?

Iain Smith: Absolutely. That is precisely the point that I am making. Some services, such as community facilities and roads maintenance, have not received the money that they require in order to ensure delivery of the level of service that the public demands.

However, it is not just about the amount of money that goes in. Although the health budget has received significant additional funding, the health service has significant structural problems, which need to be addressed. Doctors and nurses do not grow on trees. We cannot suddenly create more doctors, nurses, radiographers and other specialists by putting more money into the budget. Some of the fundamental problems in the health

service exist because for many years we did not train enough doctors, nurses and providers of specialist services because of budget cuts.

I am disappointed that, despite this being a debate that should be about priorities, we have still not heard from the SNP or the Conservatives what their priorities would be for the budget. Two weeks ago, we had a debate about the priorities for the Scottish Parliament; that debate was led by the First Minister. Did we get any information about what the Conservatives and the SNP would do differently? No. What do we get in the budget debate? Alasdair Morgan spent four minutes of his allocated time talking about £7.3 million from the consolidated fund—money that is not even in the budget document. He said nothing about how the SNP would spend the £21 billion that this Parliament does determine how we spend. Today's debate should be about how we spend that money.

David Davidson, who has left the Chamber, answered my challenge to him by saying that the Conservatives will not tell us this year how they would present the budget, but will tell us next year what they will do with the budget.

Ben Wallace: Iain Smith obviously did not listen to my speech, in which I made several suggestions about how to use that money. Could the Liberal Democrats make it clear what differences they would like to make in the budget, or are they happy to go along with the Labour party?

Iain Smith: I am glad that the member mentioned that. I will talk about it in a moment.

I was in local government for 17 years and, as an opposition party, the Liberal Democrats produced alternative budgets every year, because we feel that opposition parties should tell the people what they would do differently.

David Davidson asked what difference the Liberal Democrats have made to the budget, and Ben Wallace asked the same question. It is a coalition budget and the Liberal Democrats and Labour worked together to produce it. However, if members want examples of Liberal Democrat priorities that are funded in the budget, I will mention some: the abolition of tuition fees; the introduction of grants; free personal care for the elderly; £25 million more for the fishing industry; extra money for local government; record numbers of police; concessionary travel for pensioners; investment in health; investment in education, including the McCrone settlement; the health promotion fund; and £150 million extra for farmers. Liberal Democrats have said that all those matters are priorities and have ensured that they are in the budget.

The budget is good for Scotland. Members

should support it.

The Deputy Presiding Officer (Mr Murray Tosh): I call Tom McCabe. We will see how we get on for timing after him.

15:56

Mr Tom McCabe (Hamilton South) (Lab): I thank the Presiding Officer for that—I am sure that we will get on fine.

During stages 1 and 2 of the budget process, we focused on the process. Despite some of the more outlandish claims that have been made in the chamber today, we passed through stages 1 and 2 with a fair measure of consensus. Our budget process is undoubtedly evolving, but I am forced to agree with Alasdair Morgan that there is room for improvement. One might have been hard pushed to work out what has been said today that is different from statements that were made in December 2001, but it is fair to say that the budget figures have received appropriate scrutiny.

At stage 3, it is more appropriate to consider how the inputs will be applied to the priorities of not only the Executive, but the Parliament. In the critical areas of education, health, transport, fighting crime and—which is important—the encouragement of enterprise, increased resources are being applied and benefits are being felt. As has been said, crime is down. However, we must ensure that the fear of crime reduces in equal measure.

Our transport system has substantial investment, yet we must all concede that room remains for significant improvement. More young people than ever are studying in our universities and more young people than ever are benefiting from pre-school provision at an earlier age than previously. We should not forget that Scotland has a record level of employment.

Through the proper application of resources in Scotland and a proper partnership between the UK Government and the Scottish Executive, more Scots are enjoying the dignity of work and the economic choices that work provides. The nation must do better in a range of important matters and must continue to reassess its priorities in an ever-changing world, but I contend that the Labour and Liberal Democrat Executive, through the budget, is sticking to its promises.

The Executive is establishing the right priorities. Those priorities are right because education, health, fighting crime and employment are the priorities of the people of Scotland, and because we must work ever harder to compete with and surpass the efforts of our competitors throughout the world.

Considerable additional resources—about £4

billion—have come our way since the Parliament was established and we have a duty to ensure that those resources are used to best effect. The partnership between the UK Government and the Scottish Executive—not the ill-considered economics of Mr Sheridan or the ill-considered procession of spending promises from the SNP that we hear week in, week out—has produced sound economic conditions that have created budget growth in Scotland.

Andrew Wilson: Will the member give way?

The Deputy Presiding Officer: The member may intervene, but that will kill the member's speaking time.

Andrew Wilson: I will be very quick. Does Tom McCabe regard the worst growth record in Europe as evidence of sound economic conditions?

Mr McCabe: The people of Scotland will regard a £4 billion increase since 1999 in the budget that is available to the Executive as a considerable investment in the services that they want and consider important.

Throughout that budget growth, priorities have been established. Establishing priorities is always easier when budgets increase. The continuation of a Labour Government in the UK, working in conjunction with our coalition Executive in Scotland, provides the best chance of avoiding the need to prioritise when budgets are being squeezed, rather than when they are growing.

I will turn briefly to the question of underspends.

The Deputy Presiding Officer: Very briefly.

Mr McCabe: Opposition parties enjoy portraying underspends as some form of incompetence. Too often they forget to tell people that a level of planned underspend is contained in budget figures for issues such as Glasgow's housing stock transfer, the McCrone settlement and health board flexibility. Like Iain Smith, I spent a considerable amount of time in local government. Year in and year out, I resisted the inappropriate rush towards spending for the sake of it before a certain date.

All too often, that is what happens in too many parts of the public sector. The Scottish Parliament should have a higher commitment to spending wisely rather than simply to spending for political expediency. We all want to see resources applied to best effect at the earliest possible date. However, when required, it is better to weigh and consider matters than to spend for the sake of spending.

The Deputy Presiding Officer: My thanks go to the two members who dropped out and I apologise to Mr Neil and Mr Stevenson, whom I am unable to call.

Alex Neil: On a point of order. Once again, speeches from back-bench members have been curtailed, when we have heard well over an hour of speeches from front-bench members—we have more yet to hear from them. It seems that, again, the balance between the front and the back benches is way out of kilter. I suggest that, when a debate is curtailed because of events such as an emergency statement, standing orders should allow back benchers more time. That would give front benchers less time, but back benchers are not getting a fair deal in the Scottish Parliament.

The Deputy Presiding Officer: The Presiding Officer began proceedings by asking front benchers to save time in their speeches. We got through the front-bench speeches in less time than was allocated. I accept Alex Neil's point but, at the end of the open part of the debate, I have four SNP bids, three from the Labour party and one each from the Conservatives and the Liberal Democrats. The SNP might have tried to pour a little too much into the time that was available, but that is a matter for that party.

Mr Rumbles: The Deputy Presiding Officer's information is somewhat out of date. I, for one, have been trying to speak in the debate. That is a point that the chair has not acknowledged.

The Deputy Presiding Officer: The Presiding Officers are given advance notice of members who wish to speak. Naturally, when we select members to speak, the Presiding Officers tend to look more favourably on members who expressed a prior interest. That said, it is perfectly true that additional members have pressed their request-to-speak buttons during the course of the debate.

I want to move on to the closing speeches, as we are running behind time. I call Mr Lyon and advise him that he has a maximum of five minutes to close for the Liberal Democrats.

Mr Rumbles: That is quite wrong.

16:02

George Lyon (Argyll and Bute) (LD): Dearie me.

I will endeavour to stick to five minutes, Presiding Officer.

For the second year in succession, the budget shows real growth. Every party should welcome that. In 2001-02, the budget figure was £18 billion. That has risen to some £21 billion. In cash terms, that is a substantial rise; in real terms, it shows growth of 45 per cent. In anyone's judgment, that is a substantial improvement. Every party should welcome the figure and recognise that it is a significant improvement on the pre-devolution settlement and on the figure that was overseen by the Tory Administration.

The budget reflects the Lib Dem-Labour coalition priorities. For the third year in succession, we have brought a budget to the Parliament for debate. Although I welcome the rise in expenditure, I have a number of questions for the minister. I am glad that Andy Kerr recognised, in his opening speech, the questions about delivery. It is all very well for us to sit in the chamber and congratulate ourselves on putting in extra money at the top, but our constituents and many MSPs are asking the clear question of what that means at the bottom. They are asking what are we delivering in terms of better public services.

The NHS is a classic example. We recognise the substantial increases that have gone into the service over the past two years, but questions need to be asked about whether that money is delivering real and tangible benefits. As I said, I welcome the minister's commitment to developing a system to measure outcomes for the money that is going into the NHS and other public services. That is important if we are to justify what the money is delivering. Over the lifetime of the Parliament, we will all seek to improve our public services.

I want to go back to one or two specific points. How many beds did the £10 million that was allocated last year to address bedblocking actually unblock? Do we have a figure? Can the minister tell us? The great disappointment was that, despite that money being allocated last year, the number of blocked beds appears to have risen year on year. We need answers about where the money went. Did the local authorities spend it on unblocking beds, or was it moved to other areas? We need to be told.

I hope that the finance ministers will track the £20 million that is being allocated this year to help unblock beds and that they will be able to report back to Parliament in three or four months' time on what that money delivered in terms of the number of hospital beds that it cleared. Without such information, we are debating the issue in a vacuum.

Another serious issue, which concerns many of my constituents, is tackling waiting times and reducing waiting lists. My constituency postbag seems to reflect a general concern about specific issues such as bedblocking, but there are few complaints about the health service in general. The most serious complaints seem to be about waiting lists and waiting times.

If we are to tackle that problem and succeed in reducing waiting lists and waiting times, we must ask some fundamental questions and have some basic information to hand. For example, we must know whether the NHS in Scotland has the capacity to perform extra operations to tackle waiting lists and times, or whether we are

constrained by current capacity. Is there capacity in the private sector and can it be bought in, if we decide that that is the appropriate way to go? Is a lack of skills the problem in performing extra operations? Or is it the case, as I heard from senior health officers on Friday, that a lack of flexibility in consultants' contracts prevents us from switching them from the hospitals where they are employed to other hospitals where there might be capacity to undertake extra operations?

We need answers to those questions if we are to solve that fundamental problem. I hope that the Executive will concentrate on gathering that information so that we can have a real debate and that, if we allocate money, it will actually solve the problem.

During the debate, we once again waited and waited for the SNP to state its priorities and its budget for backing those priorities. Once again, we are still waiting. Despite speaking for nearly 10 minutes, Alasdair Morgan did not devote even one minute to telling us what he might do and what the SNP's priorities are. Even in a council, the opposition would at least be able to put a budget on the table to show its priorities and to give the people of Scotland a choice.

16:08

David Mundell (South of Scotland) (Con): I think that it was Des McNulty who complained that this debate was simply following the pattern of previous debates, but it took Mr Rumbles to surprise us all by walking out. Like many members, I am disappointed not to have been able to hear why every other health board in Scotland should have its budget cut so that extra money could be given to Grampian Health Board. That would probably have been the summary of Mr Rumbles's speech.

I was interested to note that Alasdair Morgan, in his opening speech, pointed out that the piece of paper containing the bill's accompanying documents costs 65p. He will find that the volume entitled "Scotland's Budget Documents 2002-03", rather like the new Scottish Parliament, is unpriced. However, what Mr Morgan said concerns one of the legitimate aspirations of the budget process: that it should attempt to be accessible to the public and to us as parliamentarians. One of the difficulties that we still face is that a volume such as "Scotland's Budget Documents 2002-03" is not accessible, nor is it readily comprehensible where the money is going. We all accept that there is still a long way to go before we can see the direct allocation of resources relative to the stated priorities and then assessed relative to outcomes. Tom McCabe said that there is an evolving process, but it is clear that there is a long way to go in that process.

David Davidson and other members touched on consultation with the public. If consultation takes place, one must listen and take on board what people say, otherwise they will not want to engage in the process. People must see changes being made as a result of the consultation.

Alasdair Morgan came to Kirkcudbright with the Finance Committee. An interesting issue that emerged from the meeting was the remoteness from the process that is felt by many organisations that are the target of Scottish Executive priorities. Those organisations also feel that they are unable to influence matters. That must be taken on board.

There must be a move to outcome measures. That is not an easy task, but, as David Davidson and others said, we must be able to understand whether the money that is allocated to VisitScotland, for example, results in any more people coming to Scotland. We must be able to see that the money that is spent by Scottish Enterprise and Highlands and Islands Enterprise, for example, and the interventions of those organisations, have a discernible and positive outcome. Ben Wallace spoke about the health service and how simply throwing money at something does not automatically result in improvement. Despite suggestions to the contrary, we get caught in the spin that more money means better services, but it does not mean that if the money is not targeted or if outcomes from expenditure are not measured.

I hope that debate will help the evolution of the process. It might be a surprise that I do not agree with George Lyon. David Davidson made it clear that the Conservatives and possibly the SNP—it might surprise us—will set out their priorities and budgets for the people of Scotland at an election. We will do that and I am sure that our budget will commend itself to the people of Scotland.

The Deputy Presiding Officer: I think that Mr Rumbles was concerned that, although he was not on my script, his name appeared on the screen. He merely wished that the same apology that I offered to Mr Neil and Mr Stevenson should be extended to him. I should have done so.

16:14

Brian Adam (North-East Scotland) (SNP): Perhaps the Presiding Officer received so many requests from the SNP because of SNP members' greater interest in Scotland's future and in how money is spent here. Members of the Executive parties might not agree with that, but perhaps that reflects their ignorance of what is going on. Some of them said that opposition groups in councils—of which they have experience—propose alternative budgets. Despite Tony Blair's remarks before the establishment of the Parliament, the Scottish

Parliament is not a council. Some members have experience of councils and that experience shows that there is much wider access to detailed budgets, opportunities to discuss alternatives to budgets with officials and opportunities to propose alternatives. Today, we are at the third stage in debating the budget, but at stage 1 in considering the bill. Had an amendment been lodged and an alternative been offered, perhaps there would have been a procedural outcry.

Mr Davidson rose—

Brian Adam: Just a moment.

For the information and, I hope, the education of at least some members of the Executive parties, only the minister can lodge amendments to the bill at stage 2. Therefore, the nonsense that we have heard throughout today's debate, and in December's debate, exposes the ignorance—the Liberal members' ignorance in particular—of the process in which we are engaged.

I was intrigued by Mr Kerr's remarks in his introduction. He seemed to distance himself from the bill to some extent because he was not its author. I accept that, because of his late arrival in office, the minister cannot be held wholly accountable for that which took place previously—

Mr Kerr rose—

Brian Adam: No, thank you.

However, when members of the Executive were asked several times why it was necessary to ditch so many ministers at the reshuffle and what the effect would be on the budget, no answer was forthcoming. When I asked Mr Kerr what specific changes had been made to the budget as a result of the public consultation, he told me that he would give me an answer later in his speech. I hope that I listened carefully, but I did not hear the answer. If the minister wants to give me the answer now, I would be more than happy to hear it. I am concerned that the consultation process that we have is just so much window dressing.

We had the usual long lexicon of new Labour words to explain what the Executive is doing. Mr Kerr's speech mentioned objectives, targets, key milestones—that was a relatively new one—commitments and priorities. We had all sorts of discussion around those terms, then there was talk about measuring things. The Executive is going to measure, monitor, and assess.

I would be delighted to hear what Mr Peacock is going to do with the six-monthly monitoring reports and whether he will put them timeously to the Parliament's committees, especially the Finance Committee, so that Parliament might have the opportunity to monitor the Executive's activities. I hope that the reports will not be solely an Executive management tool, but will help to inform

the debate. Lack of information is, unfortunately, a principal reason why, as part of this rather long and repetitive process—to use Mr Kerr's words—individual parliamentary committees have not lodged detailed amendments to offer alternatives to the budget.

We need to look at how we deal with the budget in Scotland and at the real opportunities to drill down into the detail. The minister, in his reply to the Finance Committee's comments, acknowledged that there is a need to have those opportunities, but I hope that they can be provided a little quicker than his letter indicated. However, I acknowledge the minister's willingness to let that happen.

The convener of the Finance Committee is anxious that we review the whole process. I know that we should not concentrate just on the process, but unless we get the process right we will never have the opportunity to have an informed debate and to discuss alternatives around the detail of the bill. I look forward to having that opportunity in the near future.

My colleagues Alasdair Morgan and Fiona Hyslop detailed a couple of areas in which we need to seek considerable clarification of how our budgetary process works. We have not one budget, but a series of budgets and budget announcements. We are concerned about funds not appearing to be openly and transparently balanced. I hope that the Executive will consider seriously the SNP speakers' points about that matter, and that we get answers about how the process can be monitored.

From Elaine Thomson, we heard a range of comments that sounded almost like Executive press releases. Elaine Thomson said how wonderful the additional money would be for Aberdeen, but the good people of Aberdeen will not recognise the public services that she talked about. On crime, we have the poorest clear-up rates in Scotland; on health, we have an underfunded health trust that is really struggling; and as for schools, although there might well be some additional funding for community schools, schools in the Aberdeen area are facing all sorts of pressures. Throughout all the public services, there is no comparison between what is happening on the ground and the picture that Elaine Thomson painted.

We will agree to stage 1 of the budget bill today, but we need to examine carefully the way that we deal with the process in the future. The Liberal Democrats are giving me knowing smiles and shaking their heads, but that simply exposes their ignorance of what is going on in the Parliament.

16:21

The Deputy Minister for Finance and Public Services (Peter Peacock): Like other members, I have had a certain sense of déjà vu this afternoon. It was particularly strong during David Davidson's speech, but then Des McNulty explained that we had heard the same speech exactly a year ago.

The debate has been very full, despite the fact that we have had to curtail it by half an hour. Indeed, moments of it have been quite interesting, even though it was not universally so. The debate is part of a more open, if repetitive, Scottish budget process, which allows more scrutiny of and access to decisions that are made by the Parliament and the Executive.

I will respond to a number of points that members have raised. As usual, the SNP substantially lowered the tone of the debate with its litany of moans, groans, girning and greeting, almost none of which is true. Although the SNP moans about a whole range of issues, its front-bench members and its back benchers have an endless list of promises that they make every week. If they are not moaning or making unachievable promises, they are expressing extraordinary conspiracy theories about events that are happening south of the border having an impact north of the border. Again, I am happy to debunk those arguments.

It actually took Alasdair Morgan eight minutes—not four—to get through a discussion about £7 million related to expenditure in Scotland. That was a clear diversionary tactic to take our attention away from the £21 billion-worth of expenditure that is providing a range of services to client groups throughout Scotland. Of course, the SNP is the party that wants to deprive Scotland of any say in the UK Cabinet at a critical time when Scotland's voice requires to be heard.

The SNP is notorious for making promise after promise. It would support every road scheme in Scotland, no matter how it appears and without any sense of priority—

Fiona Hyslop: Will the minister give way?

Peter Peacock: I will give way shortly.

The SNP would accede to every pay demand. It would give funding to external bodies on the basis of their first demand and before the negotiations had even started. This week—or was it last week—Christine Grahame said that £100 million of public expenditure was just pocket money. If SNP back benchers think that £100 million is simply pocket money to play with, I shudder to think what the SNP front bench believes.

The SNP is noted for its endless list of promises. The reality of government is that there is no bottomless pit of resources to meet those

promises. However, the SNP knows absolutely nothing about governing, because the Scottish people do not trust it.

Andrew Wilson: The minister's comments are reminiscent of the Labour brief that we have in our possession, which suggests that Labour members should repeat with us the tactics that the Tories used on them during the 1980s. The minister can do that for as long as he likes, but no one will be any the wiser about the issues.

I wonder whether the minister will answer the key question. Is it sensible that none of the tax revenues that would be generated by the money that we are about to spend on a Euro 2008 bid would come to the Scottish budget?

Peter Peacock: I will deal with that myth in a moment.

The SNP's endless promises display how reckless and irresponsible the party would be with Scotland's finances. [*Interruption.*] If Andrew Wilson waits a moment, he will not be disappointed. As many members have pointed out, the SNP does not have a costed programme or a budget. Instead, its members simply list promises day after day. That is in stark contrast to today's balanced, prudent and progressive budget, which is delivering a range of services.

Brian Adam asserted that the SNP has no opportunity to lodge amendments to the budget, but that is not true. Although at this stage—the third phase of the budget process—we are at stage 1 of the budget bill, it is possible for the SNP, in trying to influence at stage 2 the committee report that comes before the Parliament for debate, to set out its clear proposals for the Scottish people to judge. SNP members will not do that because they know that they would be rumbled. They would rather pretend that they can offer simple solutions to complex problems in the hope that the Scottish people will buy that. The public have not bought it so far, and I am confident that they will not buy it in the future.

Andrew Wilson made a point about Euro 2008. I do not know what is going to be said on that subject in a few minutes' time, although Mr Wilson thinks that he knows. He also thinks that, if there was greater economic activity in Scotland, all that resource would flow south of the border. That is not true. The most recent "Government Expenditure and Revenue in Scotland"—a credible and well-respected report that few academics are capable of criticising—makes it clear that, rather than money flowing south from Scotland to England and Wales, the opposite is true. It shows a £4 billion structural deficit that the SNP has never been able to fill and Scotland benefiting sizeably from the Barnett formula.

Alex Neil: I remind the minister that, on pages

2, 3 and 4, the GERS report states that none of the figures that it contains are reliable.

Peter Peacock: Alex Neil ought to know that any economic appraisal depends on a range of assumptions—but not on nearly so many assumptions as the SNP's pet group of consultants, the one group that SNP members occasionally quote. The reality is a £4 billion deficit that the SNP has no way of filling.

Alasdair Morgan: Will the minister, in his final three minutes, talk at all about the Executive's budget, which we are meant to be agreeing to?

Peter Peacock: I have already indicated that the bill enables a £21 billion budget that will help to address all the priorities that the First Minister has outlined over recent weeks.

It was interesting to hear that the SNP has apparently ditched its policy on financial independence; in due course, I would like to know what its new policy is. I understand why the SNP has ditched that policy, of which there have been five versions. The first was fiscal autonomy, but nobody would buy that, so it was changed to full fiscal autonomy. Nobody would buy that either, so it was changed to fiscal freedom. There were still no purchasers, so it was changed to full fiscal freedom. The policy is now called financial independence, but it appears that even that policy is being ditched. Perhaps there has been slow recognition of the fact that following the route of financial independence and pretending to Scots that there can be full financial independence under a devolution settlement would lead to the £4 billion deficit that I have talked about.

Ben Wallace: I ask the minister to return to the motion for debate. Can he tell us how he will benchmark the success of the budget? If, for example, the performance targets that are set out in the chapter on health are not achieved, will he say that the budget is a failure because it did not achieve last year's targets?

Peter Peacock: Of course the budget is not a failure. As Alasdair Morgan kindly said, the budget is part of the process of our building for success at the next election, when we will continue—through the spending review that we are about to embark on—to make plans for the next period of coalition Government, unless the Labour party wins a majority, as one hopes will be the case.

Fiona Hyslop made great play of the balancing adjustments in the budget. I am sorry to disappoint her, but we are about to conclude arrangements with the Treasury on that matter. She will be disappointed because that will be good news for Scotland and that usually brings glum faces from the SNP. Fiona Hyslop did not mention the fact that we already receive benefits from the Treasury because the rate of increase in our council tax is

slower than the rate of increase in council tax in England and Wales. We benefit directly as a consequence of that money flowing north of the border from south of the border, in exactly the opposite way to that which Fiona Hyslop described.

David Davidson accused us of not having the resources available in the budget to provide free personal care. Let me nail that absolutely. The resources are there to fund our commitment to provide free personal care and we will start to deliver on that commitment as soon as the promised progress is made, by July.

Des McNulty, rightly, pointed out that the priorities that the First Minister has alluded to are contained in the budget and we have the capacity to further tweak, prioritise and focus our resources to bear down on crime and to address the issues of health, transport, education and jobs. That can be done using the current totals but, as we move into the spending review, we plan to examine what else can be done to target resources in those directions.

This budget provides record levels of spending for Scottish services and allows the Scottish Executive to serve Scotland's people and address their priorities. The Executive ensured, through consultation, that its proposals reflected people's priorities. The funding will make lives better across Scotland through better education for our young people, better health care for everyone, improved transport connections, job opportunities and the dignity that work brings, and communities that are safer from crime. The Budget (Scotland) (No 3) Bill makes provision for those priorities and much more. I commend it to the Parliament.

Euro 2008

The Presiding Officer (Sir David Steel): We come now to an urgent ministerial statement on the Euro 2008 championship.

16:31

The First Minister (Mr Jack McConnell): Many members will be aware that the draw for the Euro 2004 championship will take place in Portugal on Friday. Colleagues will also be aware of the deadline of the end of February that has been set by the Union of European Football Associations for confirming bids for Euro 2008.

Since UEFA announced on 30 November that it would require eight, not six, 30,000-seat stadiums for the tournament, we have been seriously examining the viability of Scotland hosting the event, which is estimated to be the third biggest sporting event in the world. From the perspective of Scotland as a whole, we have carefully considered all the information that is available to us and we have considered our responsibility to make prudent decisions. We have concluded that to create four 30,000-seat stadiums in addition to our excellent facilities at Murrayfield, Hampden, Ibrox and Celtic Park, is neither practical nor desirable. There is no foreseeable need for four stadiums of that size. They would be expensive and there are serious doubts as to whether Scotland could guarantee their completion to UEFA's specification in time for 2008. We have therefore ruled out the possibility of Scotland bidding alone for Euro 2008.

However, the Cabinet has carefully considered the costs and benefits of a joint bid. It has not been easy to establish the real benefits to Scotland, in terms of jobs and the boost to tourism, of an event that is more than six years away, but we have concluded that, if we do this right, we could host a successful and viable joint partnership with Ireland. Following our Cabinet meeting this morning and our meeting with the Scottish Football Association at lunch time, I announce to Parliament that we wish to support a joint bid from the Scottish Football Association and the Football Association of Ireland. A joint bid gives us other important opportunities as well. If we are spending less money on the stadiums, we will be able to put money into other important areas. Top of my list of such areas is improving the opportunities for all Scottish children to take part in sport. A bid for Euro 2008 will give us a unique chance to deliver a real sporting legacy for our young people.

I spoke to the Taoiseach, Bertie Ahern, this morning and informed him of the Executive's

position. We agreed that consultations about a joint bid should take place between the Executive and the Irish Government and between the SFA and the FAI. We have assurances from the SFA that, if we make a joint bid, we could make the Euro 2008 championships the best yet.

We must ensure that any public sector support is fully justified. The SFA and the clubs currently estimate that the cost to the Executive would be no more than £50 million to £70 million in total. We will be working with the SFA over the next few months to minimise the cost to the public purse of the required stadiums and to maximise the benefits to local communities of any new facilities and of hosting the event.

Of course, we will be up against some stiff competition, but Scotland and Ireland are both great tourist destinations for visiting fans and their families. We also have some of the most enthusiastic and knowledgeable football supporters in Europe. We should not be overconfident, but if we do it right and unite behind the bid, we can win.

More hard work is ahead of us. In the next four weeks, we will work with the Irish Government, the SFA, the FAI and the clubs. We will be in a position by 28 February to announce clearly to UEFA whether our joint bid will proceed.

I want us to seize this opportunity to make Euro 2008 the best European championship ever. For that to be the case, we must guarantee the quality of the partnership between us, the Irish and our partners in football. We must guarantee the quality of the bid and we will ensure that our bid is professional and convincing. We must guarantee the quality of community involvement and participation.

Throughout the process, with our partners in local government, we will ensure that the benefit to the community is central to our plans. We will ensure that there is a real and lasting legacy from new facilities, with better opportunities for children and young people, and benefits that are spread across the whole of Scotland. If we win the right to host Euro 2008, we will have won a unique opportunity to promote Scotland internationally as a modern country of quality.

The bid is about more than football stadiums or individual matches. We can advertise Scotland across the globe as a destination for tourists and investment. We can exhibit our ability to manage major events. We can leave a lasting legacy for young Scots to benefit from increased sporting opportunities.

My priorities are sporting activity that benefits the health of Scotland, tourism and trade that create and sustain jobs, and opportunities that expand the educational experience of our young

people. Those should be our goals. I invite members to unite in a national effort behind the bid and to see Scotland succeed.

The Presiding Officer: We have 23 minutes and no fewer than 13 members who want to ask questions. I appeal for short questions and answers.

Mr John Swinney (North Tayside) (SNP): I thank the First Minister for his statement and the advance copy that he made available to us. I make it clear that the SNP would have preferred a single national bid for the Euro 2008 championship as an illustration of the ambition of the country to seize the tourism, economic and sporting advantages that a tournament of such magnitude could bring to the people of Scotland. Will the First Minister make clear to Parliament whether the bid has the unreserved support of the Irish Government and whether the Irish Government and the FAI are fully committed to making a bid with the Scottish Executive and the SFA?

Will the First Minister tell us whether the Government has wasted time in the consultation on the exercise? His predecessor talked of a joint bid as long ago as May 2001. At the 11th hour, the First Minister has put a note of significant uncertainty into whether a bid will go ahead. Will he assure Parliament unreservedly that a bid that will involve Scotland will be made for the 2008 championship?

The First Minister: I hope that it will be possible to secure the support of Mr Swinney and his party for the bid if it goes ahead. In Scotland, we should unite on such matters and see beyond the normal bounds of party politics to secure benefit for the country.

It is right and proper that the final decision on the submission of the bid should rest on the conclusion of our discussions with the Irish Government, the FAI and the SFA. We share the same aspiration, but we need to resolve the details. It is important to do that.

It was also important for us to respond to the change in the UEFA guidelines. Until 30 November, it was our understanding that the option of six or at most seven stadiums was on the table, which might have enabled Scotland to introduce a solo bid. Our preparations were based on that understanding, but it became clear on that date that UEFA expects eight stadiums.

We had a duty to investigate in full the impact that that requirement would have not just on our budget but on the practicality of the bid and its legacy. We do not want to spend money unnecessarily on football stadiums if they are not required. We should not throw a spanner in the works by promising stadiums that might not be delivered on time. We should not minimise the

opportunity that this proposal gives us to maximise the benefits for our young people by allocating the money that we will save to youth sport.

This proposal is the right course for us to take, but the agreements that we have to reach with the Irish Government and the Football Association of Ireland are critical too. We will work towards securing those agreements and, when we have made a final decision on the matter, I will report back to the Parliament.

David McLetchie (Lothians) (Con): I begin by saying how much I welcome the First Minister's statement today. I pledge my party's full support for the efforts of the Scottish Executive in the promotion of the bid. That will come as no surprise to the First Minister, given that as long ago as June 2000, we lodged a motion in the Parliament calling for a joint bid by Scotland and Ireland for Euro 2008. I therefore congratulate the First Minister on the adoption of a very sound Conservative policy—at long last.

Michael Russell (South of Scotland) (SNP): It is not the first.

David McLetchie: I remind Mr Russell, who is calling from the sidelines, that he is one of the people who signed that motion. It is unfortunate that common sense has not prevailed with Mr Russell, but this is not the first time that that has happened in the Parliament.

I would like to ask a couple of questions about the statement. I believe that 18 months have been wasted. Is the First Minister satisfied that, in the 36 days until the end of February, there is enough time for the Executive, the Irish Government and the football associations to put forward a joint bid to UEFA that will command credibility?

Secondly, will the First Minister clarify whether this is a case of a joint bid or nothing? In other words, has the Scottish Executive ruled out entirely a solo bid? Thirdly, will he confirm that public funds will be applied in support of the bid to infrastructure and supporting projects that will be of lasting benefit to the Scottish economy and society, and that funds will not be ploughed into football stadiums, which are a matter for the clubs that own them as businesses?

The First Minister: I thank Mr McLetchie for his support and I hope that that support will be widespread throughout the Parliament.

I confirm that it is our decision that a solo bid is not desirable for Scotland. I think that that is the right decision in terms of cost, planning, practicalities and the tournament's legacy. If we concentrate our efforts on ensuring that six stadiums are available for the tournament and if we build a good relationship with, and work with, the Irish Government and the FAI, we can ensure

that we will have a sporting and economic legacy of which we can be proud.

I remind the chamber that Belgium and the Netherlands are larger countries than Scotland, with better records in football over the past two decades. Those countries chose to share a tournament of this nature rather than to go it alone.

We are not running down Scotland by making this decision. We are promoting Scotland, making good use of public finance and leaving a legacy for young people in Scotland of which we can be proud.

The next four weeks are simply an opportunity to indicate that we intend to make the bid—the real bid is due in May. In the discussions that follow not just in the next few weeks but in the next few months, we want to ensure that we have the agreement of our Irish colleagues to go ahead with the joint bid and that the right vehicles are in place to deliver the infrastructure on time and to budget. We also have to ensure that there is a lasting community benefit for any public investment that we put in. I believe that we can secure those objectives and that we have the whole-hearted support of the SFA in seeking to achieve them. The SFA wants the tournament to be for the whole of Scotland and not just to be a series of football matches. We are with the SFA in that crusade.

Ian Jenkins (Tweeddale, Ettrick and Lauderdale) (LD): I welcome what is a measured and sensible decision. The opportunities are huge and the joint bid brings new opportunities for co-operation and friendship in a way that would not have been possible otherwise. The joint bid is positive.

How will the Executive ensure that the benefits of the bid are spread across the whole of Scottish football, including amateur clubs, and do not just provide a bonanza for those clubs whose stadiums are developed?

The First Minister: I do not want to promise things that are not yet tied down in detail, but even in our discussions with the SFA today it was clear that it shared our desire to spread the benefits, not just in 2008 and beyond, but between now and 2008. That will ensure that Scottish schools and boys and girls benefit from the development work that can be undertaken, not just with the money we will save on the project, but through investment overall. The SFA will be behind us in that effort—I believe that it is very enthusiastic about it.

I think that the benefits can be shared across Scotland, not least through a serious effort over the next six years to ensure that, when the day comes—if we are successful in winning the bid to hold the tournament in Scotland—our promotion of the tournament includes a promotion of Scotland

as somewhere to stay longer than just to watch one football match and as somewhere for people to spend time with their families.

In deciding that eight stadiums is not a viable option, but that six is, we want the cities and towns that wish to be part of the bid to present competitive bids for their stadiums that will maximise the benefit to their communities. I do not want those bids to come only from the central belt. Dundee and Aberdeen must be involved in the bidding process, although we will be open and competitive in choosing the best locations for the games to take place.

Karen Gillon (Clydesdale) (Lab): I thank the First Minister for his statement and particularly welcome his comments about using any money that is saved as a result of making a joint bid for investment in sporting opportunities—not just football—for all our young people, which is a much better use of money than lining the pockets of private companies.

I wish to press the First Minister on the issue of finance. If a bid is to go ahead, what assurances can be given—particularly with regard to the problems encountered in the development of Hampden—that costs will not be allowed to escalate out of control, and that there will be appropriate community gain from and access to facilities that are built with money from the public purse?

The First Minister: Those are exactly the considerations for which mechanisms need to be put in place. In our discussions with the SFA today, it was clear that we share the objective of keeping down the cost to the public purse and driving up the benefit to the community. We intend to ensure that the organisation that we put in place to deliver the infrastructure for the tournament and the organisation for the tournament itself are matched by the efforts of the Scottish Tourist Board and all the other agencies that can be involved in promoting Scotland. I hope that all members, from all parties, will help to ensure that we make the tournament a success. If we work together in all those areas, we can control the costs, maximise the benefits and promote Scotland internationally.

Tommy Sheridan (Glasgow) (SSP): I welcome the First Minister's comments, which were measured. I ask him to elaborate a wee bit on what he said about infrastructure. When major sporting or cultural events are held in other countries, it is usual for those countries to develop infrastructure that lasts a long time after those events. Are direct rail links to airports and light rail schemes, which would help get people across Scotland more efficiently, examples of what he wants out of the bid?

The First Minister: I want to ensure that the efforts to deliver the football infrastructure match our plans to invest in transport and other infrastructure throughout Scotland. That is very important. It would be daft to invest money in a stadium in one area at the same time as investing in transport infrastructure somewhere else.

I hope that when the bids from individual clubs are received and we put together our overall plan, that plan will take account of the other plans that are in place throughout Scotland, so that we can use this initiative to maximise the benefit from investment. I hope that Scotland's local authorities will be actively involved in that process. I do not want the bid to be based simply on a relationship between the Scottish Executive and the Scottish Parliament on the one hand, and the football clubs that are involved on the other. Local authorities have a key role to play in securing a lasting legacy for their communities.

Michael Russell: Many SNP members will believe that some bid is better than no bid, although the best bid would have been a Scottish bid. Having said that, we are pleased to know that the benefits of working with our Irish cousins, which Labour members have always denied, are finally being recognised.

The First Minister can be assured that SNP members will support a bid, if there is one—his statement was hedged around with many ifs and buts. However, in answer to a question from Richard Lochhead in May 2001, the former First Minister made a commitment to ensure active involvement of all parties in the development of the bid and in developing ideas for the championship. Will the First Minister commit himself to seeking to establish such a structure, so that there can be genuine co-operation across the chamber?

The First Minister: I hope that the members concerned will not mind my saying that today I have already told the leader of the Scottish National Party and the leader of the Scottish Conservative party that I will keep them fully informed of and involved in our preparations for the proposed bid. I have also suggested to Mr Canavan, the convener of the cross-party sports group—who cannot be here this afternoon—that the group could play a role both in promoting the bid and in maximising its benefits across Scotland.

This should be an all-party effort. I would like organisations, local authorities, businesses, newspapers and other media outlets, political parties and everyone else in Scotland to unite behind the bid, which can deliver lasting benefit to Scotland. We will secure the championships if we are seen to be united and determined. I hope that that will be the case across the chamber and beyond.

Mr John McAllion (Dundee East) (Lab): As a proud Scot who is equally proud of his Irish roots, I warmly welcome the joint bid with our Irish cousins. Will the First Minister assure us that, when reaching agreement with them, he will ensure that the final of the tournament is played in Scotland, rather than in Ireland? Will he also assure us that, when deciding where public investment should be made—whether in Aberdeen, Dundee or Edinburgh—full weight will be given to those areas' relative prosperity, social deprivation and need for public investment?

The First Minister: Mr McAllion makes two very good points. The reason why I have not been absolutely precise today about the submission of the bid is that some details still need to be resolved. We want to secure a fair share of the important parts of the tournament for both Scotland and the Republic of Ireland. It would be wrong of me today to pre-empt the discussions that we need to have with the Irish about that, but I am sure that members will guess where I would prefer the final to be played.

I said that we wanted to run a competition between clubs for the stadiums that will be developed. That competition will not be run solely on the basis of cost; I do not want just the cheapest options for the new stadiums. We need to ensure that the building work in which we invest is of lasting benefit to the community and that the facilities created have a lasting use in the community. I want clubs and councils around Scotland to bear that in mind when preparing their bids.

Irene McGugan (North-East Scotland) (SNP): Will the First Minister confirm whether the SFA considered a solo bid not only feasible, but preferable and desirable in economic and all other terms? If that was the SFA's position, why have its views been disregarded?

The First Minister: One would have had to have been in outer Mongolia for the past three weeks to have been unaware of the fact that the SFA's first preference was for a solo bid. Let me be clear to the chamber that that would also have been my first preference, but we must take account of the costs, the planning opportunities and the lasting legacy. No one in Scotland would thank us if, in 12 or 15 years' time, young people took part in less sport while our football stadiums were emptier. It is important that we take decisions for the long term. The SFA will be disappointed that we are not going for a solo bid, but I have no reason to believe that it will be anything less than extremely enthusiastic about working with the Executive to secure the bid and the championships.

Elaine Thomson (Aberdeen North) (Lab): I welcome the First Minister's statement, which will

allow Scotland to make the joint bid. I am sure that his statement will be warmly welcomed throughout Scotland, particularly in places such as Aberdeen. I also welcome his commitment to ensuring that the whole of Scotland will benefit from the bid. I am aware that Aberdeen is extremely interested in preparing a bid to take part in Euro 2008.

Will the First Minister assure me that the Scottish Executive will help to support local agencies in making the best possible bids for the location of the remaining stadiums?

The First Minister: We want to work closely with all involved. The SFA will have a key role to play in securing quality bids from local clubs and their partners. I know that Elaine Thomson is concerned that the announcement of a joint bid might rule out the development of a stadium in Aberdeen, but I assure her that that is definitely not the case. I hope that there will be at least one proposal from Aberdeen on the table when we make a decision about which stadium should receive that support.

Mr Brian Monteith (Mid Scotland and Fife) (Con): I welcome the First Minister's announcement. It has always been right for us to support the concept of a joint bid. I have not been alone in calling for a joint bid—on 2 June 2000, which is some 18 months ago, Kenneth Gibson, Duncan Hamilton, Brian Adam, Alex Neil, Michael Russell and Lloyd Quinan signed a motion that supported that concept. It is important that we sing from the same hymn sheet and I hope that we will bring the rather isolated nationalists on board.

On my point about singing from the same hymn sheet, in today's edition of *The Scotsman*, the contract for the design of the bid document was announced for what appears to be a solo bid for Euro 2008. How did that announcement come about? If the contract is not for a solo bid, did the Irish parties that are involved in the joint bid agree to the contract?

Further to the football associations' commitment, and in the light of recent reports that the SFA is willing to pay Berti Vogts a salary of £2 million over the next four years, what funding will the SFA make available for the Euro 2008 bid? Surely the SFA, as a partner in the bid, has money that it could make available.

The First Minister: We will resolve the issue of finances in discussions with the SFA and we will announce the results of those discussions to Parliament in due course.

On statements that may or may not have been made recently by anyone about bid documents or anything else, it is clear that, as of today, we are in a new situation. We will take the matter up with the SFA, the FAI and the Irish Government.

On Mr Monteith's first point, I am pleased that he is not gloating too much, given the way in which he has promoted this cause over the past 18 months. I recognise that some members have changed their minds over the past 18 months and that others will have reservations about the decision that I announced today. I genuinely hope that, after today's exchanges, everyone in the chamber will unite behind this opportunity for Scotland. If we do so, none of us will regret it.

George Lyon (Argyll and Bute) (LD): I congratulate the Executive on not allowing its heart to rule its head over this important decision for Scotland.

How advanced are the discussions with the Irish Government on the joint bid? Is the First Minister confident that there is a realistic time scale for the production of a bid?

The First Minister: Yes, I am confident that we can submit a high-quality bid in the time that is available. The discussions with the Irish Government are on-going. Clearly, there are a number of details that the Irish Government would like to discuss with us and that we would like to discuss with the Irish Government. For example, I would like us to be involved in a tight joint organisation. To do that across national borders will not necessarily be easy, but that should be our objective.

Over the next few weeks, we must carefully work towards those decisions. As I do not want to say anything publicly that might steer those decisions off course, I hope that colleagues will recognise that we need to handle this delicate situation with care.

Mr Frank McAveety (Glasgow Shettleston) (Lab): I welcome the First Minister's announcement. Perhaps we can be less pessimistic about Scotland's chances of participating in the finals than we have been on the two previous occasions.

The First Minister mentioned the development of community facilities. If, in the discussions on those developments, there is a need to develop ideas for training facilities, will the Celtic Football Club training ground in my constituency and the training grounds of the other two football clubs in Glasgow be considered, so that people in areas such as mine can be much more involved and can benefit from greater community facilities?

The First Minister: I am sure that the facilities in Mr McAveety's constituency will be part of any discussions about preparing properly for the finals. We will also need to think carefully about the locations that we use. For example, if a successful bid used the six stadiums that were placed in cities across Scotland—or perhaps even in a large town—that would not mean that the training

facilities and hotels that would be used by the clubs and supporters could not be placed in other Scottish locations and so advertised to the world.

I need only remind colleagues of how, during the world cup in France back in 1998—when I remember meeting Andrew Wilson on a Paris street—we saw on our TV screens regular pictures of the hotels and training camps that were used. We can advertise the whole of Scotland by ensuring that the whole of Scotland is involved in supporting the tournament. If we do that, the whole of Scotland will benefit.

The Presiding Officer: I apologise to the five members who have not been called, but we must move to decision time.

Decision Time

The Presiding Officer (Sir David Steel): There is only one question to be put as a result of today's business.

The question is, that motion S1M-2626, in the name of Andy Kerr, on the general principles of the Budget (Scotland) (No 3) Bill, be agreed to.

Motion agreed to.

That the Parliament agrees to the general principles of the Budget (Scotland) (No.3) Bill.

Myalgic Encephalomyelitis

The Presiding Officer (Sir David Steel): We come now to the members' business debate on motion S1M-2402, in the name of Alex Fergusson, on research into ME.

I appeal to members who are not staying for the debate to leave quickly and quietly. Perhaps Alex Fergusson could make a start. Talk loudly.

Motion debated,

That the Parliament notes the privately funded research to be carried out by Dr Derek Pheby in Bristol, and that being carried out by Dr Vance Spence in Dundee, into the factors which may be involved in the development of severe myalgic encephalomyelitis (ME); recognises that ME is a condition growing in incidence among both adults and children in Scotland, and considers that the Scottish Executive should take the lead within the UK by commissioning further research under the remit of the NHS into the causes of, and cures for, this debilitating condition.

17:03

Alex Fergusson (South of Scotland) (Con): I will do my best to overcome the background noise.

Diseases whose main symptom is disabling fatigue have been around for hundreds of years. Indeed, there is evidence that both Florence Nightingale and Charles Darwin suffered from such a condition. It was not until the 1950s that the term myalgic encephalomyelitis began to be used for a specific syndrome. Some did not like the term ME and preferred to call the condition post-viral fatigue syndrome. In 1998, the two names were subsumed under the official designation chronic fatigue syndrome, or CFS.

The names post-viral fatigue syndrome and chronic fatigue syndrome have caused untold damage. In the eyes of a sceptical general public, any name that involves the word "fatigue" simply translates to mean "I am tired." Phrases such as yuppie flu became commonplace. Some even referred to ME as an acronym for malingerer's excuse. In turn, that led to a general scepticism about a condition that was and is increasing at a rate that is so alarming that we should be greatly concerned.

In April 1994, UNUM—one of the largest disability insurers in the United States of America—reported that, from 1989 to 1993, claims for disability due to CFS for men increased by 360 per cent and claims for women increased by a staggering 557 per cent. No other disease category surpassed those rates of increase.

In Australia, researchers found that patients with the disorder have more dysfunction than patients with multiple sclerosis; that the degree of impairment is more extreme than in end-stage

renal and heart disease; and that only in terminally ill cancer and stroke patients is the sickness impact profile greater than it is with ME.

In America, research found that chronic fatigue and immune dysfunction syndrome—as ME is sometimes known there—particularly and uniquely disrupts the quality of life. All sufferers related profound and multiple losses—including loss of job, loss of relationship, loss of financial security and loss of future plans, daily routines, hobbies, stamina and spontaneity. Any of us in the chamber who have met constituents with ME will acknowledge the dreadful truth of that statement. To that list, I would add the loss of one's house. Some sufferers' houses are repossessed because they are refused access to the benefits to which they should, in any truly caring society, have almost automatic access on being diagnosed.

Other members will speak about this aspect of the disease, but I cannot stress enough how important it is to re-educate—if members will forgive the term—those who assess ME sufferers when they apply for benefits. It is not enough to say that benefits are a reserved issue. The assessors are appointed by the Scottish Executive. The Executive can and must take immediate action in that field.

Further research has unveiled the intolerable facts that 77 per cent of sufferers experience acute pain; 80 per cent feel suicidal at some stage as a result of their illness; 70 per cent are either never able to, or are often too unwell to, attend general practitioners' clinics; 65 per cent have received no advice from their GP; and 80 per cent of sufferers who are currently bedridden have been refused a home visit. In the face of all those facts, the public remain sceptical and the medical establishment has, until now, considered the problem to be, in essence, a psychiatric one that can be dealt with by a solid dose of cognitive behavioural therapy with, possibly, a dash of graded exercise thrown in for good measure.

Nowhere is that line of thinking more obvious, and sometimes more damaging, than when we consider the growing number of cases of children with ME. Here I must declare an interest. My youngest son Christopher, aged 15, having shown signs of a lack of energy for some years, especially when something extra occurred on top of his normal routine, virtually collapsed on 29 December 2000. He became acutely light-sensitive; his sleep pattern altered alarmingly; his physical energy almost disappeared; and his mental energy did disappear. This was a boy who loved school, who was doing very well academically and who, two summers ago, was on the verge of playing cricket for Scotland at under-15 level. Today, he would have trouble holding a bat aloft for more than a few seconds and

although he might manage to walk the length of a cricket pitch, he certainly could not run it.

Medical opinion suggested that we give it six months to see whether the condition would clear up and also suggested a visit to the psychiatrist. Those are two phrases with which people in the public gallery who suffer will be all too familiar. *[Applause.]*

The Deputy Presiding Officer (Mr George Reid): Order. I do not want to be rude, but the rules of the Parliament do not allow people in the public gallery to applaud. If we allowed applause, we would have to allow criticism. I say gently to people in the gallery that it would be appreciated if they did not applaud.

Alex Fergusson: I thank you for your tolerance, Presiding Officer.

Fortunately, we were put in touch with a remarkable doctor—Dr Nigel Speight in Durham—who has long fought the causes of children with ME against strong opposition from within the NHS. He instantly diagnosed Chris as a classic case of ME, allowing us to react accordingly.

My wife and I consider ourselves lucky. We have the resources and the back-up to allow us to follow up contacts and leads that may help our son to recover, but there are hundreds and possibly thousands of parents out there who are much less fortunate than we are. I draw members' attention to a recent case involving a child with ME who was forcibly removed from home by social workers, who arrived unannounced and accompanied by police officers, and took the child into care.

Children can be and are being forced into totally unsuitable psychiatric treatment, which can be the worst possible treatment for their condition. Therein lies the crux of the problem. In some cases, such treatment works—different cures help different cases in adults and children. However, confusion and argument exist where there desperately needs to be harmony and agreement.

Great work is being done in the field of ME by very few people, and I specifically mention Dr David Mason Brown, Dr Vance Spence, Dr Darrel Ho-Yen and Dr Abhijit Chaudhuri. Those doctors have been a great help to the cross-party group in the Parliament on ME. I also mention the work on ME in young people that is being carried out by the Tymes Trust. Others are doing research despite the desperate difficulty of acquiring funding for such research.

That is the point of the motion. I should say also that the motion has taken on a whole new relevance since the publication two weeks ago of the report of the chief medical officer in England. I believe that Scotland can and should take the lead on the issue. We have the expertise; we certainly

have the patients. We now need only the political will to bring everything together.

The best—and I would suggest the only—way to accomplish that is for the Scottish Executive to establish a centre of excellence for research into the causes of and cures for ME. If I may say so, the cost would be a fraction of the cost of establishing a football tournament in Scotland, which we have just been talking about.

Even the most willing GP—and they are growing in number all the time—needs a simple diagnostic test for ME and other related syndromes. Such tests do exist, but they need the official recognition for which the CMO's report calls. The brave people in the gallery tonight, nearly all of whom are sufferers, deserve no less. They have put up with far too much, or perhaps I should say too little, for far too long, to receive any less.

I am proud to debate the motion tonight.

The Deputy Presiding Officer: Sixteen members have asked to participate. I doubt whether all of them can be called. In view of that fact and of the crowd in the public gallery, I would be prepared to extend the debate to 6 o'clock. I would be grateful for a motion without notice.

Motion moved,

That, under Rule 8.14.3, the debate be extended until 6.00 pm.—[*Alex Fergusson.*]

Motion agreed to.

17:12

Janis Hughes (Glasgow Rutherglen) (Lab): I congratulate Alex Fergusson on securing this important debate and on the work that he has done in the cross-party group in Parliament on ME.

When I spoke a few months ago in a debate on dementia, I spoke of the need for more research into the causes of that particularly debilitating condition. The need for more research on myalgic encephalomyelitis is just as great.

It is only in the past few years that people have even begun to accept that ME exists. Last week, when the UK chief medical officer, Sir Liam Donaldson, commented on the working party report, he described ME as having been

“a disease in the wilderness”.

Although many influential health bodies now recognise ME as an illness, a tremendous need remains for further study into the causes of ME. Perhaps those who are still in doubt should listen to the words of Joe Kilmartin who is secretary to the Cathcart and south Glasgow ME support group, to which many of my constituents belong—several of whom have made their way through to

Edinburgh this evening. In an e-mail sent earlier this week—I know that Mr Kilmartin will not mind my repeating his statement—he said:

“This illness can rob the patient like myself of life. There is no dignity in having one's 11 year old daughter cut up my dinner as holding a knife and fork is too hard, or not being able to walk to the end of the street for a paper in case I have not got the energy to get back again.”

Primarily, I want to echo the comments made by Alex Fergusson and state the need for further research. We need to answer two simple questions. What is ME and what can be done about it? Without the answers to those questions, it is not possible to undertake the health needs assessment that is necessary to ascertain what represents an adequate network of services to provide help to sufferers and their families, many of whom—as Alex Fergusson said—are in the public gallery tonight.

Other questions also need to be answered. How many children and adults have properly defined ME? Is ME caused by abnormalities in the immune system? To what extent do psychological and social factors influence the outcome? Research into the basics is needed and must be properly funded.

Alex Fergusson's motion mentions the research that has been undertaken by Dr Pheby in Bristol and Dr Spence in Dundee, but we must also recognise the research that has been done by Dr Chaudhuri at the Southern general hospital in Glasgow.

It is all too apparent—I am sure that it will become even more apparent from other speeches—that funded research into the illness is needed. As a member of the cross-party group on ME, I hope to continue to support that need.

The Executive must look towards providing more research and funding for research. I hope that the minister will take on board the concerns that have been expressed on behalf of the people in the public gallery and the many others in our communities who suffer from ME. I look forward to hearing the minister's response.

17:16

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I congratulate Alex Fergusson warmly on securing the debate. I imagine that it must have been a difficult speech for him to make. I am sure that we are all aware that ME has touched his family and that we wish Christopher well.

About a year ago, I received a letter from a constituent. I spoke to her today. She does not want her name or her daughter's name to be mentioned, but she said that I could call her daughter Georgina. Her letter read:

"I am writing to you to highlight the problems faced by people with ME, and to appeal to you to do all you can to further research and understanding in this area.

This is a poorly understood condition, which some Doctors still fail to acknowledge as real, and not "all in the mind". This illness can have a devastating effect on the sufferer and their family made worse by the prejudice and lack of understanding surrounding it.

It is time the Government did something about ME. It is real and does not go away if you ignore it. Many young people are affected with consequent waste of potential, and cost to the country in supporting someone with a long-term illness. These people, in addition, often face an extremely long wait, while waiting to hear about Disability Benefits, all the while being ill and in need of the financial help.

My eleven-year-old daughter"—

Georgina—

"has suffered from ME for 4 years now. As a family we have found this extremely difficult. At the moment she is very disabled, being bed-bound most of the time, needing a wheelchair to get around, and a full time carer to help her at all times. She has had episodes of fever, suffers from chronic pain in her limbs, headaches, nausea, severe abdominal pain, sleep disturbance, severe exhaustion all the time, and now in addition "fit-like" episodes of severe muscle twitching. This is her third severe relapse. She was hospitalised in 1998 for 9 months with associated anorexia, and accompanying problems all associated with ME."

In all the speeches that I have made in the chamber, I have never read out so much of a letter. I did so because I could not improve on the description that my constituent gave of the tragic plight of her and her daughter, who suffers the dreadful condition. As any other MSP would, I took up her case with the relevant authorities and received fairly sympathetic responses from Heather Sheerin of Highland Primary Care NHS Trust, who described the process of diagnosing the disease as a diagnosis of exclusion, and from the previous Minister for Health and Community Care. I am sure that all members subscribe to the proposals that Alex Fergusson described.

Since that letter was written, Georgina has spent four months in Yorkhill hospital and was in a coma—or shutdown, as some call it. Recently, she has come out of that and is making progress. I praise the neurological ward at Yorkhill, which has given my constituent and her daughter some succour.

I hope that the debate will lead to a slightly better understanding of this dreadful disease.

17:19

Mrs Margaret Smith (Edinburgh West) (LD): I thank Alex Fergusson for securing the debate, for his speech and for his contribution to the cross-party group on ME. I welcome the ME sufferers who are with us. We can only imagine how difficult it must have been for many of them to take the trouble and the time and to make the effort to join us.

As many as 15,000 Scots have ME. Some are as young as six. A significant number are affected in their teens and early 20s. For many of them, ME means a life without work and without the relationships that could have been formed at that critical stage of their development. It is a life with little hope of recovery: there is no cure for this chronic disabling condition. Twenty-five per cent of sufferers will remain incapacitated—many are bed-bound for the rest of their lives. That is why the research that has been called for is so necessary.

The main symptoms are fatigue bordering on exhaustion, lack of concentration, sensitivity to touch, pain, light and sound and acute muscle pain. It is clear that the impacts are not simply physical: more than 50 per cent of sufferers have felt suicidal as a result of their condition.

One of the most welcome facets of the recent report of the working group in England is its recognition that ME

"is a genuine condition that imposes a substantial burden on patients, carers and families"

because, for many years, elements of the medical profession and the public, reacting to press reports of yuppie flu and the like, dismissed sufferers. That continues today. Sometimes, sufferers continue to be denied the benefits they rightly need because doctors fail to recognise the existence of the condition and its impact. I associate myself wholeheartedly with Alex Fergusson's comments.

The physical impacts vary from patient to patient, which has contributed to difficulties in diagnosis, but the working report sets out that ME

"lacks specific disease markers but is clinically recognisable."

I am sure that all colleagues have received letters on the subject from constituents. In the past few months, I have met some of them to talk about the issue. The vast majority seem to have had difficulties and delay in being diagnosed. One constituent highlighted the fact that she had to wait six years. When, finally, she was diagnosed, she described it as a "turning point" from which she was able slowly to regain something like a normal life.

Angus MacKay (Edinburgh South) (Lab): I am grateful to the member for giving way for a number of reasons, not least of which is that I suspect I may not be called to speak. I want, therefore, to make a couple of brief comments. I congratulate Alex Fergusson on his outstanding contribution in securing the debate and on his speech.

I want to comment on the point Margaret Smith has made and which has been reflected in other speeches. I do not pretend to be an expert on the

subject in any way, shape or form, but what is clear from the briefing we received and from constituents' letters is that the illness, which is painful and difficult to deal with, is but one part of an equation. For many people, a greater part is the thought that, unlike those who may require a heart by-pass or a hip replacement or treatment for a stroke, there is no clear course of action to be taken because GPs and the health service are not placed coherently to diagnose and treat the disease. It is hopelessness that contributes to so many of the problems that are associated with the disease.

Mrs Smith: While asking for a bit more time to continue with my speech, I associate myself wholeheartedly with Angus MacKay's comments: there is the question of diagnosis.

There is also the question of examining a range of different issues. That is why it would be useful to have a centre of excellence that would examine research on the subject. Another constituent pointed out that if services are not in place,

"a diagnosis is as much use as a jelly watch."

I agree with Janis Hughes: we need to identify exactly what services we need. That is another reason why we need research on the subject.

In the past, clinicians would tell patients that if they continued to feel fatigued they should come back six months later, but the condition would only get worse. We would not accept that attitude from clinicians in other specialist areas such as cancer and we should not expect it in relation to ME.

The latest working group says that

"a 6-week point from onset of abnormal fatigue is a more useful marker".

That is a move in the right direction.

GPs can undertake screening investigations, but it would be useful for them to be part of a multidisciplinary approach that would see them backed up with physicians, paediatricians, psychologists, therapists and nurses. One thing—

The Deputy Presiding Officer: The member needs to come to a conclusion.

Mrs Smith: Right. Patients need to be listened to. Some of the figures that emerged from the Action for M.E. membership survey are interesting. One said that two thirds of people saw a benefit from a change of diet or when they had been given nutritional supplements. That is an area in which more research should be undertaken.

17:24

Susan Deacon (Edinburgh East and Musselburgh) (Lab): I join other members in congratulating Alex Fergusson on securing the

debate. I also congratulate a range of colleagues and others who have been involved in the cross-party group on ME since the inception of the Parliament. They have worked relentlessly to raise awareness of the condition.

Like many others, I have moved over the years from a position of relative ignorance to a gradually growing awareness. First I had experience of a friend suffering from the condition, then a colleague and then a relative. Latterly, over the past few years, I have heard directly from several of my constituents who have been affected.

During my time as Minister for Health and Community Care, I heard much about the condition. What frustrated me enormously, perhaps more than was the case with other conditions, was our inability to deal with it, not least because, unlike most conditions, there was not even agreement about ME's existence or what it meant, let alone what could be done about it. For that very reason, as Alex Fergusson said, the significance of the recent publication of the report of the independent working group on ME should not be underestimated. We now have something that has brought together patients, carers and, crucially, the medical profession, with an agreed analysis of the problem and an agreed series of recommendations on what should be done about it.

I would like to concentrate my remarks on making a plea to the Executive to ensure that, now the report finally exists, action is taken. It has been a long time in coming and I know that many people have waited anxiously for it. I hope that it will now be put to good use. I would like to add a few suggestions as to what I hope the Executive will do with it.

It is important that a specific group or mechanism is put in place in Scotland to take the report forward. The role of that group or mechanism should not be to revisit the report or to reinvent the wheel of the analysis it contains, but to act on it and develop the work that has already been done. I also urge the Executive to ensure that patients and carers are kept involved in that process. What flows from the report will be all the more effective if they are directly involved in shaping the actions.

Any action that is taken should look beyond health and include other agencies and organisations. I am thinking particularly of social work departments, which could have a wider role in supporting individuals and their carers, and of schools, which should be able to recognise and deal with the condition more effectively for the many young people who are affected.

I know that the cross-party group and others have argued for some time for a specialist centre. I

am sure that that degree of expertise or specialisation in Scotland could take a number of different forms. There is certainly a need to ensure that there is some concentration of expertise here in Scotland so that people do not have to travel south of the border, as happens at the moment.

I can see you looking at me and at the clock, Presiding Officer, so I shall conclude my remarks by asking for specific attention to be given to the impact the condition has on young people. I am pleased with the report of the independent expert group in that regard, but it is worth reiterating that point. I pay particular tribute to Alan Stroud, one of my constituents. Many members will be familiar with him because of the effort he made to give evidence to the Public Petitions Committee a few months ago. He and his family have repeatedly raised the issue with me as their constituency member. Hearing about their experience has had an impact on members and I hope that this debate tells Alan and others like him that we have been listening and that we will act.

17:28

Lord James Douglas-Hamilton (Lothians) (Con): I am glad to follow Susan Deacon's thoughtful and helpful speech. ME is a very real and distressing illness, the causes of which are still not fully known or understood. It affects not just adults, but teenagers and children, some of them as young as six years of age, and it can affect people from any walk of life. It is therefore no respecter of age or social circumstances. There is no known simple cure. The symptoms are many and varied and affect different people in different ways, but a key characteristic is chronic fatigue, coupled with difficulty in concentrating, muscle pain and increased sensitivity to touch, pain, light and, possibly, sound.

Diseases whose main hallmark is chronic fatigue have been around for a very long time. As Alex Fergusson said, even such stalwarts as Florence Nightingale and Charles Darwin may have suffered from ME or something akin to it. Today, as many as 15,000 Scots could have the disease. That is more than have multiple sclerosis.

That the disease seems to be getting much more common and to be affecting younger people is even more alarming. For years, the illness was dismissed as yuppie flu. Among those who are uninformed, there is still considerable scepticism about the veracity of the disease. That can discourage sufferers from seeking medical attention. The condition is neither benign nor unimportant. The persistent inability to tackle ME scientifically and objectively has hindered progress in establishing the causes of the illness. The causes remain difficult to diagnose.

ME is considered to be a nervous disorder, but there is no specific or sensitive laboratory test for it. Diagnosis depends on careful history taking, physical examination and appropriate screening investigations. Such investigations may now be carried out by general practitioners, many of whom are able to make a correct diagnosis despite the fact that scepticism about the existence of ME as a clinical entity is still rampant. The longer diagnosis and treatment of ME are delayed, the more sluggish the person's circulation becomes and chronic fatigue symptoms become more pronounced.

To avoid ME reaching serious proportions in a generation, patients must be diagnosed as quickly as possible and Scotland should live up to its proud reputation for medical research. As the motion suggests, the Scottish Executive should start the process in the UK by commissioning further invaluable research under the remit of the national health service to establish the causes of, and cures for, this distressing and debilitating disease.

Edinburgh is rightly regarded as a great centre of medical learning in the world. I have great pleasure in supporting the motion in that context.

17:32

Nicola Sturgeon (Glasgow) (SNP): I join colleagues in congratulating Alex Fergusson on securing this important debate, which will be important in raising awareness about ME.

Susan Deacon was right to speak about the growing awareness of ME, but that should not mask the considerable ignorance that still exists in Scotland about the condition and its symptoms. ME sufferers do not simply experience fatigue. In general, they regularly experience many other symptoms, such as sore throats, muscle pains, headaches, disturbed sleep, digestive problems and depression.

There is also ignorance about the fact that the condition affects a great many people in Scotland—many more than are affected by higher profile conditions. In Scotland, some 15,000 people are thought to have ME. They include people of all ages, all social classes and men and women, although women are slightly more at risk than men.

The effects are severe. For young people, there can be disruption to education. There can be disruption to family life, work life and other serious effects. Despite that, and Scotland's history and record in medical research, we still do not have answers to basic questions—as Janis Hughes said. We do not know what ME actually is or who has it. There is no diagnostic test for it, as Fergus Ewing and Lord James Douglas-Hamilton rightly

said. Diagnosis is still primarily done by excluding other conditions. That is not good enough.

Some members have rightly said that more research into the condition is needed. More publicly funded research is needed. Alex Fergusson said that there is expertise in Scotland. There is a need to carry out research here. We could engage in initiatives that would go a great deal of the way to beginning to find some answers to basic questions without involving an enormous investment of public resources.

Many members want to speak, so I will be brief. I am glad that the issue has united members and that the deputy minister can offer a positive contribution.

17:34

Robin Harper (Lothians) (Green): On behalf of Tommy Sheridan and myself, I congratulate Alex Fergusson on bringing the debate to the chamber. It has been extremely informative. Before the debate, I took the subject of ME seriously. I take it even more seriously now.

I will restrict my remarks to expressing one concern, which is about what happens to young people at school who are diagnosed with ME, or to those who suffer from ME but have not been officially diagnosed. In such cases, although the child has not been officially diagnosed, the parents might suspect that their child suffers from ME. Although I have no evidence to substantiate this, I suspect that there might be an inconsistency in local authorities' guidance on education provision for young people who suffer from ME. That might be because there is a tendency to live in hope—there is no hurry to take action when a child has ME because they might be back next month, in six months' time or after a year—but if a child suffers from ME, there is a great deal of urgency for the appropriate education to be given. From my experience, home education is a possibility; schools can arrange for work to be sent home. We need something more structured than that as soon as young people are suspected of suffering from ME, let alone diagnosed.

The Deputy Presiding Officer: I now call Dorothy-Grace Elder, to be followed by Christine Grahame. I ask Mr Muldoon to be patient, because there is a surfeit of SNP members.

17:37

Dorothy-Grace Elder (Glasgow) (SNP): Sorry about that, Bristow.

I thank Alex Fergusson and his son, who has done a public service by allowing us to hear his case in the Parliament. That is not easy for a young man who is at an age when young people

tend to be easily embarrassed. I thank him for championing this great cause.

My first encounter with ME was in 1989, in Dunoon, where I attended a fatal accident inquiry. As I approached the witness room, I heard some people giggling and sniggering away, saying, "Oh! There is somebody in there who must be drunk." So I went in. Someone was lying prostrate on a bench. The lady lifted her head, having heard that horrid little remark, and said, "I am not drunk. I am an ME sufferer and it's taken all my strength to get here." She turned out to be an expert witness in the inquiry, and a doctor. It was a great struggle for that woman to get a boat to Dunoon and back, but she did her duty to testify at that inquiry. She was an ME sufferer who was trying desperately to cling on to her job and normal life—which many ME sufferers cannot do.

The Health and Community Care Committee was moved by direct testimony from a young man who is an ME sufferer. Indeed, we had the most moving and eloquent testimony from the mother of a little girl who is virtually a prisoner all day in her bedroom.

Alex Fergusson stated that his son was a champion cricketer but can now barely lift a bat. It is our duty to find out what is striking down our young people in what should be their best years. We do not know why this tragedy is on the increase, but we do know that there is still profound ignorance about ME, even in the medical profession—but thank goodness it has been declared properly to be a physical condition.

I suggest to the Deputy Minister for Health and Community Care, Hugh Henry, that we might all get together and consider what sort of literature should be sent to every general practitioner in Scotland to inform them about ME, never mind the ME patients—which would be another breakthrough. That would show Parliament's solid support for those patients.

The big problem has been to get rid of the ancient, awful Scots medical mantra that a general practitioner utters when he or she does not know what on earth he or she is talking about. In such cases the general practitioner recommends that a patient see a psychiatrist, who in turn often does not know what he or she is talking about either. As a result, ME patients have been through what Dickens called the Circumlocution Office, looking desperately for help. It is the Parliament's duty to help those patients and to tell Alex Fergusson, his family and everyone in the gallery that we owe them respect and action.

17:40

Christine Grahame (South of Scotland) (SNP): I say "Well done" to Alex Fergusson and

John McAllion for their work on the cross-party group on ME. I cannot get to the group's meetings often enough because of other commitments.

I came to the group because I have a friend with ME. If one sees him in the good times, it is hard to believe that he was once in a wheelchair. I know that he must be going through a bad time now because his e-mails have stopped. He is very politically active. I get hordes of e-mails and then there is silence for months. I have discovered that, at the moment, he hardly has the energy to switch on a television or follow anything. The swings and roundabouts of this dreadful illness are what brought me to the cross-party group.

I asked him what I should talk about in this debate, and he mentioned the issue that was raised at the cross-party group meetings, which was benefits. People with ME find that benefits are a problem; for example, the disability living allowance form asks questions such as the number of steps that applicants can climb. The point is that although those people might have been able to do it yesterday, they cannot do it today and they do not know whether they will be able to do it tomorrow.

My friend has had the illness for decades and explained that he copes with it by managing it. However, if something goes wrong—for example, if he does something in a hurry—it might then take him two or three hours even to put his hand to his face in order to shave. Although the World Health Organisation has recognised this peculiar but real illness, I must stress that ME sufferers' huge difficulties with benefits have been severely neglected. People have to go through many appeals before any benefits might be granted.

Robin Harper mentioned young children, who face great difficulties with having their illness recognised. I must point out that there are problems with professionals in this respect.

Before I finish, I want to mention the written parliamentary questions on this subject that I asked when Susan Deacon was minister. In one question, I asked whether the Scottish Executive would

"undertake a national audit of the services which are available to those who have myalgic encephalomyelitis." — [Official Report, Written Answers, 22 May 2001; p 249.]

I was advised that I should wait for the report. Now that the report has been published, will the minister undertake an audit of the available services? Furthermore, will he answer the other questions that I lodged about involving professionals in understanding the illness to get rid of any prejudices and the idea that it is simply psychosomatic?

17:42

Bristow Muldoon (Livingston) (Lab): I also congratulate Alex Fergusson on securing this debate today and on his work in the cross-party group on ME. Furthermore, I want to pay tribute to the people in the gallery, many of whom suffer from ME or care for ME sufferers. The commitment shown by the people who have campaigned on this issue for so many years is all the more worthy given that although many of them suffer from this debilitating illness, they still find the energy to bring the issue to our attention.

We find ourselves in the almost unique situation of having a widespread outbreak of consensus in the chamber on this subject. Indeed, it is unique to find Nicola Sturgeon and Susan Deacon almost agreeing on a health issue. Long may that continue. I think that that shows the degree of consensus in the chamber over the need to improve how we tackle this particular condition and to conduct further research into it.

I hope that the minister will respond positively to the points that have been raised and base his comments largely on the report published by the chief medical officer for England and Wales. The report contains a number of recommendations that should be welcomed. I am sure that many of the people who suffer from ME will welcome the chief medical officer's clear recognition that it is an illness.

I want the minister to respond to the key question of research. We need further research into the causes of the illness. Once those are fully understood, we can then carry out research into the issue of treatment. The minister should also respond to the question of support for the care of ME sufferers, which is another issue that emerges from the chief medical officer's report.

The final issue that I want to touch on is the need to educate professionals in the health service. As members have said, there are still people in the health service who are sceptical about the status of ME as an illness. We should undertake to produce a programme of education for health professionals to ensure that everyone has their illness properly recognised.

17:45

Dr Winnie Ewing (Highlands and Islands) (SNP): It is up to all of us to use whatever power we have in our areas to alter the attitudes of the sceptical doctors, health boards and hospitals. We have witnessed the courage and dignity that Alex Fergusson brought to his very sad story. We can all relate equally sad stories from our own experiences of the cases of personal friends.

I agree with the points that all members have made, but I have a final point to make that I do not

think that anyone else has made. My friends who have ME are not depressives or psychiatric cases but cheerful people who are active and ready to play a full part in society, yet they are being accused of needing psychiatric help. Our efforts could lead to a change in attitudes. I ask the minister to ask the heads of our medical profession in Scotland to take a leaf out of the book of the heads of the English medical profession.

The Deputy Presiding Officer: I apologise to Bruce Crawford and Linda Fabiani, who wished to speak but who were beaten by the bell.

17:46

Mr John McAllion (Dundee East) (Lab): I congratulate Alex Fergusson warmly on securing this important debate. I wish that he would tell me how he managed it, as I have been trying to do so for some time.

Christine Grahame: Try currying favour with your party.

Mr McAllion: Maybe it has something to do with the party.

I also congratulate Alex Fergusson on the very effective and moving way in which he introduced the debate. Above all, I congratulate the 16 members who asked to speak in the debate and the 33 members who, at one time or another, were present during the debate, all of whom come from different political backgrounds—socialists, greens, Tories, Liberals, nationalists—but all of whom are united not only in support of Alex Fergusson's motion, but in the demand for justice for this long-neglected group of sufferers. That group has tragically been ignored in Scotland, but their time has surely come.

Alex Fergusson: Now that I have milked the praise of every member of Parliament for securing the debate, I have to point out that the motion was lodged in the name of the cross-party group and on behalf of ME sufferers throughout the country. It has nothing to do with me; it is the work of that group.

Mr McAllion: The final tribute that I pay is to the campaigners who are in the public gallery today. It is down to their efforts that we have a cross-party group on ME in the Parliament and that the debate has been secured. It is down to them that the issue is, at long last, on the political agenda of this country.

I do not want to go over all the points that have been made, not least because you will not let me, Presiding Officer.

The Deputy Presiding Officer: You have three minutes.

Mr McAllion: I turn to the document "Our National Health: A plan for action, a plan for change". It is a kind of blueprint for the first-ever devolved NHS in Scotland. It contains a vision of a different kind of NHS and is full of fine phrases. For example, it states:

"We must build an NHS which listens better to patients and responds more effectively to their needs."

It calls for an NHS that puts the experience of patients at the heart of service changes and

"gives patients a stronger voice."

No member would disagree with that vision for the NHS, yet it mocks the reality of the experience of ME sufferers in their daily contact with the NHS. They are not a fringe minority of people but a substantial part of Scottish society.

The motion talks about the condition

"growing in incidence among both adults and children".

We do not know how many sufferers there are in Scotland because nobody in authority has so far bothered to try to find out. All that we have to go on are the surveys that have been conducted by ME groups. We are not completely in the dark. Those surveys estimate that there are around 15,000 Scottish sufferers, of whom 2,000 are children. All of them have had experiences of the NHS that are described in the CMO's report as "largely negative". Indeed, their experience of the NHS is that it has left them feeling isolated, misunderstood and, worst of all, ignored by those in authority who do not know the real nature of the illness. That is something that we have to change quickly.

I was impressed by Susan Deacon's speech, not least because of who she is and the insight that she has into the way in which the health service works in Scotland in the 21st century. I was delighted to hear her say that we are listening now because, not so long ago, lots of people in the NHS were not listening to the experience of the sufferers. I was also delighted by her plea for action. However, I do not want anyone to get confused in this debate between the call for a national centre of excellence and the call for local services provided by local NHS boards. Those two calls are not mutually exclusive but complementary—one should not be used to argue against the other. Both initiatives need to happen, which is what the campaign aims to achieve.

That and many of the other aims of the group—for example, the research that Alex Fergusson mentioned, the establishment of a needs-assessment programme for epidemiology studies, the challenging of the World Health Organisation's classification of ME as a psychiatric condition and the resolution of the benefits issue that has been referred to by a few speakers—are not going to go

away. The cross-party group in the Scottish Parliament on ME will not let them. We are going to continue to address those issues and demand action from the Executive on them.

ME sufferers have been badly neglected not only by the NHS in the UK but by the Scottish NHS. We need action from the minister. He needs to tell us what kinds of services will be provided in the future and the ways in which the needs of this group are going to be addressed as they have not been addressed in the past.

17:51

The Deputy Minister for Health and Community Care (Hugh Henry): The debate is timely, given the publication this month of the report of the English chief medical officer's working group on care for people with ME or—for those who prefer to use the other definition—CFS/ME.

We are all aware that, as many members have said, conclusive knowledge of the cause and development of this condition has eluded the best efforts of researchers. That elusiveness can too easily lead to frustration when we see the impact that ME can have on our nearest and dearest, particularly children. Alex Fergusson spoke movingly of the direct impact that the condition has had on Christopher and the way in which he has had to face up to a significant change in his life.

I congratulate members on the positive and informed debate that we have had on a difficult subject. John McAllion is right to draw attention to the number of members who requested to speak and who have attended the debate and to the number of people in the public gallery. That is significant and reflects the fact that this debate deals with a growing problem. One of the difficulties with the willingness to participate is that I cannot possibly cover all the issues that were raised tonight. That is an indication that there has to be a longer and more informed debate in Scotland about ME.

Bruce Crawford (Mid Scotland and Fife) (SNP): Does the minister agree that there must be not only more research, but a change of culture at the heart of Government and in all organisations that are associated with Government? The culture must be changed to reflect the fact that ME exists and to ensure that action is taken and that barriers are removed rather than obstacles being created. If we consider the problem from that perspective, we can make substantial changes.

Hugh Henry: Bruce Crawford is right: there is a need to change the culture. Winnie Ewing and others referred to the need to change the culture in the medical profession, Robin Harper spoke about education and John McAllion and others

spoke about the problems in the wider NHS. I agree that the culture in Government must change significantly as well.

The report of the English chief medical officer's working group on care for people with ME is welcome for a number of reasons. It should lay to rest the controversy over whether the condition is real, which has sometimes been a barrier preventing sufferers from obtaining good-quality care. It is important that the report gives due weight to the views and experiences of patients.

Linda Fabiani (Central Scotland) (SNP): Is the minister aware of tests that have been carried out in the United States of America and Europe? DNA testing has identified the presence of bacteria in the cells of ME sufferers—those bacteria are difficult to find. That seems to detract from the idea that ME is psychological and psychosomatic. Is the minister willing to examine that research with a view to having similar research carried out in Scotland to try—once and for all—to negate the myth that ME is a psychologically caused disease and to find out whether there is a physical cause?

Hugh Henry: I will return to research later.

The debate gives us an opportunity to state clearly that some of the myths, scepticism and prejudice that have existed should be consigned to the past. Alex Fergusson, Christine Grahame and others have spoken about sufferers whom they know. I, too, have a close relative who has suffered. One point that has been echoed tonight is that a sufferer can go from being active—and almost, in my relative's case, from having to be chained down to stop them going to work when they were not well—to being suddenly physically incapable of going out of the house, not understanding what is wrong with them and not being able to turn to anybody who can give them assistance and advice. We must consider that.

Another welcome feature of the report is its emphasis on the need for evidence-based practice. Because so much remains unknown or uncertain about the condition, it is easy to assume that there has been little research. That is not true: there have been more than 1,000 medical research publications. As we speak, nearly 30 research studies are being carried out in the health service. As is often the case, the quality of the published research varies widely and care is needed in its interpretation.

Susan Deacon and others made some useful suggestions. She spoke about the need for action now that the report is published and about a mechanism to take the report forward. John McAllion spoke about identifying how we support the needs of ME sufferers. We will respond to those requests by setting up a short-life action group to consider over three months the most

effective ways of improving the care and quality of life for those with ME.

The information from that group will be made available to the NHS at all levels in Scotland. Speakers tonight have been right: we need to ensure that doctors and everyone else who is involved in the NHS are aware of the findings of the report and, more important, of some of the things that could and should be done to support ME sufferers.

The report's findings form a good platform on which to base our future research effort. We need to identify interventions that can be incorporated into routine clinical practice and to find out which therapies work best for which groups of patients. A number of speakers have mentioned the need for more research. Janis Hughes, Margaret Smith, Lord James Douglas-Hamilton, Nicola Sturgeon and Bristow Muldoon all correctly emphasised that need. However, research cannot be a substitute for action; we need to consider that.

The working group acknowledged in the report the lack of good evidence on incidence, prevalence and trends and recommended further research. The Department of Health in England has asked the Medical Research Council to draw up a research strategy, taking account of the working group's findings, other recent expert reviews and the views of patients and carers. The work will be advanced by an independent scientific advisory group. It is appropriate to state that the MRC is a United Kingdom body. It funds research projects throughout the UK and has frequent contact with our chief scientist office. We support the initiative to establish such a strategy and will provide whatever help we can. Until that strategy is available, it would not be sensible for the Executive to commission large-scale studies. There are also disputes about definitions.

Once the MRC's work is complete and the future strategic direction of research is clear, we shall of course be seeking to play our full part in the implementation of the strategy. We are not convinced at present of the arguments for a centre of excellence, but we need to consider some of the further research. Good-quality research proposals into other aspects of the syndrome will be considered by the chief scientist office through the usual peer review process.

Those who suffer from ME are a well-organised group of people, who have right and justice on their side. The fact that so many people are now suffering makes it imperative for us to respond appropriately. We must take people who suffer from ME out of the shadows of being regarded as cranks, malingerers and people who are trying to avoid facing up to reality. ME is a specific medical problem and, as members have said, we need to change attitudes and culture. We must ensure that

local authorities, health services and others have the information that they need to provide a proper service to people who suffer from ME.

The Deputy Presiding Officer: That concludes the debate. I give our best wishes to those members of the public in the gallery.

Meeting closed at 18:01.

Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice at the Document Supply Centre.

No proofs of the *Official Report* can be supplied. Members who want to suggest corrections for the archive edition should mark them clearly in the daily edition, and send it to the Official Report, 375 High Street, Edinburgh EH99 1SP. Suggested corrections in any other form cannot be accepted.

The deadline for corrections to this edition is:

Wednesday 30 January 2002

Members who want reprints of their speeches (within one month of the date of publication) may obtain request forms and further details from the Central Distribution Office, the Document Supply Centre or the Official Report.

PRICES AND SUBSCRIPTION RATES

DAILY EDITIONS

Single copies: £5

Meetings of the Parliament annual subscriptions: £350.00

The archive edition of the *Official Report* of meetings of the Parliament, written answers and public meetings of committees will be published on CD-ROM.

WHAT'S HAPPENING IN THE SCOTTISH PARLIAMENT, compiled by the Scottish Parliament Information Centre, contains details of past and forthcoming business and of the work of committees and gives general information on legislation and other parliamentary activity.

Single copies: £3.75

Special issue price: £5

Annual subscriptions: £150.00

WRITTEN ANSWERS TO PARLIAMENTARY QUESTIONS weekly compilation

Single copies: £3.75

Annual subscriptions: £150.00

Standing orders will be accepted at the Document Supply Centre.

Published in Edinburgh by The Stationery Office Limited and available from:

The Stationery Office Bookshop
71 Lothian Road
Edinburgh EH3 9AZ
0131 228 4181 Fax 0131 622 7017

The Stationery Office Bookshops at:
123 Kingsway, London WC2B 6PQ
Tel 020 7242 6393 Fax 020 7242 6394
68-69 Bull Street, Birmingham B4 6AD
Tel 0121 236 9696 Fax 0121 236 9699
33 Wine Street, Bristol BS1 2BQ
Tel 01179 264306 Fax 01179 294515
9-21 Princess Street, Manchester M60 8AS
Tel 0161 834 7201 Fax 0161 833 0634
16 Arthur Street, Belfast BT1 4GD
Tel 028 9023 8451 Fax 028 9023 5401
The Stationery Office Oriel Bookshop,
18-19 High Street, Cardiff CF12BZ
Tel 029 2039 5548 Fax 029 2038 4347

The Stationery Office Scottish Parliament Documentation
Helpline may be able to assist with additional information
on publications of or about the Scottish Parliament,
their availability and cost:

Telephone orders and inquiries
0870 606 5566

Fax orders
0870 606 5588

The Scottish Parliament Shop
George IV Bridge
EH99 1SP
Telephone orders 0131 348 5412

sp.info@scottish.parliament.uk

www.scottish.parliament.uk

Accredited Agents
(see Yellow Pages)

and through good booksellers