

MEETING OF THE PARLIAMENT

Wednesday 4 December 2002
(*Afternoon*)

Session 1

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Scottish Parliament

Wednesday 4 December 2002

(Afternoon)

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

Time for Reflection

The Presiding Officer (Sir David Steel): The leader of today's time for reflection is Mr Rawdon Goodier, who is a Zen Buddhist lay minister and who recently retired as the first chairman of the Scottish Inter Faith Council.

Mr Rawdon Goodier (Zen Buddhist Lay Minister and recently retired First Chairman of the Scottish Inter Faith Council): Good afternoon. "Reflection" is an interesting word that has several meanings, one of which features in the name of the type of meditation that I practise within the Soto Zen school of Buddhism—serene reflection meditation.

What do we do when we reflect? From my experience, I suggest that most of the time we are constructing rather than reflecting. We are not seeking to reflect clearly the nature of the reality that confronts us, as in a clouded mirror; we are building trains, or perhaps chains, of thought, ideas and theories.

There are many situations in our daily life that require such activity of the intellect. However, the need to engage in it can become tyrannical—we can become enchained by persuading ourselves that, indeed, we have no "time for reflection". In doing so, we lose the ability to listen, not just to what other people say, but to the unspoken language of our hearts.

Many people seem to recognise intuitively that the loss of time for reflection represents a diminishment of our humanity. They sense that there is something wrong with a life of frenetic activity from which the only relief is the distraction of entertainment. That recognition is leading many people to explore the practice of meditation.

Although the cultivation of meditation is not a monopoly of the Buddhist faith, in one form or another, it is central to Buddhism, as it is the practice by which the Buddha Shakyamuni gained his insight into the nature of human existence. Although meditation is not essentially part of a package that necessitates adherence to specific religious beliefs, its practice leads to recognition of the need for ethical living and to faith in the intrinsic value of the practice itself.

Some time ago, I was shown an obscure 1692 quote in the large "Oxford English Dictionary", which exemplified one use of the word "reflection":

"the light of the moon reflected on frozen snow".

That description immediately brought back memories of my mountaineering years—of early starts across alpine glaciers or of late descents from Scottish hills. The words also resonate with the symbolism of much Zen poetry, in that they suggest, among other things, a place of stillness, but not of stagnation; a place of calm but bright anticipation from which we can step into the complexity of daily life and to which we can return at the end of the day—a place for reflection.

Local Government Finance Allocations

The Presiding Officer (Sir David Steel): Our first item of business today is the statement by Andy Kerr on local government finance allocations. As usual, there will be questions at the end of the statement, which means that there will be no interventions during it.

14:34

The Minister for Finance and Public Services (Mr Andy Kerr): The Scottish Executive is committed to improving public services throughout Scotland. Today marks an important step towards fulfilling that commitment, because today we announce the resources that we are making available to each of Scotland's councils for the next three years. A copy of the information has been placed in the Scottish Parliament information centre. We are announcing the resources at the same time as we are introducing important reforms that will strengthen the framework for improving services and give councils more freedom and flexibility to deliver for the people whom they serve.

In September, I announced an additional £1.4 billion for local services over the next three years. That is a major commitment by the Scottish Executive to Scottish local government. Those resources will mean that we can: develop further the highly successful concessionary fares scheme and thus support our elderly and disabled; maintain record levels of police numbers to support our communities; fulfil our commitment to free personal and nursing care for older people and thus support those most in need in our communities; provide additional support for children and families in our communities; and continue the modernisation of the teaching profession so that we support children and teachers throughout Scotland.

We will also secure funding for existing services and allow local authorities the flexibility to deliver improvement in those services. Today, I announce each council's share of the Scottish budget resources that they need to deliver those improvements. That will enable local councils to set their budgets and service plans for the next three years.

At the same time, the Parliament is empowering local councils. We are introducing a new duty to secure continuous improvement in services through best value, a new duty to work with partners to improve services through community planning, a new power to take the initiative to advance the well-being of their areas, and a new power to enable authorities to decide for

themselves how much to invest in improving local infrastructure.

Today's announcement must be seen in the context of the reforms that we are making to the framework for delivering local services. The Scottish Executive is working in partnership with local government to deliver for Scotland. The total revenue grant for local authorities will be £7.4 billion in 2003-04. That will rise to £7.7 billion in 2004-05 and will again rise to over £8 billion in 2005-06.

On the day of the Scottish budget announcement, I met council leaders and told them that the budget was a challenging, but reasonable settlement. The Executive recognises the pressures that face local government, but the Government is also required to balance many different pressures and competing priorities. We must be honest about the fact that the public do not want to hear complaints about pressures, but information about what we are doing to improve services and invest in the future.

Today's announcement means that councils will have the resources that they need to deliver the improvements that we are committed to providing and that our citizens want—the people's priorities. In particular, I want to mention our commitment to improving quality of life, by which I mean helping to make our communities more attractive places in which to live, work and invest. Over the next three years, there will be an additional £180 million for initiatives to improve the local environment, tackle graffiti and vandalism, make our streets cleaner and safer and provide additional services to our young people.

The distribution of the funding in the settlement is based on the formula agreed with the Convention of Scottish Local Authorities. The formula is based on the most recent information that is available to us, including the 2001 population census and the 2002 school roll figures. The formula makes allowance for the additional costs associated with deprivation and with serving sparse rural communities. It also contains special provision for the islands. The figures do not include the better neighbourhood services fund, which will provide an additional £120 million to improve services for our most deprived communities.

We have underpinned the formula with a guaranteed minimum grant increase for all councils. That guarantee will be particularly welcome to councils with declining populations, such as Glasgow and the Western Isles. The average increases over the next three years are 8.5 per cent, 4.8 per cent and 3.9 per cent—all of which are above the projected rate of inflation.

Today's settlement puts in more revenue funding overall, directs resources to where they

are most needed and protects councils with declining populations from reductions in grant. The settlement will enable councils to announce their council tax plans for the next three years. The increases in grant that have been announced today mean that there will be no pressure on council tax from national initiatives.

Business rates make an important contribution to local services. Next year the poundage for 2003-04 will be frozen at its existing level of 47.8p. The business community has warmly welcomed that measure. Next year also sees the introduction of the small business rates relief scheme, which will reduce the rates bill for small businesses throughout Scotland by up to 50 per cent.

The scheme will be paid for by businesses occupying properties with a rateable value in excess of £25,000. Those businesses will pay a small supplement on the poundage. In September, I said that the supplement would be limited to a maximum of one penny. Many doubted that figure. I am pleased to announce today that the supplement will be 0.6p. The poundage freeze, the small business rates relief scheme and a supplement below the rate of inflation mean that all businesses will benefit from our rating policies in 2003-04.

Today's announcement also marks the beginning of a radical change to the framework for capital investment by local authorities. The new framework will give local councils the freedom, the incentive and the support to increase investment in services. The Local Government in Scotland Bill will give councils the power to decide for themselves how much to invest, within a prudential framework. The settlement will give councils the resources to use that power to good effect.

From 2004-05, when we expect the prudential regime to take effect, councils will be required to work out how much they can afford to invest, taking into account their income from all sources including, clearly, the Scottish Executive. We expect that local authorities will make prudent, hard-headed decisions about their investment and that those decisions will be based upon affordable, long-term plans, made in consultation with their communities, and will satisfy external financial monitoring.

Within that framework, the Executive will continue to support local authority investment. Councils will be able to use the revenue grant that I am announcing today to support borrowing for capital investment. The Executive will also provide support through new capital grants. From 2004-05, those will support £270 million of investment in public transport, housing improvement, police and fire services, flood prevention, piers and harbours, dealing with contaminated land and improving air

quality. On top of that central Government support, councils will be able to add capital receipts, revenue savings and other resources to increase their investment. They will be able to choose the combination of borrowing, grant funding and public-private partnerships that is right for them.

Councils will have a new toolkit available to them, with new freedoms and responsibilities, and more resources. It will be up to them how they use those tools, but they have enormous potential to increase investment in local infrastructure. The potential is there for every council in Scotland. If councils spend just £25 million of the revenue grant that I have announced today to support borrowing, they can achieve a near 70 per cent increase in capital investment. Across Scotland that would mean up to £350 million of additional investment in schools, roads, transport facilities and other infrastructure. That increase could pay for 125 primary schools or 23 secondary schools.

This statement means that councils will be able to invest more in improving services for the people of Scotland. This announcement should be welcomed by the Parliament, by local authorities and by the people of Scotland. It puts in place the resources that we promised to use to improve services at every local authority level in Scotland. The resources go hand in hand with the reforms to require and encourage year-on-year improvement. We are giving councils the resources, and we are giving them the freedom to deliver. I am confident that the partnership that we have developed with local government will deliver for the people of Scotland.

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

I thank the minister for his courtesy in ensuring that I had an advance copy of the statement, but I am even more grateful to Radio Scotland for reporting this morning the minister's view that the settlement will ensure that there will be only modest rises in council tax.

Is the minister aware that a COSLA briefing claims that the Executive spending review directs resources at initiatives rather than core services and that, in total over the three years, core services are being underfunded by £440 million? COSLA went on to claim that the underfunding indicates the prospect of difficult budget decisions for councils.

Is the minister aware that, according to COSLA, the funding gap following last year's settlement impacted on the provision of services for children, special educational needs and social work services? Has the minister assured COSLA, and can he assure the chamber, that sufficient resources have been made available to councils to ensure a modest rise in council tax, that core services to the most vulnerable will not be affected, and that free personal care will be delivered when those who are eligible need it?

Mr Kerr: I have told COSLA that I do not consider the alleged funding gap to be a real funding gap, because it relates to the gap between COSLA's aspirations and the settlement. I have told local government that every minister round the Cabinet table, and everything that we do in the Scottish budget, seeks to ensure maximum output for the money that they put in. I want to maintain pressure on resources in all parts of the Executive—in local government and elsewhere—to ensure that we achieve value for money.

The aspirational gap is £440 million over three years. Just a year ago, the figure was £1.5 billion for one year. Is the Scottish National Party telling me that in that mythical future when it has a finance minister—I do not foresee it—all that COSLA's leader will have to do is walk in the door and say, "I'm sorry, we're £1.5 billion short," and the SNP's minister will provide the money? I do not believe that that is sensible government.

We have supported national initiatives in full. We have supported the increased national insurance costs, allowed for pay and price inflation, abolished capital controls, reduced ring fencing, made no call on local council tax increases and made provision for quality-of-life initiatives to make a difference in our communities. That was the shopping list with which COSLA approached the Executive and to which I agreed through discussion with COSLA.

We should get the local government context right. That involves best value and getting rid of compulsory competitive tendering, using the power of well-being in our communities, council tax benefit subsidy limitation, using our money better in Scottish local government and demanding that Scottish local government delivers for local communities, which it wants to do.

I do not recognise the funding gap. We all have aspirations for local authority services. I do not doubt that local government could probably do better with more money, but we have tough decisions to make, as have local authorities.

Mr Keith Harding (Mid Scotland and Fife) (Con): I, too, thank the minister for early sight of his statement. Given this week's reports that more than £1 billion of council tax is uncollected, does he acknowledge that an improvement in tax collection rates, even to the same levels as in England, would allow for a substantial reduction in council tax levels? After this week's revelations that council tax in England might have to rise by 16 per cent—despite what was supposed to be a good settlement down there—why should we believe that the increases in Scotland will be only slightly above inflation?

The minister acknowledged in his statement the pressures that face local government. As Tricia

Marwick said, there is no doubt that a funding gap exists. Are we to believe that the minister is content for councils not to be accountable to their electorates, but to deliver the Executive's agenda, in return for which all that they can do is to decide on cuts, not spending?

Mr Kerr: Having worked in local government when the Tories were in power, I take that with a large pinch of salt. Scottish council tax collection rates are improving. Good measures of best practice are out there. I visited West Lothian Council yesterday to open the Strathbrock Partnership Centre and I had time to discuss with the council leader his council's improving performance on council tax collection. The Executive recently announced £5 million of additional resources to assist local government in improving council tax collection.

As for our joint agenda with local government, we must make it clear that we work in partnership with local government. Concessionary travel is enormously popular in our communities and is not a burden. It is a community facility that people use effectively. Free personal and nursing care is another service that is provided to our communities.

I will talk about how we reach our conclusions about resources. We do not simply say, "Here is our policy—you must implement it." We sit down around the table. For instance, a joint McCrone implementation group dealt with the modernisation of the teaching profession. The joint care development group discussed free personal and nursing care and joint discussions were held with COSLA on concessionary travel. The joint future group discussed home-based care for older people and we held joint discussions with COSLA on the better neighbourhood services fund. The joint learning disability review group discussed learning disability and the Association of Directors of Social Work was consulted on the Mental Health (Scotland) Bill. The joint national review group also discussed care home fees.

When the Executive seeks to develop and roll out its policies throughout Scotland using the best appropriate mechanism through which to deliver those services—local government—we sit down, consult and agree how best to do that. I do not consider those matters to be a burden or an imposition. They are high-quality public services for our communities.

Iain Smith (North-East Fife) (LD): The minister's statement contains much to welcome. The settlement will never meet the full aspirations of local government—if I were still a local government councillor, I do not doubt that I would criticise it for not doing so—but it will go a long way towards improving the situation for many local authorities. I particularly welcome the statement

on the support from 2004-05 for the new prudential capital funding scheme. Local authorities have been calling for that for many years, and the scheme will provide real benefits for local government.

Will the minister confirm that the measures in his statement provide full support for such national priorities as the McCrone settlement for teachers, free care for the elderly, concessionary travel and the additional cost of national insurance contributions? Does the minister's statement mark an increase or decrease in ring fencing?

Mr Kerr: I can assure the member that the Executive covers the full cost of the implementation of Executive initiatives. We then agree with COSLA the route for implementation and consider the distribution of resources.

I have consistently acted to reduce the degree of ring fencing with regard to local government expenditure. However, some SNP MSPs are confused about the subject. Nicola Sturgeon has called for more ring fencing. She said that she could understand the financial pressures that councils operate under, but that the Government should take action to ring fence cash and ensure that it is spent on the elderly. On the other hand, Sandra White eloquently demanded:

"For goodness' sake, give us less interference from central Government, less ring fencing, and less Executive talk about pushing through its policies and priorities at the cost of local needs and local people."—[*Official Report*, 31 January 2002; c 6023.]

The Executive is committed to discussing with local government at an early stage of policy development the allocation of resources; how best to contribute to the vibrancy of local services; and signing up to national priorities around popular issues such as long-term care for the elderly, the concessionary travel scheme and all the other initiatives that the Executive has managed to deliver through our partners in local government. There is an absolute commitment to reduce ring fencing. We do that year on year. There is also an absolute commitment to remain in contact and in dialogue with our local authority partners.

Rhona Brankin (Midlothian) (Lab): I welcome the minister's statement, which is good news for councils such as Midlothian Council. Can the minister assure me that the measures contained in his statement will provide small councils such as Midlothian with the resources to invest in social housing?

Mr Kerr: The statement gives all councils the opportunity to invest in local services. Midlothian Council has an above-inflation increase in grant of 10.3 per cent for 2003-04. That is very high compared with the average increase, and the figure increases by 5.6 per cent the following year

and by about 4 per cent the year after that. In addition, £2.8 million will be made available to Midlothian through the quality-of-life initiative.

More important, as the potential for local authorities to harness their resources locally now exists, Midlothian's potential capital spending power rises by 74 per cent in 2004-05, using the prudential regime. That presents an enormous opportunity for local authorities to make a real difference in their communities through investment in infrastructure—which could include the matters that the member raises.

It is a good settlement, and I have said that it is a challenging one. That is, of course, what I would expect of the relationship between the Scottish Government and Scottish councils. Indeed, a council must challenge its own departments to ensure that they are delivering value for money.

Tommy Sheridan (Glasgow) (SSP): I have four short questions for the minister. First, will he confirm that councils will now fully utilise both non-housing and housing capital receipts? Clarification on that matter is long overdue. Secondly, under the settlement, will Glasgow City Council be able to use the extra £80 million that it raises in rates revenue—which is currently used to subsidise the rest of Scotland—to spend in Glasgow? Thirdly, what is the percentage increase in local authority funding for Glasgow in comparison with other mainland councils? Fourthly, will the much-anticipated cities review be allowed to recommend and release more funding for the city of Glasgow if, as many people expect, it concludes that Glasgow is seriously underfunded?

Mr Kerr: An announcement on Tommy Sheridan's last point is expected in due course. That will be a matter for the minister involved.

Glasgow City Council will receive £1,799 per head of population in revenue grant support for 2003-04, rising to £1,933 per head of population by 2005-06. As in many previous years, that is the highest per-head allocation of any mainland council in Scotland. It is about 25 per cent above the mainland council average and 47 per cent above the lowest per-head allocation in Scotland. Total support to Glasgow City Council will rise to £1 billion, and it receives approximately £27 million assistance above the floor, because the Executive protects councils that are losing population and whose services require support. That shows that the Executive has given Glasgow a lot of support, especially considering its declining population.

Quality-of-life resources total £23.2 million over the years covered by the announcement. The prudential regime will offer Glasgow City Council the opportunity to increase its capital infrastructure spend by 93 per cent. There is great scope for

Glasgow City Council to spend locally. The allocation will increase by 6.8 per cent, 4 per cent and 3.4 per cent in the years up to 2005-06. Non-domestic rates income is collected centrally and distributed to local authorities in accordance with previously agreed formulae and distribution mechanisms. There is no intention to change that system of distribution of resources at the moment.

I say to Glasgow City Council and every other local authority in Scotland that the Executive is listening. We are looking after our cities—I am sure that the cities review will back that up—and the required resources are being made available locally to deliver effective services. The yearly increases of 6.8 per cent, 4 per cent and 3.4 per cent, when Glasgow's population is declining, are a measure of the support that the Executive is giving to Glasgow.

Ms Sandra White (Glasgow) (SNP): Will the minister confirm that the statement includes local provision for inflationary pay increases, and will he detail the percentage increases included for pay? Furthermore, following strikes, or threats of strikes, by almost every service in local government during the Labour Executive's term in office, does he agree that the policy of self-financing pay awards should be abandoned? According to COSLA, which has been much vaunted today, that system has stripped some £800 million from local government budgets and is fatally flawed.

Mr Kerr: Local authorities have not had to self-finance pay settlements in the past three years, and today's announcement continues that positive trend. We support local pay and price inflation to the tune of 2 per cent. We are putting in significant resources in these times of relatively low inflation. That good practice has been in place for three years, so the member is simply wrong on that point.

I was pleased to receive the COSLA press release, which opens by saying that

"whilst it is a tight settlement it would be wrong of local government not to recognise the positives to come out of the local government finance settlement unveiled by the Finance Minister today."

I suggest that that accurately represents the true position of the Executive working in partnership with local government. We recognise that it is a challenging settlement for local government, as it is for the Minister for Environment and Rural Development and the Minister for Enterprise, Transport and Lifelong Learning. The Executive challenges people to spend money wisely, make the most of it and ensure that it makes a difference. Clearly, COSLA agrees with me about that.

Rhoda Grant (Highlands and Islands) (Lab): I too welcome the statement. The minister will be

aware of continuing concerns in the Highlands about whether the council has sufficient funds to cover key priorities. Will he confirm whether he believes that the settlement will allow the council to make progress on implementing those priorities, such as the McCrone agreement?

Mr Kerr: Yes, I do. We will continue to make progress on matters such as the effect of McCrone, particularly in the Highlands. We try to reflect some of the unique aspects of the Highlands through flexibility in the budget and in some of the funds that we have distributed. The distribution formula also tries to reflect sparsity issues, such as school sizes, and our support for Gaelic education.

Highland Council will receive above-inflation increases of 7.9 per cent in the first year, 5 per cent the following year and 4.8 per cent the year after that. The quality-of-life initiative will bring in £8.1 million over the three years, which will again create scope for the delivery of local services. COSLA makes representations to us on how our distribution formulae are working, and we have continued to review and discuss with COSLA how best to ensure that our money works for the people of Scotland. That discussion will continue and will take cognisance of the matter that the member raises.

Mr David Davidson (North-East Scotland) (Con): I should point out that the economy is in some difficulty at the moment. Why has the minister failed to take this opportunity to restore the uniform business rate in Scotland and remove that competitive disadvantage with our neighbours?

Mr Kerr: We have the uniform business rate in Scotland; the issue is the revaluation that was carried out. Although we have a different rate poundage, the tax take from the business rate is exactly the same as it is elsewhere in the UK.

David Davidson failed to point out that I have had many meetings with the business community, which has warmly welcomed our approach to business support, such as our achievements with business rates, including freezing them. In relative terms, the tax take from business has not changed since 1979. We have continued to support Scottish business and have ensured that it grows and prospers, because we know that such an approach creates the opportunity within our communities to develop all our other policies and services. I simply do not recognise the landscape in which David Davidson is working. Indeed, if he had read the business pages recently, he would not recognise it himself.

Dr Sylvia Jackson (Stirling) (Lab): I join Rhona Brankin and my colleague on the Local Government Committee, Iain Smith, in welcoming

the statement, particularly the flexibility that the prudential framework allows and the announcement of capital investment, which will obviously be used for non-trunk roads, among other things. I have gone on about that issue for a long time. However, investment will not begin until 2004-05. As far as 2003-04 is concerned, I seek the minister's assurance that he will still seriously examine the survey of the Society of Chief Officers of Transportation in Scotland when it is produced early in the new year.

Mr Kerr: Short of going out to fill the potholes myself, I do not think that I will ever satisfy the member's concerns about local roads. However, having enjoyed myself immensely on the front line of local government services previously, I might entertain the prospect. [*Interruption.*] I say to John Swinney that that is not a commitment. I know how fond he is of making commitments.

With the prudential regime, we will be able massively to widen local authorities' scope to deal with such matters. As far as timing is concerned, we want to get things in place as quickly as possible; however, I expect that the regime will be introduced on the date the member mentioned. Of course, the £3.1 million quality-of-life allocation to Stirling Council will go some way towards filling some of the potholes and dealing with some of the issues about local roads that she raises.

Brian Adam (North-East Scotland) (SNP): In light of Arthur Midwinter's report, will the minister give us some guidance on whether the claims of various local authorities—including Aberdeen City Council—about mismatched funding after local government reorganisation will be addressed? Furthermore, what proportion of the increase that he has announced today will go towards national initiatives, whether they are dealt with jointly or otherwise? That should give us an idea of how much funding is truly available for local decision making, rather than how much is available to deliver the national Government's priorities.

Mr Kerr: Most of the Executive's funding is for local decision making, which is why allocations are hypothecated. Local choices are available to local people.

As far as mismatched funding is concerned, £130 million was provided at the time of reorganisation. Since reorganisation, every single council has benefited from substantial grant increases. Indeed, today's announcement continues that progress. Councils that have claimed mismatched funding have asked me for an additional £51.6 million for 2005-06. In fact, the councils' grant allocation will total £382 million. Although I respect and acknowledge the concerns of authorities about mismatched funding, I should point out that local government has moved a long way since reorganisation. I do not believe that the

Executive is responsible for the decisions that were made by councils back then. That said, we have dealt more than adequately with the total funding that would be required to address mismatched funding. Aberdeen City Council, which has sought an additional £6.7 million to deal with mismatched funding, will receive £40 million from the settlement that I have announced today. The Executive is showing its commitment to local authorities with pounds and pence, and with statutory and legislative support.

Public-private Partnerships

The Presiding Officer (Sir David Steel): The next item of business is the debate on motion S1M-3640, in the name of Des McNulty, on public-private partnerships. Des McNulty has moved on to pastures new, so I welcome Tom McCabe to speak to and move the motion on behalf of the Finance Committee.

15:05

Mr Tom McCabe (Hamilton South) (Lab): As members are aware, we are dealing with an important subject that has exercised the minds of every politician in the chamber. My colleagues on the Finance Committee found the work informative and rewarding and I have no doubt that their support will play a useful part in the development of processes and procedures to be used in PPP contracts and indeed in more traditional methods of procurement.

Although I enjoyed the work, I expected someone else to present the report to the chamber. As members know, the committee was chaired by Des McNulty during the inquiry and I am sure that his colleagues would want me to record our thanks for his contribution during that time and to wish him well in his new duties. *[Applause.]*

The inquiry took over a year to complete. That reflects the extensive range of views that exists on the subject of PPPs and the considerable number of individuals and organisations that wanted to make their views known. To view the report in its proper context, we should remind ourselves of the remit set by the committee.

We sought to establish the arguments that support or contradict the belief that significant improvements in value for money are to be achieved from entering into PPP arrangements. Secondly, we sought to establish whether evidence exists to support that belief. We wanted to understand the budgetary implications of entering into long-term commitments for PPP contracts and their consequences for the management and control of public expenditure and, specifically, the long-term implications for revenue funding for the Scottish Executive. Last, but perhaps most important, we sought to establish the impact of PPP projects on employment relations and conditions.

We received both written and oral evidence from a wide range of individuals and organisations, including councils, universities, the finance sector, the Confederation of British Industry, trade unions, colleges, the construction industry and a number of bodies concerned with public policy

development. I place on record our sincere thanks to all those who contributed. We asked a lot in terms of time and effort and they were graceful in their responses.

The committee examined a number of existing projects in an attempt to test the evidence that we received. Those included the Edinburgh royal infirmary, the Glasgow schools project, the Balfron High School project and the Almond valley wastewater treatment works.

Members are aware that the Executive responded to the report on 27 November and I am pleased to say that it agreed with many of the report's recommendations. I will highlight three important areas that have been addressed in that response. First, there should be major advances in the protection of terms and conditions for workers who are affected by transfers. Secondly, there should be a willingness to ensure that procurement processes and the general experience gained from the PPP process are transferred to public bodies to achieve best value in procurement, irrespective of the financing method. Thirdly, there should be a commitment to the continuing pursuit of greater transparency in PPP decision making. I will return to those points later.

The purpose of the report is not to say definitively that PPPs are a good or a bad thing. In any event, it is far too early in the life of those projects to make a fully informed judgment. Rather, we have sought to identify the areas that can be improved and to make recommendations on areas that have generated significant public debate. Such areas include the impact on future public finance flexibility, service levels, employment issues and proper contract monitoring. The committee specifically recommended that the Executive should take steps to satisfy itself that proper and sustainable contract monitoring is in place.

PPP contracts are largely still in their infancy. If failure to monitor results in the same failings in operation and maintenance that led to criticism of the public sector, the public will judge the concept to be little more than an exercise in futility. The Executive has said that it regards the monitoring of results as a task for Audit Scotland, although it has spoken about a single review. Some clarification on that matter would be welcome as the committee was more concerned with a consistent, longer-term approach.

The committee also recommended that the Executive outline the cumulative impact of PPPs on future revenue funding and how much it intends to commit in revenue terms to fund the revenue costs of future PPPs. The response tells us that the future revenue commitment will be less than 2 per cent of annually managed expenditure over

the period of the 2000 spending review. Of course, that is an average figure and further information on which departments will have the highest revenue commitment would provide us with a better understanding.

I said earlier that the committee was concerned to ensure that the public sector has the opportunity to expand its knowledge base and therefore its ability to procure successfully major public projects. We recommended that a central procurement unit be established, but the Executive feels that the existing PPP unit currently carries out that work. A greater explanation of the mix of skills contained in the unit might ease our concerns. The committee's intention was that there should be a range of skills that is far wider than simply PPP expertise.

The committee was concerned to improve the transparency of decision-making processes and have that verified independently. Although the Executive is committed to the principle of openness, it is not convinced of the need for another body to be created. The thinking behind the recommendation was that Audit Scotland is well placed to carry out such a role, and I hope that the Executive will consider that further.

We expressed further concerns about the transparency and usefulness of the public sector comparator. We received evidence to suggest that far more robust methods could be used to effect comparisons with more traditional procurement methods. The Executive has highlighted HM Treasury's green book review as evidence of a change and cited the unbundling of the 6 per cent discount rate as a move that will assist transparency and comparability. If that means that contracts will be assessed independently with regard to the discount rate, it will be interesting to see whether that will affect the use of standardised contracts. Standardised contracts are a vital part of simplifying the process and reducing up-front costs. The minister might want to refer to that in his response.

The committee was also concerned that smaller, more rural communities could be disadvantaged if an increasing tendency to bundle projects for the purpose of viability led to a greater concentration of projects in larger areas or councils. Issues of scale or geographic dispersal should not prejudice communities when non-traditional procurement methods are being employed. The Executive believes that evidence that is emerging provides reassurance on that point, but the committee wishes the matter to be kept under review.

A great debate has raged over the financing of public-private partnerships. Some claim that PPP is an extremely wasteful financing method, with private profit gaining more than public service. Others disagree strongly, suggesting that the true

costs of traditional procurement have never been revealed fully either in cash or in opportunity terms. Whichever view one takes, it is irrefutable that there was and is a huge legacy of underinvestment in health, education and a variety of other public services and that innovative methods of bridging the gap need to be found.

Against that background, the committee recommended that the Executive examine alternative capital procurement methodologies in order to create maximum choice and comparability. It is therefore encouraging that the Executive is supporting and funding the non-profit-distributing model that is being developed in Argyll and Bute.

Phil Gallie (South of Scotland) (Con): Does the member agree that individuals who take a mortgage go for a capital investment and acknowledge that although it will cost them more, it will balance out over time? Does the member think that that is similar to PPP?

Mr McCabe: I have alluded to some of the reasons why the Government has decided to take up this procurement route. One was that there was a significant gap in vital public services, which had to be bridged. Mr Gallie's party can look to its conscience for the reasons for that investment gap.

We took evidence from a range of bodies on the financing model. Some people took the view that Mr Gallie has just outlined, while others took a wider view of the usefulness of PPP and wished to add other aspects into the overall calculation, such as the fact that people are being educated or cared for in establishments that are greatly enhanced through that method. I will refer to that issue later.

Financing methods may have generated debate, but the impact on existing and potential employees has generated even more debate, which is only right. Money matters, but people matter more. The right to manage and the pursuit of the most efficient work practices are entirely different from cuts in basic wages or the dilution of terms and conditions. The protection of pension rights is critical. An increasing number of private sector companies are displaying a tendency in that area to take what good market conditions have to offer and then pass the buck to employees when conditions are not so good.

Those sentiments lie behind the committee's first recommendation, which was made first because we regarded it to be of the utmost importance. I am pleased to say that recent announcements by the Executive lead me to believe that it agrees with that.

The recently announced protocol with the Scottish Trades Union Congress is designed to

transform the employment conditions aspect of PPPs and is most welcome. The protocol covers terms and conditions—including pensions—although some people continue to express concerns over the long-term protection of pension rights. Any clarification that the minister can give on the specifics of pension protection would be welcome.

Tommy Sheridan (Glasgow) (SSP): Does the member agree that it is regrettable that up to 10,000 workers have already been transferred from the public sector to the private sector and that it would be better if the Executive came forward with retrospective protection for those workers?

Mr McCabe: In the announcement of the recent protocol and in its response to the report, the Executive has clearly demonstrated that it has considerable and on-going concern for the terms and conditions—including pensions—of workers who are affected. I have no doubt that the development of the Executive's thinking on the matter will continue. I certainly hope that it will continue.

In conclusion, the report acknowledges and welcomes the improvements in public provision through the use of PPPs. We gathered evidence that suggested that public bodies and the public at large are less concerned about who owns public buildings and more concerned about the provision of good-quality public services. Many more people are being educated and cared for in clean, modern and user-friendly environments than was the case just a few years ago. Balance sheets do not show the value of that, but that value undoubtedly exists.

The evaluation of the procurement method is only just beginning. If the report has helped to illuminate some of the critical areas that must be subject to much longer-term evaluation, it has done its job.

I move,

That the Parliament notes the 5th report 2002 of the Finance Committee, *Public Private Partnerships* (SP Paper 653), and commends the report's recommendations to the Scottish Executive.

15:18

The Minister for Finance and Public Services (Mr Andy Kerr): I congratulate the Finance Committee and its previous convener, Des McNulty, and welcome and thank Tom McCabe, who is the committee's new convener. I congratulate him on his new role and on presenting the report so effectively.

The report recognises and reflects the importance of PPPs in the delivery of public

services. Mr McCabe mentioned the real differences that the new facilities make to real people in our communities.

The report is timely and welcome. It is a comprehensive and thorough review of PPP and is based on a year-long investigation involving a wide range of evidence and witnesses. I was pleased to have been invited to contribute to the committee's work on behalf of the Executive.

Scotland has 10 years' experience of developing and using PPPs. The report fits into a pattern of taking stock of what is happening in respect of PPPs. I have always said that things are developing, moving and changing. The report follows the narrower report by the Accounts Commission on the early PPP projects for schools. I am pleased that the committee shares our conclusion that PPP is an essential tool for delivering improved public services. It is a tool that we remain committed to and will continue to use.

Like the committee, the Executive has been taking stock of PPP to make it more open and more accountable. We have reviewed practice to introduce changes that will improve the efficiency and effectiveness of PPPs in Scotland. The changes reflect many of the views of the committee.

I will give some good examples of progress. On staffing issues, the committee clearly shares my belief that improving public services includes ensuring fair employment practice and not damaging staff interests. Last month I signed a protocol between the Executive and the STUC to provide protection on those matters.

The protocol includes the principles that we regard as important for valuing staff and ensuring that they are treated properly, and requires that fair employment practices are followed by all public authorities and contractors involved in PPP projects. The protocol ends the scope for a two-tier work force in future PPPs, ensures that affected staff continue to be protected in transfers—including in relation to pension rights—and ensures full consultation with staff and their recognised trade unions from the start of the process.

Tommy Sheridan: We know from questions that the minister has answered that approximately 10,000 staff have already been transferred. What does he estimate will be the number of staff who will be transferred in the future and will therefore be protected?

Mr Kerr: The size and scope of projects locally is determined by the local public sector organisation concerned, which might be a local authority or a health trust. It is hard for me to predict the situation, because the local public sector organisation may make different decisions

on, for example, the split between hard and soft services—issues such as whether the contract includes cleaners and caterers. It would be remiss of me to make a speculative guess about the numbers.

On the point that the member makes about the terms and conditions of work forces, I worked with the STUC on the matter over the summer and the issue was raised at the Finance Committee. When people were asked to provide evidence of the two-tier work force, that evidence proved to be fairly scant on the ground. There are some examples where there are differences. However, the Amicus-AEEU report on its experience of PPP, which reflects on some of the work force issues, states:

“In the majority of sites visited there had been no changes made, by the new employer, to the terms and conditions of the staff. In general the only agreements which altered was the disciplinary agreement to incorporate the details of the new employer.”

The report also states:

“61% of transferred staff felt protected in their employment with the new private sector employment ... 63 % of transferred staff felt at least as valued with the new employer”

and

“57% of staff felt at least as effective if not more so with the new employer”.

The statistics go on.

I fully understand the concern that workers have on the issue. That is why we have addressed the matter. Let us not forget the real impact of the two-tier work force. As I say, some of the research and advice that the committee and I requested has not been forthcoming.

Christine Grahame (South of Scotland) (SNP): When the Justice 1 Committee undertook an inquiry into the prison estates review and considered privately built and privately run prisons, we found that the Executive explained that running costs are a significant element in the differences in costs between public-public and private-private projects. The Executive stated:

“terms and conditions offered by private prisons are ‘less generous’ than the public sector.”

Was that evidence not given to the Finance Committee? Does the minister agree that that is how the savings are made? They are made on the pensions and the pay and conditions of workers.

Mr Kerr: Christine Grahame is comparing apples with oranges. The proposal to which she refers was for the privatisation of the prison service, not for a public-private partnership. The protocol for any future public-private partnership that the Executive signs up to will protect all the terms and conditions of employment of staff. That is the fact of the matter.

I have quoted from Amicus-AEEU's survey of its members about involvement in PPP projects.

We have heard wild and unfounded rumours—we have just heard an example of that—about what PPP means for staff. We are talking about PPP—let us get the terminology right. Our protocol ends all the speculation. The Scottish Executive is putting fair employment first and building the foundation for new public services for the people of Scotland.

Of course, we are also talking to business interests. Good employers also want to endorse the protocol, because they recognise the link between good employment practices, quality services and retaining employees. They do not want to see their good practice undermined by private sector cowboys. The protocol also has a positive effect for them.

Although we are discussing PPP, I point out that I have announced that local authority staff will be protected in other forms of contracted service delivery that local authorities enter into. Discussions on how best to achieve that—and on many other matters to which the convener of the Finance Committee referred—are continuing with the STUC and with our colleagues in Whitehall. We are seeking to continue the momentum that we have built up to ensure that employees are looked after in transfers and in the local authority contracting environment. We have dealt with some, but not all, of the issues and dialogue with the trade unions is continuing.

Another concern of the committee was about efficiency. The PPP process has become more efficient: procurement periods have reduced, negotiation periods have shortened and work has been done to standardise processes. As has been mentioned, the Executive commissioned work that led to the standard Scottish schools PPP contract, which will reduce costs and speed up procurement. However, there is room for further improvement. The Executive is working with clients, advisory organisations and industry interests to further streamline and make more efficient the PPP process. We want to ensure that every pound of taxpayers' money is used wisely to secure the investment that Scotland needs.

The Executive's work to ensure that clients and the industry have a full understanding of PPP is improving the process. For the public sector, that means having clear infrastructure plans and policies. The Executive has run a series of seminars for members of project boards and has held a schools PPP industry day and a workshop on the standard contract. We are beginning to address the issues and further seminars are planned. Those measures will result in more openness, understanding, value for money and support for those who use the procurement

mechanism of PPP, which is a key investment tool—although not the only one—for delivering public services in Scotland, such as new schools, transport projects and hospitals.

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): Given that the minister says that PPP will have an important role in public investment in the future, will he commit himself and give an average figure that he expects PPP to take from new capital spend in local authorities and the health service?

Mr Kerr: We are considering that matter and we will come back to Parliament on it. The question fits nicely with our previous discussion on the prudential regime because clearly we want to have a rigorous prudential regime in the Executive. I will come back to the member on that matter.

PPP provides another tool in the toolkit to address our communities' needs. Many of the recommendations in the committee's report are welcome. I accept that the PPP process needs to be more open and accountable. As Tom McCabe said eloquently, the public sector comparator has attracted criticism, but we should be clear that the Accounts Commission's review and other reviews show that PPPs deliver good outcomes and value for money.

The Executive will not throw out the baby with the bath water. We will continue to address many of the issues that the Finance Committee raised. For example, we will consider the committee's recommendation of using existing PPP projects as a comparator. The technical reviews show the benefits of PPP and the public see the changes, such as new schools and hospitals being built on time and to high specifications. The Scottish Executive continues to deliver for the Scottish people.

Brian Adam (North-East Scotland) (SNP): The minister refers to the report's recommendation that existing PPP projects should be used as a comparator because they are more valid than theoretical public sector comparators. I am glad that in his written response he appears to have rejected that recommendation. Will he clarify the Executive's view? The issue was one on which the committee disagreed. I see no valid reason for using existing PPPs as a measure.

Mr Kerr: We want a mixed bag of ways in which to compare and contrast projects. Brian Adam refers to a fairly narrow comparison of projects, but I think that the committee wanted to reflect how PPP and other forms of procurement make a difference. I believe that the public sector comparator assists in that process, as does the standard contract for schools, which will develop further. High-level reviews have been done, such as those of the Accounts Commission and the

Finance Committee, and the subject is over-examined. As the Finance Committee suggests, we should learn some of the lessons from public sector procurement and take them into the PPP experience to ensure that, in dealing with PPPs, clients and industry are informed.

Dr Sylvia Jackson (Stirling) (Lab): Will the minister take an intervention?

Mr Kerr: I really need to make progress. I apologise.

The Executive has a private finance unit, which has co-ordinated PPP interest across the Executive. I have decided to strengthen that unit, which will now be called the financial partnerships unit, to take on board the comments that have been made by the committee. The unit will have a wider remit, covering PPP methodology and financing, including appraisal issues; the development of partnership and new funding models; outreach to develop awareness and exchange best practice with regard to funding methodology; the provision of advisers in selected PPP project boards; and the development of improved procurement methodology and other such measures. The unit will address the many aspects of the committee's report, and my mind is not closed to other matters that will arise. We have responded effectively to the concerns that have been expressed by the committee.

The motion asks us to note the committee's report. I would go further and say that public-private partnerships are making a real difference in Scotland. They are developing and delivering the sorts of services that the people of Scotland want and, as Tom McCabe said, they are making a real difference. Some differences are not measured easily, such as school pupils in Glasgow being able to go to a safe, warm, clean learning environment with infrastructure and technology around them to support modern learning and with access to sports facilities that are second to none. That is the sort of change that PPP can make. In Hairmyres, in my constituency, the local hospital where I used to go had 43 different locations. When people wanted an X-ray, they had to get in the back of a Ford Transit, in wheelchairs with blankets over them, to go to that facility. Hairmyres is now a modern hospital, which has received £67.5 million of investment including £10 million of new equipment. That is providing real change in the nature of health provision in my constituency.

The Executive is combining the opportunities. Yes, PPP funding is only 13 per cent of our capital spend in Scotland and only 2 per cent of our revenue spend. PPP is not the only show in town. My previous announcement about the prudential regime shows that it is not the only show in town. However, PPP is an important tool. It is a tool that

delivers and it is a tool that the Executive will continue to use.

15:32

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): I thank the clerks, the witnesses and the advisers to the Finance Committee for their contributions during a fairly arduous and long inquiry. I also welcome the new convener of the committee to his first chamber debate in that office. I recall that about a year ago—I forget whether it was in committee or in the chamber—I congratulated the new convener of the committee at that time, Des McNulty, on his appointment to the post. I said then that if the precedent of his predecessor, Mike Watson, was anything to go by, he would shortly be receiving the seals of office. So it has come to pass. Whether I should be so rash as to offer the same prediction in respect of the new convener, in the few months that remain of the parliamentary session, is more open to question, given that he already has experience of high office. However, if the first session of the Scottish Parliament has shown us anything, it has shown us that nothing is beyond the bounds of possibility.

As time is short, I had better press on with the meat of the report. My colleague Brian Adam and I are disappointed that we could not support the Finance Committee's report in its entirety and achieve unanimity on an important subject. The reasons for that will become obvious during the debate.

I shall start by concentrating on some of the areas in which there was agreement among committee members. There was certainly a meeting of minds about the conditions that are applicable to staff who work in the various sectors that have been exposed to private finance initiative or PPP contracts. A specific concern was that we are ending up with two-tier work forces—although the minister suggested that there is little evidence of that—whereby the conditions of service of people who have been transferred along with the PPP vehicle are markedly different from those of people who are recruited later to work for the same vehicle, be it in a local authority or a local health board. The committee felt—genuinely and rightly—that it would be wrong for that to be the general rule.

We note that, in its response to the committee and in press coverage last month, the Executive said that it had reached an agreement following discussions with the trade unions and had arrived at a staffing protocol that would

“end the scope for the two-tier work force in all new PPPs across every public services sector”.

That is a good intention and if it is delivered in practice it will be a real achievement. However, as

with so many aspects of PPP contracts, because of the long-term nature of the PFI beast we will have to await the passage of time to see whether that is delivered.

I would say that the prize is worth achieving. I am conscious of the issue because of a situation in my constituency. The West Freugh Ministry of Defence base in Wigtownshire is being run down almost to the point of closure, with around 150 job losses. The process of outsourcing and transferring work from the Ministry of Defence has been on-going for many years. Although the process is not a PFI as defined within the scope of the report—and we must be careful with our definitions, as the minister reminded us—the rationale behind the transfer and the contracting out of work is much the same in that case as in PFI projects. That has a particular result on staff conditions. For example, a couple of weekends ago, workers came to my surgery complaining that not only were they to be made redundant, but at least four different sets of redundancy conditions were on offer depending on the history of the various companies to which they had been farmed out over a few years. That is not how to manage staff relations in the 21st century.

The second Finance Committee recommendation that I want to highlight is the one in paragraph 118, in which we say:

“It would concern the Committee if any tendency to bundle projects”—

which is done to achieve the sort of critical mass that is often necessary for a successful PFI project—

“led to a geographic centralisation of facilities to the detriment of smaller communities, especially in rural areas.”

That is a particular concern in relation to school PFIs and the health services in the more rural authorities.

The Executive's response is that it is satisfied that local authorities are taking account of the needs of their rural communities when scoping their projects. My experience in Dumfries and Galloway—like other members' experiences, I suspect—is that the inevitable result of PFI projects will be the closure of a significant number of rural schools.

Mr Kerr: Does Mr Morgan agree that decisions about whether to close schools are matters for local councils, not for the Executive? Indeed, I think that Mr Morgan is against local investment in schools.

Alasdair Morgan: The minister cannot have it both ways. He cannot run a system that, shall we say, encourages—and that is putting it mildly—local authorities to go down the PFI route and then wash his hands when the inevitable consequence

is school closures, saying, "Oh, but that is all the fault of the local authorities."

I turn now to areas where the committee was not united. The first area was confidentiality. We live, allegedly, in an era of freedom of information, in which the right of the citizen to know what is being done in his or her name is an essential democratic feature and a vital factor in making politicians at all levels accountable. However, there is considerable concern about PFI not being open enough, particularly given the scale and importance of some of the schemes. We heard evidence from Dave Watson of Unison about his union's attempt to analyse every PFI in Scotland. He said:

"The obsessive secrecy that surrounds PFI schemes did not make that easy."—[*Official Report, Finance Committee*, 11 December 2001; c 1686.]

As the report says, we heard how in the United States—which is, after all, the world capital of private enterprise—agreements are published as soon as they are signed. If companies in the United States can prosper under such an open regime, we must ask ourselves who benefits in Scotland from the secrecy that seems to prevail.

Phil Gallie: I was not involved in the Finance Committee's inquiry and I might have got something wrong here, but my reading of paragraph 122 of the report is that, once concluded, business arrangements would be made public. Have I got that wrong?

Alasdair Morgan: I am sorry, but the committee could only recommend that there was a "strong presumption" for publishing contracts after they had been finalised, rather than accepting my suggestion that signed contracts should be published full stop. Surely it is in the interests of all parties that contracts should be published so that the public can be informed and any criticism can be based on fact rather than on innuendo.

Presiding Officer, may I just check how much time I have been allocated for my speech?

The Deputy Presiding Officer (Mr George Reid): You have eight minutes but, taking into account the interventions, I will give you a maximum of nine and a half minutes.

Alasdair Morgan: In that case, I had better skip what I was going to say about the public sector comparator, which is interesting but slightly anorakish, and deal instead with the alternatives to PFI.

I agree with what the report says about community trusts, municipal companies and public interest companies. Paragraph 104 reads:

"There is little empirical evidence currently available to show whether these projects are able to deliver similar outcomes to PPP."

It is hardly surprising that there is little evidence, as most local authorities and health boards have been given every encouragement, to say the least, to go down the PFI route but the opposite message if they want to go in the other direction. It is therefore to the credit of councils such as Argyll and Bute and Falkirk that they want to explore other ways of working and put public service before private profit.

Mr Kerr: Will the member take an intervention?

Alasdair Morgan: I am sorry, but I am in my last minute.

In its response, the Executive makes much of the fact that it is giving assistance to Argyll and Bute Council as the council prepares its case, but it is a pity that the Executive did not put a fraction of the effort that it puts into PFIs into the alternatives. If it had, we might have delivered more for the people of Scotland for the same amount of money.

15:41

Mr Keith Harding (Mid Scotland and Fife) (Con): I declare my registered interest as a member of Stirling Council.

I start on the somewhat unusual note of congratulating the Labour party on warmly embracing the Tory policy of PFI. I also congratulate the Finance Committee on its comprehensive report and thank the clerks for their work.

There are three grades of support for PFI on the Labour benches: old Labour, which is ideologically opposed to PFI because that is what the unions say; modernising Labour—there are a few of them—which is happy as long as it gets credit for what it does; and junior Labour, which currently trades under the misnomer of the Scottish Liberal Democrats. This week, the Scottish Liberal Democrats declared to the nation that they were more than happy to be absorbed into the ranks of Labour by tagging their name to Labour's governmental plans for after next May. How insulting to the Liberal Democrat voters that the party will trade any principles that it had for the dizzy heights of two ministerial posts and another four years as Labour's lackey. The Liberal Democrats' 1999 manifesto was called "Raising the Standard". Perhaps their 2003 manifesto will be called "Raising the White Flag".

We need not look too far to find examples of PFI hypocrisy from those masters of hypocrisy, the Liberal Democrats. Just down the road, in Edinburgh's city chambers, the Labour-run administration got the go-ahead to use PFI to build 14 new schools and refurbish four others. As the Liberal Democrats in Government support the

Finance Committee's report and PFI, one would imagine that they would be in favour of the council's plans. However, they are not, as they oppose the privatisation of city schools.

In Inverclyde, the Labour-led council proposed to build six new schools and refurbish all the others over 30 years using PFI. Again, there was no support from the Liberal Democrats there, as they want to avoid the dreadful turmoil of PPP and would ditch the proposal if they won the council elections in May.

It is hypocrisy of the worst kind and an insult to Liberal Democrat voters across the nation that the Liberal Democrats toe the Labour line in exchange for power in the Government while their councillors and back benchers take a totally different attitude outside this chamber.

Christine Grahame: Keith Harding can come and campaign for me.

Mr Harding: I am sorry, but now it is the SNP's turn. The nationalists are no strangers to hypocrisy either. In fact, they have it down to a fine art—that is the only compliment that I will give them. However, I will not dwell on that just now, as I will leave my colleague Alex Johnstone, if he is called, with the gleeful task of talking about the not-for-profit SNP with its not-for-profit trusts in a not-for-profit Scotland.

Christine Grahame: Where is Alex Johnstone now?

Mr Harding: He is writing his speech.

It is depressing that the SNP, a self-proclaimed party of enterprise, holds such hostile views towards the private sector.

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

Mr Harding: No.

Let us be clear: PFI is not the only game in town and, in some cases, not-for-profit trust models can be appropriate. However, if the SNP is as in favour of not-for-profit trusts as it says it is, why does it stand steadfastly against the involvement of the independent sector in the provision of health services? After all, BUPA, which finds no favour with the SNP, is a not-for-profit organisation. The simple truth is that the politics of the SNP do not allow those ideas to flourish, which is precisely why the SNP's policies would impoverish Scotland.

The Scottish Socialist Party—and possibly Mr Canavan—will back the SNP to the hilt on this issue, as it is mired in the same ideological dogma that prevents understanding of the benefits of partnership between the public, private and independent sectors.

The Conservatives fully support the use of PFI. What higher authority could we have on the issue than the First Minister, Jack McConnell? He stated last week:

"I think the rising cost of the Scottish Parliament building has probably been the single biggest disappointment in devolution ... and one thing I would say is that every public-private partnership in Scotland has delivered new hospitals or new schools in Scotland on time and within budget and that's the sort of success I want to see in every building."

What better example of the benefits of PFI is there than the Follyrood fiasco? The building is now nine times over budget and three years late. It is a national scandal and if it had been built using PFI—as the Conservatives suggested, before we were promptly ignored—we would not be where we are now. I support the motion.

15:48

Donald Gorrie (Central Scotland) (LD): Before I get on to the intelligent part of the debate, I will utter one word to Mr Harding: democracy. Why does he think that groups of any party in different organisations—whether councils, the UK Parliament or this Parliament—must all sing from exactly the same hymn sheet? Each organisation takes its local considerations into account and makes its decision accordingly. If Mr Harding's party does not favour democracy, that is up to him. Obviously, its view on the electoral system shows that it does not favour democracy, despite the fact that the Parliament's electoral system is his party's only reason for existence.

Phil Gallie: Will Donald Gorrie give way on that point?

Donald Gorrie: No, I will not give way. It is all a load of rubbish. I am surprised that Mr Harding did not advance the argument that the ultimate way of saving money on the Holyrood building would be to have no Scottish Parliament at all. That, of course, is his position.

To get on to the more sensible part of the discussion, I welcome the report. The Finance Committee has not, as I feared, suffered from my departure from it. In fact, it has done extremely well. The committee members, the witnesses and the committee staff have produced a balanced report, which is difficult in such a controversial area.

The Liberal Democrats' concern about PPP is that it is the only game in town. We are against monopolies of any sort. A monopoly system of procurement is harmful. We have therefore opposed the way in which PPPs and PFIs have been applied on a United Kingdom basis. Alternatives must be on offer. Any organisation must be able to weigh up fairly the alternatives so that it gets the best value for money in the

procurement of whatever capital asset it is considering. Competition must be fair, not rigged under the Treasury rules. Each PFI or PPP should be examined on its merits. There is no one-size-fits-all argument.

To show that I am in line with my party—as ever—I will quote Matthew Taylor, our shadow chancellor in London:

“In truth PFI is no miracle cure for public services—nor is it a killer disease. It is simply one option amongst many for public procurement.”

That is our view. There must be alternatives. Alasdair Morgan mentioned the Argyll and Bute alternative, which the Liberal Democrats strongly support—the scheme originated in the views of an intelligent Liberal Democrat councillor.

We have also argued that we should change the Treasury rules, which prevent sensible, prudent borrowing. Those rules are harmful and lead to distortion. The fact that the Scottish Parliament cannot borrow money is ludicrous. We are in the process of giving councils better powers for prudent borrowing. That should be developed. Borrowing for capital is helpful, provided that there is proper auditing. We should also issue bonds. Why not appeal to people’s patriotism with Scottish bonds? We could have local patriotism in the form of Glasgow bonds, Edinburgh bonds or Auchtermuchty bonds, for example. That would create investment in local services, which would help people.

Treasury rules also distort things because they do not count privately financed public investment in their assessment of sustainability, which results in expenditure further down the line. The Finance Committee has recognised that by calling for an assessment of the cumulative impact of PPP. The other evening, I had a long conversation with the principal of a further education college that has recently obtained a new building through PPP. The principal said that the amount of money involved in that process is such that the council’s ability to pay enough staff to do its job properly would be seriously impaired. We must consider the cumulative effect of PPP.

We must develop other forms of partnership. The report mentioned some examples in Edinburgh, which I happen to know about, and in other places. There are other ways of developing partnerships and of working up capital.

Audit Scotland’s report on the use of PFI contracts to renew council schools includes a good sentence:

“The benefits available from PFI are not necessarily unique to PFI.”

We can take the best parts of PFI, we can learn from them and we can get good advice on

procurement. The Parliament needs such advice as much as other organisations. We are not in a good position to advise other people on procurement, as our skills are rather like those of the first two pigs in the story of the three little pigs that tried to build a house. We need a national client advisory service. The committee has proposed something along those lines.

Overall, the Finance Committee has done a good job. Its report contains many good, practical proposals and I am glad that the minister accepts some of them. We must keep pushing to have an efficient system that achieves best value in the acquisition of assets in this country. Although PFI on its own is not such a system at the moment, it can be developed. It is okay to use PFI, as long as there is proper competition and it is the best method available. The use of PFI is not acceptable when it becomes a straitjacket.

The Deputy Presiding Officer: We move to open debate. We can have speeches of about four and a half minutes, plus time for interventions.

15:52

Tommy Sheridan (Glasgow) (SSP): Last week, the GMB union placed an advert in *The Mirror* as part of its campaign to keep public services public. The advert referred to Jarvis, which is the private company that has so far secured £100 billion of taxpayers’ money to supply goods and services to the public sector. Jarvis has been awarded 21 Government PFI contracts, which have a value of £565 million. The advert provided a nice picture of Jarvis’s chief executive, who received a 65 per cent wage increase, which took his pay to £595,000 a year. In the advert, the union made the point that every pound of taxpayers’ money that goes into Jarvis’s profits and the obscene wage increases of its chief executive could be diverted into public expenditure and public services. That is the root of the debate.

Mr Kerr: We have always used the private sector in public services—for example, to buy vehicles for refuse collection or to build roads, schools and hospitals. We have always done things in that way. Is the member against any use of the private sector?

Tommy Sheridan: I find it difficult to believe that a finance minister does not know the difference between using the private sector for public sector investment and using the private sector to take over public services. There is a clear difference, as I am sure the minister is aware.

It is about time that public services stopped being ripped off by private provision. I have made that point before in relation to a public health service issue—if we developed public pharmaceutical provision, we would no longer be ripped off by private pharmaceutical companies.

The Executive and the Finance Committee's report present an artificial debate. They argue that, in supporting PFI and PPP, they are supporting new schools and hospitals, whereas people who are against PFI and PPP are somehow against new schools and hospitals. That is infantile nonsense. The opponents of PFI and PPP argue that, yes, we should have new investment in public services, such as schools and hospitals, but that investment must present best value for the citizens of this country. PFI and PPP prevent best value from being realised while presenting for big business a milch-cow of profits. Unfortunately, those profits are paid for by the many low-paid workers in former public services.

Let me give just one example, which is the Edinburgh royal infirmary, to which the minister could perhaps refer in his summation. The major PFI deal that is under way for the Edinburgh royal infirmary will result in a reduction in the number of full-time equivalent staff of some 23 per cent and a reduction in bed capacity of some 33 per cent. We have a situation in which, because a new hospital is being developed, everybody says that they support the scheme, but should we support a new hospital if that necessarily slashes the number of staff and bed capacity? The problem is that such reductions are required in order to pay for the PFI.

Rhona Brankin (Midlothian) (Lab): I do not know whether Tommy Sheridan has had the benefit of experiencing the new Edinburgh royal infirmary, but my daughter recently had to have an operation there. The new infirmary is a wonderful hospital with a caring staff. I tell Tommy Sheridan that my daughter does not give a toss where the money comes from to build that hospital or the way in which it was procured. That hospital is a great resource for Edinburgh.

Tommy Sheridan: That is the type of infantile discussion to which I referred. Perhaps Rhona Brankin's daughter does not give a toss about where the money for the hospital came from, but Rhona Brankin is an elected politician who is supposed to look after public funds, so Rhona Brankin should give a toss about where the money comes from.

The Deputy Presiding Officer: Let us be careful about language.

Tommy Sheridan: I am sorry, Presiding Officer, but I never started it.

In July, the House of Commons Public Accounts Committee pointed out that the Government had taken its eye off the ball after it had signed deals with private companies to deliver public services. A review of the performance of 400 PFI contracts worth more than £100 billion found that those contracts did not represent best value for the taxpayer.

It is a pity that the most recent report of the Association of Chartered Certified Accountants was not available when the Finance Committee wrote its report. The association's report reveals that PFI represents poor value for money because public procurement would be cheaper and more democratic and individual staff would not have to suffer in the provision of new facilities.

In conclusion, those who oppose the Finance Committee's report because it does not criticise PFI and PPP argue for new schools and hospitals that are funded properly and democratically rather than through cutting the wages and conditions of the already low-paid workers in order to pay for the profits of the Jarvises of this world.

15:58

Johann Lamont (Glasgow Pollok) (Lab): I welcome the opportunity to contribute to today's important debate. I share the desire that has been expressed by members throughout the chamber to provide improved school and hospital buildings and investment opportunities in our local communities. I do not recognise the rather false and lazy dichotomy that was posed by Tommy Sheridan, but I acknowledge that there is a serious debate and that there are a number of models for investment. We need to balance one thing against the other, but I concur that there is a need to develop a best-value model.

I declare an interest, in that I am a member of the Co-operative Party and am supported by the broader co-operative movement. I remind members that the co-operative movement has a long and honourable, radical and challenging history. There is an important role for the co-operative and mutual sector. I am sorry that Keith Harding has left the chamber; I found his comments about what he described as the not-for-profit sector insulting. Social enterprises can be successful and offer interesting opportunities through businesses that can be effective without necessarily distributing profits. We should not allow the proud history of the co-operative movement to be truncated into the description that we sometimes hear from the SNP of a not-for-profit trust. I will come back to that point in a minute.

We are all aware of the important and difficult issues on which we are focused. I am disappointed that Tommy Sheridan did not welcome the important dialogue between the STUC and the Scottish Executive on the question of staffing, because it is an issue that has troubled people. I welcome the movement that there has been. Another issue is the implications of long-term funding and whether it represents value in the long term.

Tommy Sheridan: I ask Johann Lamont the same question that I asked her colleague Tom McCabe: 10,000 workers have already been transferred from the public to the private sector. Does she believe that protection should be retrospective?

Johann Lamont: We have to continue the dialogue. I am committed, whether somebody works in the private sector or in the public sector, to them having a decent wage with the right to be represented by a trade union. There is a continuing dialogue.

When we consider value for money in the long term, we have to factor in more than the straight financial deal. In my constituency there are a number of excellent examples of new schools and refurbished secondary schools. They are excellent resources, not just for young pupils to learn in, but for regenerating and sustaining local communities. The head teachers report the enthusiasm of interested young people. Indeed, the young people whom I spoke to mentioned that. We cannot ignore the importance of the message that is being given to young people. The fact that the schools exist now, two years after they were first planned, shows how the pupils are valued. When I was young, a new secondary school started to be built beside me when I was in primary 4. It took until I was in fourth year at secondary school before it was finished. We have to recognise the significance of the speedy movement and the message that that gives to young people.

How can we quantify what has been done in marking the capacity of young people to achieve? How can we quantify the fact that, instead of people voting with their feet and going away from them, schools are becoming magnets? I taught in Springburn Academy. When I left—I hope that it was not my fault—the school had 300 pupils, and the number was falling. The number is now 800 and rising, partly because we are putting money into the buildings and valuing the young people. When I met youngsters at Ross Hall Academy, I was struck by their enthusiasm, their courtesy and the fact that they were bubbling over with pride in themselves and their school. It is clear that those existed before the buildings existed, but the children now have surroundings that match their talents and the talents of their teachers and parents. With regard to best value, we cannot underestimate the importance of the fact that that school exists now rather than in five or 10 years' time. The dynamic is important to our communities.

On other options, I welcome the openness to new ideas of the Minister for Finance and Public Services. Indeed, the minister was willing to come to a meeting with the Scottish Co-operative and Mutual Forum and Mutuo to discuss the co-

operative and mutual sector's capacity to contribute to this work. There is a challenge for that sector to produce ideas that the Minister for Finance and Public Services can work on. I hope that people look for credible responses on that.

The Scottish Executive needs to draw on that expertise. We have to recognise the distinctive issues of social enterprise and the social economy and—I say to the SNP—not just the not-for-profit element, but the democratic accountability and transparency elements. The co-operative movement is good in those areas, because it links issues to local communities. We do not hear about that from the SNP.

If models are presented as community models, they have to be developed as serious community models. I end with a challenge to the Scottish Executive to harness the expertise that exists in the co-operative and mutual sector in particular. I know that the social economy is being reviewed, but I ask the minister to seriously consider establishing a task force charged with developing a strategy for social enterprise, because social enterprise has a role in this debate and a broader role in our local communities. Social enterprise is much more successful at employing local people than other enterprises can be. I hope that the minister will consider seriously the broader issue that has been highlighted in this debate, so as to see that model as significant not just in procurement, but more broadly in terms of local community and economic regeneration.

16:04

Tricia Marwick (Mid Scotland and Fife) (SNP): PFI contracts cover schools, hospitals and water and sewerage projects. Scotland is PFI-land, thanks to the Executive and the Conservatives before it. For too long, the Executive has claimed that PFI is the only game in town, and local authorities have come to believe that.

Mr Kerr: If PPP is the only show in town, why have we just introduced the prudential regime, which can increase local government's borrowing capacity by an average of 66 per cent, or up to 97 per cent for City of Edinburgh Council? Why has local authority capital increased by 34 per cent in the past three years under the Executive? That is real evidence of real choice in local authorities.

Tricia Marwick: I know that the minister prepared for an interruption, but if he had listened, he would know that I said that for too long, the Executive and the Tories before it claimed that PFI was the only game in town.

The Finance Committee's report examines PFIs in Scotland, whether they deliver value for money and their budgetary implications now and in the future. Scotland's public services are in hock for the next 30 years because of PFI.

Ronnie Hinds of Audit Scotland said on 12 June:

“many of the benefits of PFI could potentially be secured by other means and the scope for this should be considered for future schools projects.”

With PFIs, the Scottish taxpayer pays way over the odds for new schools and hospitals, then pays again, because such buildings have fewer beds and fewer facilities.

PFI projects have an impact on the facilities management function and the delivery of services. I welcome the protocol to which the minister referred, but as other members have said, that does not go far enough. Ten thousand people have already been transferred out of the public sector.

The committee’s report does not go far enough, but I will highlight a few of its recommendations. The committee recommended

“that the Executive sets out what it sees as the cumulative impact of the use of”

PFI

“to fund capital investment on current and future revenue funding and indicates how much additional revenue funding it intends to commit in respect of capital projects under”

PFI

“in the budgetary period.”

The committee also recommended that the full long-term spending implications for the Scottish Executive and the public body commissioning the project should be made public and considered before any project goes ahead. The decision-making process that relates to PFIs requires far greater openness, transparency and accountability than it has. The system must be made much more accountable.

I will deal briefly with the public sector comparator that Alasdair Morgan referred to and which he suggested only us anoraks knew anything about.

Johann Lamont: Will the member give way?

Tricia Marwick: No.

The public sector has been handicapped to allow PFI projects to compete. The National Audit Office described the PSC as “pseudo-scientific mumbo jumbo”. Audit Scotland recommended that the PSC should take into account the true cost of borrowing for councils and that councils should have a choice between PFIs and non-PFI projects. It is clear that many criticisms of PFI/PPP have been made by Audit Scotland and the National Audit Office.

At the heart of the Executive’s problem with PFI/PPP is the lack of openness and transparency and the inability of the Parliament and others to see what is happening in PFI/PPP projects. As

Alasdair Morgan said, it will take a long time to see what is being done in our name. Openness and transparency are bywords in the Parliament. It is time for the Executive to be more open and transparent about the processes for PFIs.

16:08

Phil Gallie (South of Scotland) (Con): If PFIs or PPPs were the only game in town, the Conservatives would have reservations, because we believe in a balanced approach. Tricia Marwick suggests that such projects were the only game in town in Tory times. I give examples of a few capital projects—the A77, the M74 and Ayr hospital—that the Tory Government introduced and which have proved to be of great benefit to Scotland.

One PFI with which the Tory Government did not push ahead—I very much regret that—should perhaps have been undertaken in 1997 for the Prestwick air traffic control centre. Almost six years later, what has happened to that project? It has stopped at the construction stage. If the project had been a PFI, I believe that it would be at the commissioning stage. Air travellers, the aviation industry and everyone in Scotland would have benefited from that. If that project does not go ahead immediately, a major threat will arise.

I congratulate Tom McCabe, because he was dragooned into presenting the report. I also congratulate him on his grasp of the subject. However, I must criticise him on the point that he made about pensions and the attitude of private sector companies to pensions. I remind Mr McCabe that it was his chancellor who raided pension funds shortly after he came into power and whose decision has had a major effect on private sector pensions.

The minister mentioned Hairmyres hospital. I agree with the praise that he heaped on the project, but must remind him that it was a Tory project, which was initiated by the Tory Government.

When I look at the Liberal-Labour proposal for the way ahead in the next Parliament, I recognise why the minister said that PFI was essential to the Government’s intentions for the future. It is because projects in areas such as health, justice and waste management will be heavily dependent on the PFI approach. If I am wrong on that, no doubt the minister will correct me.

There is one project that was introduced by the Tory Government that the Finance Committee could have investigated. The project seems to have gone wrong and we do not seem to be getting value for money on it. I am referring to the Skye bridge. We all make mistakes, but if the Skye bridge was a mistake the committee should have

investigated it, because difficulties with the project would have been exposed.

When I learned that the Finance Committee was undertaking an investigation into PFI, I felt some trepidation. However, I found the report to be supportive and constructive overall. If the ministers of whatever complexion in the next Parliament follow the guidelines and recommendations in the report, they will not go far wrong. I suspect that even if—God forbid—the SNP found itself to be the majority party, the reality of government would encourage the SNP to re-examine the report and pick up on and develop PFI issues.

As other members have said, PFI was a Tory idea, which has blossomed under a Labour Administration. I suspect that one or two Labour members who were at Westminster, as I was, and heard the pre-1997 criticisms of PFI projects, might feel that things have now moved on too far. I say to them that some of their colleagues have seen the light. That is evident in the report and I will gladly support the motion.

16:13

Mr Duncan McNeil (Greenock and Inverclyde (Lab)): I am glad to have the opportunity to say a few words in the debate today. Tom McCabe, as the Finance Committee's convener, highlighted some of the sensible recommendations that are to be found in the report, out of which I have selected two that appear to me to be headline recommendations.

The first of those recommendations is that PPPs have made a valuable contribution to bringing about major public sector capital projects such as schools and hospitals. The second is that public bodies should consider the impact of PPP on employees so that workers' core employment conditions are protected. I will concentrate my remarks today on the latter point.

We can understand that employees in the private and public sectors become insecure when they hear talk about their transfer to another employer. Public sector workers, particularly blue-collar workers, have a right to be cynical about that process, as their experiences have been more than difficult. Compulsory competitive tendering equalled longer hours, less pay, and the loss of holidays and trade union rights. It is therefore essential for all those concerned in PPP projects that the work force is reassured that its interests will be protected.

A new building can be shiny and high tech but, without the commitment of skilled staff, service improvements are unlikely to be sustained. People really matter in the process.

I am glad that the committee believes, as it sets out in paragraph 25 of its report, that

“the improvements in service delivery that can be attributed at least in part to PPP should be secured in a way that does not impinge on the core employment conditions of workers employed in those projects.”

I am also glad that the committee recognises and commends the Executive's commitment to getting rid of the two-tier work force, and I join it in that.

The announcement by the Minister for Finance and Public Services of 26 November, that workers on a local authority contract will have statutory protection of their terms and conditions, is welcome. It builds on the protocol that has been agreed between the Executive and the trade unions to end the scope for a two-tier work force in all future PPP projects in Scotland. Now, anyone who works for the council and is transferred to a private company will have their terms and conditions and pension protected, based on and better than the regulations on transfer of undertakings and protection of employment—TUPE.

As well as recommending the protection of workers' terms and conditions, the report argues that employees and their trade unions should be consulted at an early stage, given PPP's potential impact on staff. If we agree with the Minister for Finance and Public Services that we need to work with people at the front line and that their support and hard work is crucial, constructive consultation with the unions is essential. It is especially essential if we want to have in-house teams to bid against private companies, particularly in sectors such as catering and cleaning. I am confident that the trade unions will use the influence to the benefit of their members and to ensure the effective delivery of public services.

We need to recognise that good customer service and good terms and conditions for staff are not mutually exclusive. Local authority employees do not only deliver essential services. They live in their communities, and I am confident that they would want to bring about not only secure employment, but improved public services for themselves and their families.

16:17

Christine Grahame (South of Scotland) (SNP): Keith Harding and others have hit the nail on the head. This is Tory policy, whole-heartedly adopted by the Labour party, and no amount of renaming it as PPP instead of PFI will conceal the truth—just as Labour members call themselves new Labour when they are just old Tories.

Mr Kerr: Will the member give way?

Christine Grahame: After 20 seconds? The minister is getting quicker.

How much do we recall Tony Blair, son of Thatcher, opposing private finance for prisons? "There will be no more new private prisons", he said. As soon as he was in power, that worm turned, and has turned and turned again. The politics are dogma driven, not pragmatic.

Before I move on to the pragmatic, I want to congratulate the Liberal Democrat Donald Gorrie on telling us Liberal Democrat policy, courtesy of the party's 2002 conference. I love the Liberal Democrat website. It is very informative and says that the party will campaign

"to change Treasury rules to allow public authorities to borrow money and issue bonds".

We are considering PFI/PPP from the Labour party because of Treasury rules to keep down public sector borrowing. Local authorities are hidebound in borrowing. That does not mean that they may not commission private-build public-operate schools, but that is not the way that we are going. The cost, of course, is in the running.

I will not waste my time on anecdotal evidence, but pray in aid an Audit Scotland report:

"The analysis for PFI School projects most often resulted in a set of costings which indicated that the PFI solution was more economic but without any good analysis of why. In fact, Audit Scotland's analysis is that in most cases the main elements of costs underlying the PFI option are higher than the equivalent forecasts under the PSC. Thus in five cases out of six the PFI construction costs were higher than the PSC, in all six cases the operating costs of the PFI were higher than the PSC."

Iain Smith (North-East Fife) (LD): The member is being slightly selective. Does she recognise these quotations from the Audit Scotland report? The report also said:

"There are real benefits and to date PFI providers are delivering the new schools and associated service reliably and without significant cost changes for councils".

It also said that

"The PFI competition process is promoting best value not just lowest price"

and that the

"evidence to date on key deliverables is positive".

Finally, it said:

"There are substantial benefits from schools PFI compared to traditional procurement".

Does the member recognise those quotations from Audit Scotland?

Christine Grahame: The member should not throw quotations across the chamber and distort the issue.

This time, I pray in aid an independent report. According to *Scotland on Sunday*, Maurice Fitzpatrick, who is the head of economics at Tenon Group, has produced a "detailed independent study" that shows

"that the private financing of public projects will cost Scots £33m a year more in interest payments than if the Treasury had picked up the tab. Scots will be paying the extra sum for the next three decades."

Mr Fitzpatrick

"has used official Executive figures which disclose that £2.7bn of PFI projects are underway or in the pipeline in Scotland"

and

"that Scots are losing out to the tune of £1bn because PFI contractors are likely to require a rate of return from local authorities and NHS boards of 7.5% on their investments".

Rhona Brankin: Will the member give way?

Christine Grahame: No, I have only another minute.

As for the minister's flexibility, I should point out that I have been dealing with Scottish Borders Council. Unfortunately, the council thinks that PPP is the only game in town, despite Liberal Democrat policy and the fact that that party is in power. However, the council is beginning to see the light. The leader of the council told me in a letter:

"I would agree that the 'Not for Profit Trust' principle appears interesting, and may be the way for the future."

However, he goes on to say:

"In the absence of any official advice from the Scottish Executive we have concluded that the Council should pursue our Outline Business Case on a conventional PFI basis."

In other words, the council has received no advice from the Liberal-Labour coalition Executive about other routes that would save the taxpayer money. I am glad to see that Andy Kerr has returned to the chamber, because I want to tell him that he is not open minded. The policy is dogma driven. Indeed, it is simply old Toryism, and the Executive is pretending that it is something else.

The Deputy Presiding Officer (Mr Murray Tosh): Before I call the next speaker, I want to emphasise that members really should make a brief point when they intervene. Otherwise, they are taking time from the member who has been allocated the opportunity to speak.

16:21

George Lyon (Argyll and Bute) (LD): The debate has been interesting so far. We have heard much from members who oppose the use of PPPs. We can trade quotations across the chamber until the cows come home, but the fundamental question that Tommy Sheridan and the SNP must answer, if they are so opposed to PPP, is how they propose to fund the new schools and hospitals that are being provided by that vehicle. Where is the £2.7 billion of up-front capital supposed to come from?

Tommy Sheridan: The money will come from the same source that the Chancellor of the Exchequer has just announced he will use. He is going to borrow an extra £20 billion. That is the way to pay for public services. After all, we can more than afford to borrow that money.

George Lyon: Tommy Sheridan wants to keep borrowing—of course, taxpayers will never have to pay back the money. Moreover, we will have to pay the interest. Who will get that money? Mr Sheridan's answer is higher taxes. The SNP has not answered my question, and we have certainly heard nothing about how its trusts might work.

I want to concentrate on a new model—the Argyll and Bute model—that has been developed. Several members, including Alasdair Morgan, have mentioned the model, which provides an innovative way of financing capital projects and will fund £80 million-worth of new schools and renovation in my constituency. The approach has been widely welcomed throughout the area; after all, the schools that are in the worst state were built 30 years ago under the current public procurement rules. Some of those schools are in such a poor state that they are close to being demolished.

The innovative aspect of Argyll and Bute Council's model is the creation of a non-profit-making distribution body to finance the renewal and upgrading of all 92 schools in the local authority area. The original idea was developed by Liberal Democrat councillor Paul Coleshill when he was chairman of policy and finance under the Liberal-led coalition that ran the council. The model establishes a community-owned body along the lines of a housing association to redevelop and renew the school estate over the next 25 years. Any profit that the community body makes will be reinvested in the school estate. In other words, the vehicle that manages the school estate does not take any profits, which means that the estate will make big gains over that period.

That non-profit-making body delivers a number of benefits. It guarantees that any profit that is generated is reinvested in our schools. That includes any profit from refinancing the borrowing over the 25-year period—that is where much of the profit has been made by some of the current PFI projects. The model delivers an estimated 5 per cent better value for money than current PPP-type projects. Most important, it ensures community involvement and control over the future of the school estate in Argyll and Bute. One of the criticisms levelled at the Glasgow model is that it does not do that.

The construction of the new non-profit-making model has been backed fully by Partnership UK. It is not a model that has merely been talked about but has no heavyweight backing. Partnership UK

helped to develop the body and it represents an innovative step forward in public sector financing. The development of the new model has attracted widespread interest from other councils and public sector organisations because it addresses many of the current criticisms of PPP.

The Liberal Democrats will argue strongly that that new model of procurement should be backed by the Scottish Executive. Indeed, it has been backed by the Scottish Executive to the tune of £80 million. We believe that it is a better model and one that should be used in future as an alternative to PPP.

The Finance Committee's report is excellent. It underpins the arguments for improving current models. I suggest to the Executive and to members in the chamber that the Argyll and Bute model is a good one to imitate.

16:26

Dennis Canavan (Falkirk West): I am opposed to PFI because it does not give best value for taxpayers' money. The valuation of PFI projects has been questioned by reputable bodies such as Audit Scotland and the National Audit Office. According to Jeremy Colman, the deputy Comptroller and Auditor General, much of the financial analysis that has been done on PFI projects ranges from the "spurious" to "pseudo-scientific mumbo jumbo" to "utter rubbish". Therefore, I welcome the Finance Committee's call for transparency and accountability and I welcome particularly the recommendation that business cases and contracts must be made public after agreements are finalised.

One of the first PFI school projects in Scotland was in the Falkirk area and involved the construction of five new schools. When I wrote to the council to request a copy of the business case, I was told—more or less—that it was none of my business. More recently, I was informed by the council that all documentation relating to the contract between the council and the PFI company is confidential. For example, we simply do not know how much the company is charging the council for community use of sports and leisure facilities. It must be an exorbitant amount because even with the council subsidy, the charges to the users seem to be excessive.

I have a letter from the coach of Stenhousemuir Football Club youth team, who states:

"I am appalled at the charges being levied towards groups wishing to use these PFI facilities. We in the youth section of the football club do not have a lot of money, in fact we rely on the boys and their parents to raise money to buy equipment, to pay for transport, etc. The charges for us to use the facilities at Larbert High School are as follows: To use the astroturf is £45 per hour plus VAT. Therefore a game can cost us nearly £120. This forces our club to play

our games in other areas of the country where we can get facilities much cheaper.”

That is not a unique case: I know of other local sports clubs that are in similar predicaments.

I heard our First Minister Jack McConnell wax eloquent on BBC Radio Scotland on Saturday morning about the need to encourage more participation in sport and physical activity. Community access to school sports facilities is therefore essential, but the prohibitive charges that are levied by PFI companies make access impossible in many cases. Therefore, I urge the Executive to investigate the problem and seriously to consider alternatives to PFI.

Some councillors have told me that they voted for PFI with great reluctance because they thought that it was the only game in town and that the Government or Scottish Executive had virtually blackmailed them into supporting it by indicating that PFI was the only way to get their new schools. However, there are alternative forms of procurement, such as giving councils more capital borrowing consent, and the not-for-profit trust model, which forms the basis of a current bid by Falkirk Council to the Scottish Executive for new school buildings, which I urge the Scottish Executive to consider positively.

I support the Finance Committee's recommendations that the Executive should examine alternative capital procurement methodologies on an on-going basis, to ensure that the whole range of procurement methods is available to public bodies. PFI is not and should not be the only game in town; indeed, it could turn out to be a millstone of debt around future generations' necks. That is why alternatives must be found to build new schools and hospitals while building a more secure financial basis for future generations.

16:30

Mr John McAllion (Dundee East) (Lab): Tom McCabe in his introduction described PPPs as controversial; he did so, I have to say, not without an element of dark humour. I refer to the £43 million waste-to-energy plant in Dundee, which is listed in the committee's report and which has not been without its problems since it was commissioned about a year ago. There have been problems with obnoxious smells getting out into the community, furnaces have not worked and machinery has broken down. There have even been explosions and fires, which led to the memorable headline in the *Dundee Evening Telegraph*:

“Fire Brigade Called to Fight Fire at Incinerator.”

There is an absurdity and illogicality about that headline that sits very well with the concept of

PPP/PFI. History will show that to be the case and those who defend it in today's context might say, five or six years from now, “You know, I never really supported that; we only did it because it was the only game in town.”

I want to talk chiefly about the fact that I was appointed by the Health and Community Care Committee to act as a reporter on the inquiry and to join the Finance Committee on its visit to the new Edinburgh royal infirmary. I speak personally, rather than as a representative of the Health and Community Care Committee. I have no problem with the account of the visit that is included in the Finance Committee's report, which I found to be clear and accurate as it covers all the main issues that were discussed that day, but for two exceptions.

First, I found the new royal infirmary to be a very difficult place to get to from central Edinburgh and I suspect that many people, if not most of the population in Edinburgh and the Lothians, would find that to be the case. I took a very long taxi ride, with a very high fare that most ordinary people would not be able to afford. I suspect that using the buses to get there would be even more difficult. Of course, if we use a car to get there, we find that there is a PPP car park and a charge of £10 a day to park there. The debate has not touched on that important issue.

I remember that when Susan Deacon was the Minister for Health and Community Care she brought out a code of conduct relating to car parks in hospitals. She said that they must not be operated for profit and that any money that was generated by car park charges had to cover the costs of providing the car parks or had to be reinvested in green transport strategies to allow people to get to and from hospitals. In addition, she said that people who were chronically ill, their relatives who had to go to hospitals continually, national health service workers and so on should have subsidised charges.

The problem with that code of conduct is that it came out too late for Dundee, because the Ninewells hospital trust had already entered a 25-year PPP contract, which means that all those recommendations were totally ignored in Dundee. Will the minister say in his summing up exactly what the contract for the car park at the new Edinburgh royal infirmary is and whether it follows the code of conduct that the previous Minister for Health and Community Care set out?

The other exception from the report, which I found to be striking in my visit to the new Edinburgh royal infirmary, was that beside every bed was a kind of all-singing, all-dancing console. It is not just a radio, but a television and a computer through which patients can get on to the internet and telephone from their beds. It was the

kind of thing that springs into my mind when governments boast about modernisation. The trouble with everything around capitalist modernisation is that it comes at a cost. Each patient was required to pay more than £3 a day to access the all-singing, all-dancing console. When I asked about the patients who cannot afford to pay the charge for using the console, I was told that they would be means tested. The Unison representative who was walking around with us on the visit told us that Unison's nurses would not be carrying out any means test on the patients of the ward. We asked the representative of the company, "Who will do the means testing?" We were told, "We don't know that—we will work it out in the future." That company has the contract for providing the consoles in every new hospital in England and Wales. I ask the minister whether such a contract exists for new hospitals here in Scotland, because the matter is important.

The final point that I want to make concerns transparency. I remember that Sam Galbraith used to argue that the only reason for going ahead with the new Edinburgh royal infirmary under PPP was that it gave value for money. From the report, we now know that the comparison between the PPP bid and the public sector comparator was not valid. Different criteria were applied to each bid, which ensured that the process was loaded against the public sector and that the private sector would inevitably win. There was no level playing field and we should not support such processes.

The Deputy Presiding Officer: I apologise to members who hoped to take part in the open part of the debate, but we must proceed to closing speeches. Although Iain Smith has given most of his speech already, he will speak first.

16:35

Iain Smith (North-East Fife) (LD): I have not made any of my speech already, Presiding Officer.

The minister referred to PPP as a tool in the toolkit. I have nothing against that principle and I do not want to put a spanner in the works, but the problem was that the toolkit of traditional public procurement was empty—there was nothing in it any more. The Conservative Government and then the Labour Government came along with a shiny new tool, but the problem was that that one tool was meant to fit all—the spanner was not adjustable; it was simply a tool for every conceivable opportunity. Local authorities and health boards had to use that tool—it was as if they were trying to undo a Phillips screw with a flathead screwdriver. They had no choice—they had only one tool. That was not appropriate and it is not the situation today. We have moved on and will move on further. I will return later to that important issue.

Paragraph 78 of the report refers to Professor Andrew Bain's evidence. He told the committee that "Financing is relatively unimportant". "In his view", the committee said,

"The basis of the decision should be more related to whether or not the proposed project offers value for money in terms of service delivery."

That is vital. All members in the chamber seem to be keen on Liberal Democrat policy, which is clear about that. We have seven key tests for public services: value for money; quality; democratic accountability and transparency; flexibility; fair treatment of employees, including full consultation; development of public service ethos and values; and accessibility. All those tests are encompassed in the Finance Committee's report.

Perhaps best value is the key, but is best value obtained through a traditional procurement method or through the private partnership method? One must consider examples. The committee rightly highlighted problems of routine maintenance with traditional procurement methods. One of the main reasons why we have such a backlog of capital investment is that our existing infrastructure was not properly maintained over many years: there, but for a lick of paint, goes the ship.

On new investments, I was interested to read in paragraph 53 of the report that, under traditional procurement,

"large projects were often broken up into a number of phases to enable them to obtain capital consents".

The paragraph continues:

"the total project costs tend to increase as a project is broken down into phases".

I thought of Bell Baxter High School in Cupar. A project that should have been completed 20 years ago in a single phase might eventually be completed in a couple of years after about 16 or 17 phases. The project's total cost is now much higher. Where is the best value in that for the children, generations of whom have gone through that school and been taught in substandard accommodation? The same could happen again in north Fife, where we desperately need a new school to serve the area and stop hundreds of children having to be bussed to St Andrews where there is on two separate sites a secondary school that is desperately in need of refurbishment. The school should be on a single site with new facilities. PPP might or might not be the answer to that problem.

It is important that we do not so much consider the method of financing as ensure that all options are available. We are entering a new phase—George Lyon rightly highlighted the Argyll and Bute model and the Executive's support for that. There is another option for schemes, which is the not-for-profit trust option. We must also consider

that, because from 2004-05, we will move to a new system of local government finance. Prudential borrowing for local government will give it more flexibility to examine more options. That will open the toolbox and put tools into it that are not currently there. That must be welcomed.

Liberal Democrats may have different policies in different areas; we look at best value and value for money on each project on its own basis; one tool does not fit all. The Liberal Democrats will ensure that the toolbox is full and open and that every public body, local authority and health board will be able to choose the right tool for the right job.

16:40

David Mundell (South of Scotland) (Con): I do not want to fall into the same trap as Rhona Brankin and get told off for using bad language if I move directly to make some comparisons in relation to Mr Smith's speech. However, I will say that there have been some interesting speeches from Liberal Democrat members today, not least from Mr Gorrie. He told us that Liberal Democrats were against monopolies, yet earlier in the week we heard that they want a monopoly Government for time hereafter. As Iain Smith told us, Liberal Democrats can have different policies in different parts of the country and they do not have to sing from the same hymn sheet. However, at least two Liberal Democrats should sing from the same hymn sheet on the same day if they are going to have a coherent policy.

The debate cannot pass without marking not the passing, but the elevation, of Des McNulty. Des said to me earlier that the chamber has been deprived of half an hour of his speeches by his not speaking today and not speaking in the finance debate immediately before Christmas. Although we wish him well, I am sure that we all lose because of that. However, I am sure that Mr McCabe will more than suffice.

I thought that Andy Kerr made some interesting comments. It is important that other members of the Labour party and Labour politicians throughout Scotland say such things. Day in and day out I hear Labour party members and activists make comments similar to those that were made by Mr McAllion, Mr Canavan and Mr Sheridan, but they are not faced down by other Labour party people.

In my area—Dumfries and Galloway—we are undergoing a PPP process for schools, which I have welcomed because I welcome the investment in the schools. However, PPP is maligned day in and day out. Do Labour councillors, such as Mr Scobie from Stranraer, stand up and robustly defend PPP? Of course they do not. They stand up and say, "The Scottish Executive is making us do it. It is the only game in

town." That is where all the wild rumour and misinformation comes from. Mr Kerr must, not only in the chamber but throughout Scotland, champion the cause of PPP so that we do not get the rumour and misinformation that was used previously by the Labour party against the Conservatives and which continues to be used to detract from what the Finance Committee has clearly identified overall as a successful process.

The situation in Dumfries and Galloway is a good example of how the SNP operates. Despite all the criticisms of PPP, when it comes to the bit there is no alternative process to be put in place. The SNP says that it is against PPP, but it does not suggest a meaningful alternative that would provide the same facilities. Indeed, SNP councillors have gone on to the PPP sub-committee and do not even join Conservatives in speaking out against rural school closures, which the report has identified as an issue. There is a problem in the geographic dispersal of projects, which leaves the impression that large projects are going ahead at the expense of small ones.

It is clear that the report has not resolved the political dimension of the issue. What is quite clear from the report is that the silver bullet that the nationalists and others were looking for to shoot down PFI/PPP has not been found. The committee report showed that, although there are other bases, PFI/PPP is a successful basis for funding. The Conservatives introduced it and we remain proud of it.

16:44

Brian Adam (North-East Scotland) (SNP): I am delighted to see that the Tories are making a bid to be the new coalition partners of new Labour. They are clearly cosy with new Labour on the idea of PPP and the Lib Dems are doing everything that they can to distance themselves from it. Perhaps new Labour will be more comfortable with their Conservative colleagues than they are with the Liberal Democrats. Was that a nod of agreement from the back row?

The PFI/PPP report highlights many of the weaknesses of PFI/PPP. The reason that there was no unanimity in the committee on many issues is that the members of the coalition parties failed to recognise what other members realised independently, which is that there are major weaknesses in the PPP methodology.

The minister told us that 13 per cent of the capital expenditure that is available to the Scottish Executive is being expended through PPP. It is not long since he told us that the figure was 10 per cent. However, the minister has not told us the real figure. He has given the percentage of the total capital budget, but not all of the total capital

budget is suitable for PFI/PPP. In spite of the many questions that have been put to successive ministers, we have not received an answer on what proportion of projects that could be done by PPP are done by PPP. Had we received an answer, we would know for certain that PPP is the only game in town or, at least, that it was until the recent announcement about prudential borrowing, which is extremely welcome.

I am delighted that all the Liberal Democrat speakers in the debate distanced themselves as far as they could from the principle behind PFI/PPP. Donald Gorrie mentioned a variety of techniques that are available, such as bonds. I am delighted that the Liberal Democrat members are into bondage and that we can trust them with their not-for-profit trusts. Where is the distinction between that and the SNP's suggestion—which we have been making for a considerable time—that public service not-for-profit trusts are an alternative vehicle for delivering new buildings, even within the previous constraints on capital borrowing? I am delighted that the Liberal Democrats have converted to that idea.

It has taken a long time for Executive ministers to offer help and support for alternatives to PPP.

Mr Kerr *rose*—

Brian Adam: I will let the minister in if he will tell us what measures he intends to take. Will he do something about the situation in Falkirk?

Mr Kerr: For more than a year, we have funded, in conjunction with Partnerships UK, the proposal that Argyll and Bute Council is developing. To allow that development work to take place, we have funded it to the tune of thousands of pounds. I am happy to entertain new ideas. In return, I ask Mr Adam whether the SNP now signs up to a variant model PPP.

Brian Adam: As usual, the minister, when given another opportunity to say that he will actively support alternatives to PPP, does not answer. He tells us that he has given a little belated help on one occasion, but he ignored the opportunity to answer Mr Canavan's question about the PPP project in Falkirk and I have given him another chance, which he has also ignored.

Mr Kerr talked about bundling services. As a consequence of bundling, a succession of local authorities in rural areas have proposed closures of local schools. The Finance Committee unanimously asked the minister to address that issue, but he has not addressed it.

Mr Kerr *rose*—

Brian Adam: No thank you.

I welcome Aberdeenshire Council's decision to turn down the funds for bundling—in spite of the

fact that it applied for the funds and received them—because people did not want schools such as Old Rayne School to be closed simply to satisfy the Executive's wishes.

Mr Kerr said that the trade unions support the idea that there is no significant deterioration in the conditions of service under PPP. In support of that, he quoted from a report by Amicus. I was an officer in Amicus and its predecessor organisations for 25 years and, as far as I can recollect, it does not represent low-paid public sector workers. The union that does that is Unison and its evidence shows that, across a range of measures, employees' conditions deteriorate under PPP.

Phil Gallie mentioned the Skye bridge. The committee considered whether to include that matter in the report and I regret that it did not.

I welcome the fact that we will have an opportunity to vote on the report today, and I look forward to getting the support of SNP members in rejecting the report on the grounds that Alasdair Morgan and I have cited, both in the report and in the debate.

16:50

Mr David Davidson (North-East Scotland) (Con): I find it strange to be fettered to behave in a dignified manner on behalf of the committee. I hope that members will forgive me if I transgress on occasions.

I am sorry that our deputy convener is absent today through illness. I congratulate Tom McCabe on his accession to the throne of the Finance Committee. The report has been in production for more than a year, and I congratulate everybody who has managed to struggle through and remain sane. It is a good piece of work. The members have worked hard—various members have passed through the committee in that time—as have the clerks, who have put up with us, amended things, changed drafts and so on all the way through. They have always been there to be helpful, which has been extremely useful to committee members.

As Tom McCabe said, a lot of witnesses came before us. We took evidence from all over the world. That has made the report tolerably balanced; it is just a fact of life that there was never unanimity among committee members. The nature of the report and the way in which it was produced were such that members pushed and tested ideas all the way through. I congratulate those who convened the meetings at which that was going on and those who stood up for a specific principle for which they felt they had to argue.

As has been said, it is too early for us to be fully informed to make a judgment on PPP. When the Conservatives introduced PFI—this is history, not politics—it was made clear that there would have to be refinement through experience. That is exactly what has happened, and the Labour party has taken up PPP in a new form and is rolling on with the same principles. It is about refinement and making a tool that operates to the benefit of the people.

Over the weeks and months, and in today's debate, there has been a lot of talk about who the stakeholders are. Ultimately, the stakeholders are the people of Scotland. Some of them may be employees in the system; others may be self-employed contractors, such as plumbers and joiners; others may be those who receive the benefit of having a new, modern service delivered and made available to them. The taxpayers are also shareholders in all the projects because, ultimately, somebody has to pay for them. If we can harness the partnership strength of the private and independent sectors, along with the public sector, and if we can get a better deal for Scotland, that is surely where we should go.

Elaine Smith (Coatbridge and Chryston) (Lab): Will the member clarify the committee's final recommendation? It reads:

"We recommend that the Executive continues to utilise all appropriate sources and mechanisms to secure capital investment"—

from the private sector—

"in public services".

Does that mean that the committee is indicating its support for PFI/PPP projects?

Mr Davidson: If the question is whether we are saying that PPP is the only game in town, the answer is no. That is not the case. No previous Government has said that either, as far as I am aware. There are various funding models around.

Despite what has been said by one or two members this afternoon, there is a requirement to have a critical mass if large-scale developments are to be introduced. I even hope that neighbouring councils—perhaps led by the same Labour party—will work together. In 1995, when unitary authorities were introduced, local people were given better contact with their councils. It was expected that councils would operate together to the greater good. Unfortunately, that did not happen.

I hope that the establishment of the Scottish Parliament has allowed us to move on so that partnerships will evolve—between the public and private sectors, between public sector bodies and so on—to give us real efficiency and focus. Ultimately, if we do not get access to quality public

services, people will not work in them or use them and we will eventually have to pay more.

I am a bit disturbed by the fact that a couple of the political parties are still holding back from even giving the benefit of the doubt to the possibility of having different kinds of partnership. The fact that we can get the SNP to agree to consider such partnerships as an option bears out what the report was trying to achieve.

Mr Sheridan and other members made comments about employees' quality of life. Yes, in the modern day and age we must have reasonable employment practices, but they must be affordable, because when we spend public money and invest in public services, whether in public health or elsewhere, we want to use the best means available.

Tommy Sheridan: I will ask Mr Davidson the same question that I asked other members. Ten thousand public sector workers have been transferred to the private sector and have lost some of their former employment conditions. Does Mr Davidson believe that they should be given the same protection retrospectively as is proposed for future PPPs?

Mr Davidson: Several members dealt with that fully during the debate. The person who must deliver that is the minister, who is present. I thought that he answered Mr Sheridan directly during the debate.

The report is a wide-ranging document that lays out recommendations about refinement, accountability and audit, the critical mass and value for money for all projects. The report also proposes a central advice facility for the public sector. The reason why that proposal is in the report and why it got cross-party support is simple. We know from the history of previous procurement exercises that many organisations tend to take on projects that they do not have the skills to deal with. In the interests of efficiency, value for money and effectiveness, we must ensure that if a public sector body gets involved with any kind of funding—PPP or whatever—it knows how to go about that and has the tools to choose consultants, architects and so on. Too often, public projects have had cost overruns and have started to crumble shortly after their delivery time. We must move beyond such bad project design.

I will not delve into the example of Holyrood, because I think that someone else mentioned that, but the issue of transparency seemed to catch several members' attention. We cannot afford to get involved in breaches of commercial confidentiality. Such confidentiality has nothing to do with transparency after contracts have been signed and deposited somewhere as part of the audit process. We cannot risk giving the

impression that a public contract will not maintain commercial confidentiality. If that were the case, people would not come forward, competition would be lost and so would value for money on contract bids.

Alasdair Morgan: Is Mr Davidson saying that he does not agree that contracts should be made public after they have been signed? If he is, how does he explain the fact that such transparency works in the United States?

Mr Davidson: I did not say that. I said that there should be commercial confidentiality during the contract process because we do not want the tendering process and the evaluation of tenders to be disturbed. A couple of members seemed to suggest that they would like such transparency.

Alasdair Morgan made a valid comment about the bundling of contracts possibly disadvantaging disparate and sparse communities. [*Interruption.*]

Perhaps I could have a little hush in the chamber, Sir David. I have a sore throat and I am struggling against the tide of noise.

The Presiding Officer (Sir David Steel): You are struggling well. [*Interruption.*] Order. Let us have quiet. On you go, Mr Davidson.

Mr Davidson: Alasdair Morgan made points about access in rural communities. The issue is valid, but I think that the minister and Tom McCabe responded earlier when they said that access was a matter for local decision-making processes. I am delighted that Aberdeenshire Council has listened to the many of us who argued against a blanket PPP and the closing of schools—or the risk of closing schools—against the wishes of their local communities. I have to give Aberdeenshire Council credit: it had to be encouraged to do so, but it listened to communities and decided to use PPPs only for larger projects, and has left schools alone. That is how the tool should be used across Scotland, particularly in rural areas.

Donald Gorrie said that there is good and bad in the system and that the cumulative effect must be considered. I think that that has been dealt with quite admirably in the committee's report. However, I would like the minister to tell us how the 6 per cent discount rate of the public sector comparator could be unbundled. The committee wrote directly to the Executive asking for that information. Perhaps the minister could agree to write back to the committee urgently, because the matter is a piece of unfinished business in the report. For the record, I note that the minister has indicated that he will do that.

Many committees work hard in this Parliament—that is one of its strengths. All committees have to take evidence and do not know what they will get

into when they start inquiries. I commend those involved in the Finance Committee for what they have managed to do with the report and I thank other members of the Parliament who are not on the committee but who took time to give evidence and put that into the melting pot.

I support the convener in urging the Parliament to adopt the report.

Parliamentary Bureau Motions

The Presiding Officer (Sir David Steel): We come now to two Parliamentary Bureau motions. I call Euan Robson to move motion S1M-3676, on the approval of a statutory instrument.

Motion moved,

That the Parliament agrees that the draft Genetically Modified Organisms (Deliberate Release) (Scotland) Regulations 2002 be approved.—[*Euan Robson.*]

The Presiding Officer: I have received notice of a member wishing to speak against the motion. No time has been allowed for a debate, so I will allow the member 30 seconds to explain her objection.

17:01

Fiona McLeod (West of Scotland) (SNP): With such a short time to speak, I will not explain my objection but will, instead, appeal to the chamber to reject the approval of this statutory instrument on genetically modified crops because it is not about protecting the environment but about protecting a minister. It is about absolving that minister of responsibility for making political decisions on a matter that everyone in Scotland, including his party, agrees on. It is about a Liberal Democrat minister executing Labour party policies and so we should reject it.

The Presiding Officer: I will put the question on the motion at decision time.

We move to motion S1M-3677, on the designation of lead committees.

Motion moved,

That the Parliament agrees the following designation of lead committees—

the Justice 2 Committee to consider the Act of Sederunt (Fees of Sheriff Officers) 2002 (SSI/2002/515); and

the Justice 2 Committee to consider the draft Proceeds of Crime Act 2002 (Cash Searches: Constables in Scotland: Code of Practice) Order 2002.—[*Euan Robson.*]

Decision Time

17:03

The Presiding Officer (Sir David Steel): The first question is, that motion S1M-3640, in the name of Des McNulty, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Aitken, Bill (Glasgow) (Con)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Davidson, Mr David (North-East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fergusson, Alex (South of Scotland) (Con)
 Finnie, Ross (West of Scotland) (LD)
 Fitzpatrick, Brian (Strathkelvin and Bearsden) (Lab)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Gillon, Karen (Clydesdale) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gorrie, Donald (Central Scotland) (LD)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 Harding, Mr Keith (Mid Scotland and Fife) (Con)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, Mr John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Jenkins, Ian (Tweeddale, Ettrick and Lauderdale) (LD)
 Johnstone, Alex (North-East Scotland) (Con)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lyon, George (Argyll and Bute) (LD)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 MacKay, Angus (Edinburgh South) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)
 McMahan, Mr Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Muldoon, Bristow (Livingston) (Lab)
 Mundell, David (South of Scotland) (Con)
 Murray, Dr Elaine (Dumfries) (Lab)
 Oldfather, Irene (Cunninghame South) (Lab)

Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Simpson, Dr Richard (Ochil) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Tosh, Mr Murray (South of Scotland) (Con)
 Wallace, Ben (North-East Scotland) (Con)
 Wallace, Mr Jim (Orkney) (LD)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)
 Young, John (West of Scotland) (Con)

AGAINST

Adam, Brian (North-East Scotland) (SNP)
 Campbell, Colin (West of Scotland) (SNP)
 Canavan, Dennis (Falkirk West)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Elder, Dorothy-Grace (Glasgow) (Ind)
 Ewing, Dr Winnie (Highlands and Islands) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Grahame, Christine (South of Scotland) (SNP)
 Hamilton, Mr Duncan (Highlands and Islands) (SNP)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Lochhead, Richard (North-East Scotland) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 MacDonald, Ms Margo (Lothians) (SNP)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 McGugan, Irene (North-East Scotland) (SNP)
 McLeod, Fiona (West of Scotland) (SNP)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (SNP)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Quinan, Mr Lloyd (West of Scotland) (SNP)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Russell, Michael (South of Scotland) (SNP)
 Sheridan, Tommy (Glasgow) (SSP)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Ullrich, Kay (West of Scotland) (SNP)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Wilson, Andrew (Central Scotland) (SNP)

ABSTENTIONS

McAllion, Mr John (Dundee East) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)

The Presiding Officer: The result of the division is: For 71, Against 36, Abstentions 2.

Motion agreed to.

That the Parliament notes the 5th Report 2002 of the Finance Committee, *Public Private Partnerships* (SP Paper 653), and commends the report's recommendations to the Scottish Executive.

The Presiding Officer: The next question is, that motion S1M-3676, in the name of Patricia Ferguson, on the approval of a statutory instrument, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Alexander, Ms Wendy (Paisley North) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Fitzpatrick, Brian (Strathkelvin and Bearsden) (Lab)
 Gillon, Karen (Clydesdale) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gorrie, Donald (Central Scotland) (LD)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (Edinburgh Pentlands) (Lab)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, Mr John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Jenkins, Ian (Tweeddale, Ettrick and Lauderdale) (LD)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lyon, George (Argyll and Bute) (LD)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 MacKay, Angus (Edinburgh South) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 McAllion, Mr John (Dundee East) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McMahan, Mr Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Radcliffe, Nora (Gordon) (LD)
 Raffan, Mr Keith (Mid Scotland and Fife) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
 Simpson, Dr Richard (Ochil) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North-East Fife) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Wallace, Mr Jim (Orkney) (LD)
 Whitefield, Karen (Airdrie and Shotts) (Lab)

Wilson, Allan (Cunninghame North) (Lab)

AGAINST

Adam, Brian (North-East Scotland) (SNP)
 Aitken, Bill (Glasgow) (Con)
 Campbell, Colin (West of Scotland) (SNP)
 Canavan, Dennis (Falkirk West)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Davidson, Mr David (North-East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Elder, Dorothy-Grace (Glasgow) (Ind)
 Ewing, Dr Winnie (Highlands and Islands) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Fergusson, Alex (South of Scotland) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Gibson, Mr Kenneth (Glasgow) (SNP)
 Grahame, Christine (South of Scotland) (SNP)
 Hamilton, Mr Duncan (Highlands and Islands) (SNP)
 Harding, Mr Keith (Mid Scotland and Fife) (Con)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Johnstone, Alex (North-East Scotland) (Con)
 Lochhead, Richard (North-East Scotland) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 McGugan, Irene (North-East Scotland) (SNP)
 McIntosh, Mrs Lyndsay (Central Scotland) (Con)
 McLeod, Fiona (West of Scotland) (SNP)
 Monteith, Mr Brian (Mid Scotland and Fife) (Con)
 Morgan, Alasdair (Galloway and Upper Nithsdale) (SNP)
 Mundell, David (South of Scotland) (Con)
 Quinan, Mr Lloyd (West of Scotland) (SNP)
 Reid, Mr George (Mid Scotland and Fife) (SNP)
 Robison, Shona (North-East Scotland) (SNP)
 Russell, Michael (South of Scotland) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Sheridan, Tommy (Glasgow) (SSP)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Tosh, Mr Murray (South of Scotland) (Con)
 Ullrich, Kay (West of Scotland) (SNP)
 Wallace, Ben (North-East Scotland) (Con)
 Welsh, Mr Andrew (Angus) (SNP)
 White, Ms Sandra (Glasgow) (SNP)
 Wilson, Andrew (Central Scotland) (SNP)
 Young, John (West of Scotland) (Con)

ABSTENTIONS

MacDonald, Ms Margo (Lothians) (SNP)

The Presiding Officer: The result of the division is: For 59, Against 50, Abstentions 1.

Motion agreed to.

That the Parliament agrees that the draft Genetically Modified Organisms (Deliberate Release) (Scotland) Regulations 2002 be approved.

The Presiding Officer: The next question is, that motion S1M-3677, in the name of Patricia Ferguson, on the designation of lead committees, be agreed to.

Motion agreed to.

That the Parliament agrees the following designation of lead committees—

the Justice 2 Committee to consider the Act of Sederunt (Fees of Sheriff Officers) 2002 (SSI/2002/515); and

the Justice 2 Committee to consider the draft Proceeds of Crime Act 2002 (Cash Searches: Constables in Scotland: Code of Practice) Order 2002.

Post-natal Depression (Services)

The Deputy Presiding Officer (Mr George Reid): The final item of business is a members' business debate on motion S1M-3504, in the name of Bill Butler, on the provision of dedicated mother and baby services for women with post-natal depression.

Motion debated,

That the Parliament expresses its deep concern regarding the lack of proper facilities within the NHS in Scotland that would allow women with post-natal depression (PND) to continue to care for their children whilst undergoing treatment; recognises that the lack of dedicated mother and baby services for women with PND is completely unacceptable; notes the recent Scottish Intercollegiate Guidelines Network report which detailed the shocking lack of appropriate services for women with PND, and considers that the Scottish Executive should ensure that NHS boards throughout Scotland take the swiftest possible action to remedy the alarming poverty of provision of mother and baby units devoted to women suffering from PND.

17:07

Bill Butler (Glasgow Anniesland) (Lab): I express my gratitude to the Parliamentary Bureau for choosing for debate the provision of services for women with post-natal depression. The issue is serious and worthy of serious consideration. I also take the opportunity to record my thanks to the members from many parties who appended their signatures in support of the motion.

The total lack of provision of dedicated mother and baby services for women with post-natal depression is a gap in health service provision of which, I must confess, I was ignorant until two months ago, when my constituent, Lyn McLeod, from Yoker, arrived at my surgery in the Blairdrum neighbourhood centre with her baby daughter, Heather. What she told me shocked me and made me determined to pursue the matter.

Lyn was admitted to Gartnavel royal hospital on 15 July this year and remained there until she was discharged on 2 October. When Lyn was admitted, Heather was aged three and a half months. Because no specialist mother and baby units are available in the Greater Glasgow NHS Board area or, for that matter, anywhere in the Scottish national health service, my constituent was able to see her baby only at visiting times. In effect, Lyn was separated from Heather at a critical time in the development of the relationship between mother and child. Indeed, had Lyn not had a relative who was able to take care of her daughter during that period, Heather would have needed to be fostered for the duration.

Since first meeting Lyn and Heather at my surgery, I have made it my business to highlight

the alarming poverty of provision of suitable mother and baby units. I am grateful to the *Evening Times* and the *Sunday Mail* for publicising that unacceptable deficiency in the national health service. I also make it clear that my constituent is—understandably—even more determined than I am that the lack of service be exposed and steps be taken as quickly as is humanly possible to remedy the situation. She is resolved—as am I—to do everything possible to prevent any other mother and baby from suffering such a traumatic experience.

It is a matter of record that no appropriate provision of dedicated units is available in the NHS for mothers with PND. A reply from the minister to my written question S1W-30982 makes that clear. In spite of an acknowledged difficulty in establishing a causal link to childbirth, it is generally accepted that the incidence of the medical condition stands at 10 per cent. That means that in Glasgow, for example, between 340 and 560 mothers suffer moderate to severe post-natal depression each year. Those figures, which are taken from a perinatal health services briefing document, are in complete accord with figures that are contained in an informative briefing that I received only today from the director of the Church of Scotland's social work arm, Mr Ian Manson.

In spite of the obvious need and the principles that are clearly laid out in the Executive's "A Framework for maternity services in Scotland", the minister knows that a serious service gap still needs to be bridged. The framework states that national health service boards

"should have local strategies in place ... to develop and implement services for women suffering from postnatal depression".

It goes on to outline the Executive's view that NHS boards should consider reviewing services for women with PND

"with a view to developing regional mother and baby units".

Those are fine words and worthy objectives, but women such as my constituent Lyn McLeod need health boards to act.

I acknowledge that, in its initial response, Greater Glasgow Primary Care NHS Trust informed me that a business plan to provide an interim six-bed unit will be tabled at the Greater Glasgow NHS Board's December meeting. I welcome that as a reasonable first step. However, we need a country-wide or region-wide strategy that will enable permanent mother and baby units to be provided.

Along with other members, I will listen with great interest to the minister's response to the debate. From the minister's response to my written question, I know that he acknowledges that there is an unmet need and is sympathetic to the

speediest possible resolution of the problem. I ask the minister to use his position to take whatever action he thinks would be appropriate to galvanise health boards into purposeful action, which should concentrate their minds wonderfully. Mothers across Scotland demand and deserve no less.

The Deputy Presiding Officer: We have to be finished by 17:55. There is no possibility of an extension. The first three speeches will be of four minutes' length; thereafter, we will have three-minute speeches.

17:12

Mr Kenneth Gibson (Glasgow) (SNP): I would like to be the first to congratulate Bill Butler, not only on securing the debate, but on his passionate contribution to it. Post-natal depression is an extremely important issue, particularly for those of us who have small children and who recall some of the concerns that were associated with the birth of those children.

For many, PND is hard to diagnose. The Scottish intercollegiate guidelines network's guideline 60 states:

"Postnatal depression is regarded as any non-psychotic depressive illness of mild to moderate severity occurring during the first postnatal year. ... It is important to distinguish postnatal depression from 'baby blues', the brief episode of misery and tearfulness that affects at least half of all women following delivery, especially those having their first baby ... Puerperal psychosis ... is a mood disorder accompanied by features such as loss of contact with reality, hallucinations, severe thought disturbance, and abnormal behaviour."

In other words, we are talking about a serious illness. The fact that more than 2.4 per cent of mothers suffer from PND means that more than 1,000 mothers in Scotland have it.

There is a health care network for new mothers but, unfortunately, it is not always possible to detect PND as a specific condition. Across Scotland, there is wide divergence in diagnosis and in how the issue is dealt with. Many people are involved in that process, such as midwives, health visitors, clinical psychologists, obstetricians and psychiatrists. It is important that all those people play their part, not only in identifying PND, but in treating it.

The point of the debate is to call for specific mother and baby units. Bill Butler is not asking for the earth; he is asking for a small number of units across Scotland, amounting to approximately 30 to 45 dedicated beds for the whole country. That would not be too much of a burden on the health service, but it would be a major benefit to those mothers who go through a traumatic, distressing illness.

For those who think that PND may be a passing phase, I must say that, unfortunately for many

sufferers, that is not the case. It can lead to other psychiatric illnesses and to a deepening of other underlying pathologies.

Some people have family support to get them through PND; others do not. It makes it much more difficult for mothers to bond with their children if they are trying to deal with the illness at the same time.

I believe that Bill Butler's proposal is extremely worth while, and I hope that the Minister for Health and Community Care will address it positively.

17:15

Nora Radcliffe (Gordon) (LD): Clinical depression is a particularly horrible condition that is often belittled and misunderstood. It is awful for the person who is depressed and equally awful for everybody round about them. A family member who coped with a depressed spouse over a number of years described it as pouring oneself into a black hole, and giving and giving without getting anything back in return. If we translate that into a mother-child relationship and consider the importance for both mother and child of forming the sort of bond that enables a child to grow and develop properly, the significance of specialised help becomes glaringly obvious.

Training people how to diagnose PND is an important first step. The condition can be masked by all the normal after-effects of childbirth, such as the adjustments of caring for a new baby, hormonal disturbances and the baby blues. It is important that health visitors and midwives are aware of the symptoms and that they know what to look for. Even more important, when they recognise and diagnose PND, the services must be in place for the mother and baby. The most important part of Bill Butler's motion calls for specialised services to enable mothers to be treated for PND in a way that allows them to have their child with them. If that is done, the service can treat the mother, support the mother-child bond and support the family.

Bill Butler has highlighted an important gap in service provision. If we think of the importance of parenting to the next generation and to the future good of society, the services that he calls for are fundamental, and should be in place—yet they are not. I heartily endorse Bill Butler's motion and congratulate him on securing the debate.

17:17

Mary Scanlon (Highlands and Islands) (Con): The Health and Community Care Committee's consideration of the Mental Health (Scotland) Bill gave us a great opportunity to focus on the lack of provision of many services for people with mental illness. Debate arose about the lack of medium-

secure units, about problems with placing adolescents in adult psychiatric wards, about the need for units and support services to treat eating disorders, and about the subject of this debate—the lack of services for mothers with PND and their babies.

I am grateful to my colleague on the Health and Community Care Committee, Bill Butler, for raising the topic and for giving the Parliament another opportunity to discuss mental health. If we are to get rid of the stigma that surrounds mental health, that can only be helped by all of us openly discussing the issues. I am particularly delighted that a man has raised the issue of PND. That proves—if proof were needed—that men can equally, adequately and passionately address women's problems.

PND is not just a women's problem. If it remains untreated, it can have a prolonged, damaging effect on the relationship between mother and baby and a detrimental effect on the child's psychological, social and educational development, as well as on the rest of the family. Mothers often delay seeking help because of the stigma or shame that they feel. They may also experience intense feelings of guilt, failure and inadequacy when they are presented with a bundle of joy and congratulations all round.

I was shocked to hear that between 10 and 15 per cent of mothers have PND, as I know that that statistic is likely to be a gross underestimate.

As Kenny Gibson said, the requirement for 30 to 45 beds for mothers with their babies does not seem a tall order in the grand scheme of things in the NHS. However, I stand by the principle of the least restrictive alternative, as outlined in the Mental Health (Scotland) Bill, because hospitalisation may not be the most appropriate option for all. Day care or community psychiatric nurse support may be appropriate or adequate in some cases.

There is no shortage of drugs for depression, but serious consideration must be given to the fact that the drugs affect not only the mother but, through breast feeding, her baby. There is also concern about side effects and mothers sleeping through a baby crying. I am sure that we have all heard of people who started on anti-depressants following the birth of a child and who, decades later, are still on those drugs. The support of CPNs and health visitors is crucial in cases of PND.

The SIGN guidelines are welcome, but only if they are implemented. Even within health board areas, the implementation of screening is patchy.

I commend NHS Argyll and Clyde on holding a PND event on 5 September in Erskine. I understand that the Deputy Minister for Health and Community Care, Mary Mulligan, was there. The

commitment by that health board to addressing PND in an area of considerable remoteness that includes 26 islands undoubtedly is commendable. I look forward to the minister's response to the debate.

17:21

Trish Godman (West Renfrewshire) (Lab): I, too, thank Bill Butler for bringing this serious problem to our notice. It is right and proper that we should all demand services that allow women with PND to have their children with them when they are treated in hospital.

Those of us who are mothers know what it is like to have the baby blues—feelings of sadness and despair. Indeed, when I read Bill Butler's motion, I was reminded of the number of times that my mother said to me, "Mrs So-and-so's got the baby blues." In those days, either a neighbour or a friend took the baby for a day, or perhaps a couple of days, so there was a community response to the problem. Unfortunately, that is not so much the case now.

Mothers and fathers never forget the incredible fear of the unknown, particularly with the first child. We all remember the first time that we were left alone with our firstborn—there was no one around and it was an incredible shock that the little person relied solely on us. The immense responsibility hits people between the eyes. How difficult it must be for someone to admit to themselves and to others that they have no feelings for the tiny child, or that they cannot accept that the child has changed their life in such a dramatic way: they have little freedom, their career is on hold, and they spend time looking after another human being who, it appears, does not respond to their absolute commitment to them in the early months. How do they face up to those feelings?

Medicine recognises that there is such a condition as PND, but it can be difficult even now for medicine to link the signs of depression to childbirth. Indeed, my experience of working in a psychiatric unit is that even in the early 1990s, women were being admitted with diagnoses of depression, eating disorders or excessive stress, none of which was linked to childbirth. In some instances, as Bill Butler said, their children were looked after by foster carers. Some doctors were of the opinion that there was no such thing as PND, and that someone would suffer from depression only with their first child—they would never suffer from it again.

Maternity services should be geared towards assessing women's circumstances holistically. Professionals need training and support. Believe me, if someone is in low spirits or is depressed, they can—and will try to—hide those feelings,

especially if they believe that they are depressed because they have little or no love for a child. One of the most important pieces of advice that was ever given to me by consultant psychiatrist Dr Raymond Antibi was, "Beware the smiling depression." We see a mother who is outwardly happy, a baby who is well looked after—clean and fed—and nothing more. Then we start to see things deteriorate.

Appropriate multi-agency services, with experienced professionals, must be in place. As Mary Scanlon said, women may not always need medical services in the first instance; they may just need to see a friendly, understanding face.

A review of maternity services is being undertaken. How many of us have asked Bill Butler's question about what services exist in our area for PND sufferers? If members have not asked that question, they should.

I thank Bill Butler again. We can make a difference. The minister has acknowledged the need; let us meet it.

17:25

Elaine Smith (Coatbridge and Chryston) (Lab): I, too, congratulate Bill Butler on securing the debate, which is on an issue that holds great significance for many mothers and families throughout Scotland and, obviously, for Bill Butler's constituent.

As members have said, it is regrettable that we allow the serious issue of post-natal depression to fall victim to trivialisation all too often. In allowing PND to be perceived as simply the baby blues or dismissing it as an overly emotional or illogical reaction to the demands of motherhood, we assist in fostering a society that marginalises many mums who suffer from the condition and we compound the fears of stigmatisation and shame. The SIGN report draws attention to that. I will not read from the report because we do not have time for that, but it talks about the stigma and shame felt by sufferers, who might be reluctant to confess their feelings.

As feelings of embarrassment and failure are symptoms that are often synonymous with post-natal depression, it is essential that any debate on the issue recognises the potentially protracted and detrimental effects that such a depressive illness, if untreated, can have on the mental well-being of not only mothers, but families, and the consequential damage to family relationships.

There is little doubt that ensuring that appropriate support systems that incorporate a wide range of medical, social and voluntary services are in place is central to the treatment and possible prevention of the disorder. Mothers

must be assured during the ante-natal and post-natal stages that support exists and can be readily accessed.

The need to establish specialist units in the NHS that provide an option for mothers and babies to be admitted together must be addressed. Other members have raised that and I hope that the minister will comment on the matter when he responds to the debate. I draw attention to a further recommendation in the SIGN report, which stresses the importance of psychosocial interventions as treatment options for mothers and in support for families.

During my extensive contact with breastfeeding mothers, I have come across peer support groups and I have been made aware of research that shows that they play a valuable role in assisting all women during the post-natal period. I congratulate the Executive on its announcement today that it will provide £60,000 to Ayrshire and Arran NHS Board for the establishment of such a peer support group service in Cumnock. I hope that more money will be provided for other areas. I commend local health care co-operatives for their work throughout Scotland in helping to establish peer support groups, particularly for PND.

I urge the Executive to ensure continued funding for such ventures. I congratulate Bill Butler again and I agree with his motion.

17:28

Dorothy-Grace Elder (Glasgow) (Ind): I thank Bill Butler for his sensitivity in raising the subject. Principle 7 of the Executive's "A Framework for maternity services in Scotland" notes:

"Trusts should make sure that all professionals receive training and support in ... identification, screening ... and support of women who have or are at risk of developing postnatal depression and other mental illness in a non-stigmatising way".

Obviously, that is not fully happening yet, despite the best intentions of the Parliament and the Executive a year or so ago when the framework was published.

I have had three children and I have not been so unfortunate as to experience post-natal depression, but, like many, I have seen people who have been through it. I have known a few whose families have started to be wrecked through those terrible months, which in some cases extended into many years. One or two women never really recovered from that period.

It is certain that almost all women suffer exhaustion in one way or another for some period after a birth. Cases of post-natal depression as a distinct entity are increasing. We do not know whether the case numbers are truly increasing or whether the increase is a result of better diagnostic techniques.

I leave one thought with the minister, which is for him to examine the link between the statistical increase in post-natal depression and the rapidity with which women are ejected from maternity hospitals nowadays. I remember a debate a couple of years ago in which many MSPs congratulated health boards on the turnaround of mothers after birth, which was down to a day or so. I remember that it was the male MSPs who applauded that fact whereas a good number of the female MSPs got to their feet and said that mothers deserved a bit more of a rest than that. Some of us thought that mothers were not budget airlines to be turned around as fast as possible and that women should be cared for a bit longer in hospital, although I should note that many of the women had requested that they leave hospital as soon as possible.

Even if women are desperate to get out, many horrible things can happen immediately after a birth. Surely it is better to have new mothers in a safe environment with the care and support of nurses. I leave this thought with the minister: are there statistics on the long-term effects—post-natal depression and other complaints such as breast engorgement—on women who leave maternity hospital very soon after giving birth?

17:31

Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab): I am pleased that Bill Butler secured the debate. He is to be commended for raising such a serious issue.

I am not sure that anecdote is the best way forward in respect of policy and decision making. Dorothy-Grace Elder made an interesting contribution but, in the great history of maternity services, I am not sure how long women being admitted to hospital to give birth has been a feature. I caution the minister not to waste money on too substantial a body of research into the links to which she refers, but we might want to look at that matter.

I am very much aware of Bill Butler's constituent's campaigning work. I am pleased to say that her work has made its way out to Strathkelvin and Bearsden. That shows the vitality of the campaigning work that Lyn McLeod and others have undertaken on this serious issue. The absence of specialist mother and baby units cannot be supported. I trust that the minister will concede that argument either tonight or in due course.

If we are relying on anecdote, I say that my wife, who is the mother of three children, wanted to get out of hospital as quickly as possible so that she could return home to her family and her own bed. No woman wants to be in hospital. Having had

one premature baby and one seriously ill baby, I know that neither my wife nor I could have borne the prospect of not being in contact with them during those very trying times—holding and touching the baby, while knowing there was nothing that one could do as a parent for a seriously ill child. The converse side of that is that there is no greater offence against sensibility than for a mother to be unable to have contact with her child.

Trish Godman rightly highlighted how the traditional lines of support by the extended family or friends have altered as a result of changes in social circumstances. Even the impact of distance has meant that people cannot be there for other people any more.

Bill Butler is to be commended on raising the need for sensitivity on the serious effects of post-natal depression. A number of members highlighted that in their contributions to the debate. I would be delighted to see the minister galvanised by Bill Butler's call. I look forward to seeing its galvanising effects on the minister, if not tonight then at some time in the near future.

17:34

Mr Adam Ingram (South of Scotland) (SNP): I would like to add my congratulations to Bill Butler on securing this important debate.

The World Health Organisation estimates that by 2020 depression will be the second biggest cause of death and disability worldwide. If nothing else, that statistic should concentrate our minds and help us to refocus our health priorities to deliver much more comprehensive mental health services.

Research has shown that only one in four cases of post-natal depression is diagnosed and treated by doctors. That lack of effective diagnosis and treatment presents a huge danger to the potential mental health of women suffering from post-natal depression. If not tackled professionally and quickly, it can turn into a chronic and long-term illness. There is also strong evidence of a link between untreated post-natal depression and poor health outcomes of the children concerned.

The SIGN 60 guidelines state that there is a need to ensure routine screening for any signs of depression. For that to happen, those who come into contact with new mums must be properly trained to spot the signs of PND. The mental health charity Mind believes that many women go untreated because of a lack of training and because health professionals do not have sufficient time to spend with patients. Health professionals need to be vigilant for signs of PND, as it is very difficult for many mothers to admit to post-natal depression. As Trish Godman said,

everyone, including the professionals, expect them to be on cloud nine with a new baby, so many women hide their true feelings. For that reason, I believe that it would be worth while and cost-effective for the Executive to focus its attack on that stigma through its "See Me" campaign.

The SIGN guidelines also recommend that psychosocial interventions should be considered when deciding on treatment options for post-natal depression. Services such as infant massage, cognitive behavioural techniques, couple interventions, social support and counselling should be available. They have been shown to help women suffering from post-natal depression. Given that many women are rightly wary of drug therapies at that time, there is an urgent need for alternatives to be made available. Unfortunately, I believe that, like other SIGN guidelines for mental illnesses, few health boards will implement them, citing a lack of resources. The Executive needs to take responsibility for the implementation of SIGN guidelines, rather than allow them to gather dust on a shelf as happens now. I would appreciate a response from the minister on that point.

17:38

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): Like other members, I add my congratulations to Bill Butler on securing today's debate on an important subject.

Bill Butler and others have highlighted the lack of facilities across Scotland, especially mother and baby units for mothers who unfortunately require in-patient services. In reality, up to 80 per cent of women suffer a mild, transient emotional reaction after giving birth. As Kenny Gibson, Elaine Smith and Trish Godman have mentioned, that is commonly known as the baby blues. That reaction is considered normal and I am sure that we will all recall experiences from within our own circle of family and friends of how women have reacted to giving birth.

I want to tell a story that lightens the debate a bit and on which my husband has dined out for almost 18 years. Before the birth of my son, my husband and I agreed that, all being well, we would be out within 24 hours of the birth. I had given strict instructions to my husband not to bring any flowers or fancy presents, as I would not be there very long. My son was born in the morning and my husband came back to visit later in the afternoon to find me with a long face and in tears. He thought that something was wrong with the baby, so he asked, "What's wrong?" I responded by saying, "What's wrong? Just look about this room and you'll see what's wrong." He looked but could not see what was wrong, so I told him: "Everyone has flowers except for me." Members can imagine how the conversation went on from there.

My experience is trivial and fairly normal, unlike the experiences of the one in 10 mothers who suffers post-natal depression. Those women and their families require care and support, but unfortunately, as has been said, provision of care varies across the country. I know from speaking to Bill Butler that care is patchy in the Greater Glasgow NHS Board area. Indeed, some parts of Glasgow are simply not covered.

However, some local health teams are doing good work in an area of health care that is sometimes neglected. In Cumbernauld, for example, health visitors and community midwives work together as a team to offer support, help and advice to mothers. They can detect the early signs of post-natal depression by using their observation skills. Through the local health centre, they have formed a group called "Life after Birth", which is also supported by the community psychiatric nurse. The group meets regularly, usually over a 10-week period. It offers women professional help and guidance and an opportunity to talk, have time for themselves and find support from other mothers. The group works—in the most recent course, only three of the 14 women involved required additional support. Thankfully, because of the staff's team approach, the necessary on-going support is in place.

Such schemes, which involve early observation and—when required—intervention, work and are helping to keep women out of hospital and with their babies. However, that approach should not be unusual; it should be the practice in every community in Scotland. I urge the minister to ensure that such an approach is taken throughout the country.

17:40

David Mundell (South of Scotland) (Con): I, too, thank Bill Butler for securing the debate and for arguing his points so forcefully.

I will touch on two or three points that have not yet been covered. I acknowledge the problem that Bill Butler mentioned in relation to his constituent. However, problems are also caused by the practice of putting mothers and babies in more general psychiatric wards that lack specialist facilities. People in such wards are seriously ill and if the ward does not have the infrastructure or if no one on it is trained to deal with mothers and babies, although we might be keeping the mother and baby together, we are also giving rise to a host of other problems.

As the debate has made clear, a whole range of conditions is included under the term post-natal depression. Although depression is a serious element of that, some women also suffer from mania or hyperactive behaviour in the post-birth

period, which sets off an underlying psychosis. It can be difficult to pick up such a condition, because, as Trish Godman said, in the post-birth period everyone expects chaos. Moreover, as Brian Fitzpatrick and other members pointed out, first-time parents are never really quite sure what to expect. As a result, behaviour that the family circle might think odd or unusual in other circumstances goes undetected. That is particularly the case where there is no family structure, or no granny and aunts on hand who have been through childbirth and can identify that something unusual is happening.

We have to get a lot smarter at identifying things. Many people end up in hospital because the condition goes on so long that they cannot find any way back without hospitalisation. Perhaps the problem might be addressed by providing in the pre-birth period packs for families that explain post-natal depression. I know that that might be difficult, because no one wants to frighten or alarm people in describing what happens after birth. I agree with Brian Fitzpatrick that telling anecdotes is not the best way of debating the subject. However, post-natal depression was never mentioned in the pre-birth classes that my wife and I attended. For example, no one mentioned that taking the baby home was one possibility within a range of possibilities. I think that that is another key element in tackling the problem.

17:44

Karen Whitefield (Airdrie and Shotts) (Lab): I, too, thank Bill Butler for securing this important subject for debate. Like others, I believe that it is vital to ensure that services for mothers who suffer from post-natal depression are brought into the 21st century. For too long, those women have either received no treatment at all or their treatment has resulted in separation from their babies. We need to ensure that mothers in all parts of Scotland, no matter whether they live in Petersburn in Airdrie or Peterhead, have the same access to support and treatment for their condition.

Furthermore, the treatment that mothers receive should allow them to remain with their children during a very important and formative phase in the development of mother-child relationships. I join Bill Butler in asking the minister to do all he can to ensure that mothers in every part of Scotland have access to a permanent mother and baby unit.

I add my congratulations to the Church of Scotland on the success of its post-natal depression project. The two drop-in centres in Edinburgh have provided much-needed support and therapy for the women who use them. The project is an excellent example of how the voluntary sector can support and supplement the NHS.

In order to support women who suffer from PND, we must first identify them and I am pleased that progress is beginning to be made in Lanarkshire. In January, Lanarkshire Primary Care NHS Trust will publish its post-natal depression guidelines. They will set out a systematic approach to identifying before the birth of their babies women who might be most at risk and they will ensure that the widely recognised Edinburgh post-natal depression scale is used to identify mothers who are affected by the condition. Women who are identified will be referred to the local education groups that are run by CPNs and health visitors.

My colleague Bill Butler has highlighted a serious issue. He has identified a need for improved treatment for those who suffer from the most acute forms of PND. The treatment would enable the bonding process between mother and child to continue. We must ensure that the many thousands of women who suffer from PND at home with little or no care are given the level of support they deserve.

As a first step, we must ensure that proper, systematic mechanisms are put in place to identify those people. We must ensure that support services are available at a local level for mother, child and other family members. We must ensure that women feel able to talk about the way they are feeling. For too long, post-natal depression has been stigmatised. Many women have felt enormous pressure to put up and shut up—to put up with the depression and keep quiet about the way they are feeling. Such experiences must end and we must work towards a better, more caring response to PND.

17:47

The Minister for Health and Community Care (Malcolm Chisholm): I congratulate Bill Butler on raising and pursuing this important topic. I have listened carefully to what he and others have said. I share his desire for improvements in the care and treatment of women who suffer from a serious condition which, unchecked, can have an adverse effect on mother and child.

It is a tragic fact that the second leading cause of maternal death in the United Kingdom is mental illness that is related to motherhood. Although there is a long way to go, mental health services in Scotland are beginning to develop a systematic approach to the prevention, detection and successful treatment of the illness. Karen Whitefield gave an account of what is happening in Lanarkshire.

More generally, we are experiencing development in the use of integrated care pathways for sufferers, based on clear standards and regular audit. That is in line with clinical advice

and the health department's guidance to the service.

Bill Butler referred to an addition to the framework for mental health services in Scotland, which in 1999 provided a template for the best organisation of co-ordinated care to improve services and support for women who have post-natal depression.

Dorothy-Grace Elder referred to "A Framework for maternity services in Scotland", which in 2000 specified work to be undertaken by NHS Scotland to address the needs of women who have, or who are at risk from, post-natal depression.

Several speakers referred to the SIGN guidelines on the management of post-natal depression and puerperal psychosis that we commissioned and which were published in June 2002. We have also funded a thorough audit of service provision of primary and secondary care in Scotland against the background of the SIGN guidelines. The outcome will provide a national picture and inform future decisions on the planning and delivery of comprehensive services, support and best practice.

I turn to the main subject of the debate and to a key factor that has been identified as having a bearing on the effectiveness of in-patient care, namely joint admission of an ill mother with her baby. There is strong support among patients, professionals and the health department for units that are designed around joint admissions so that a mother can maintain contact and bonding with her child. That is an aspect of provision in which I want significant progress to be made throughout mental health services. The SIGN guidelines and their references to the proven benefits of providing a service for mother and baby suggest that about 30 to 45 beds are required in Scotland.

The recent Executive guidance on regional service planning will help NHS boards in their task of providing regional services. To that end, I will ask the regional planning groups to consider the benefits of providing joint admission services for post-natal depression on a regional basis in the light of the SIGN guidelines and I shall seek a response from them. Of course specialist in-patient care needs to be complemented by a range of community and other support services being made available locally in line with the published guidance, as Mary Scanlon and others have reminded us.

That is not to say that no progress is being made in addressing the needs of mothers and babies together. As Bill Butler reminded us, Greater Glasgow NHS Board has announced that it is moving ahead to draw up detailed plans for a specialist facility for mother and baby admissions. That is fully in line with the published guidance

and it is an excellent example of an NHS board responding to patients' needs in a specialised area of treatment.

I was pleased last week to speak to Karen Robertson, the nurse consultant in Glasgow on perinatal mental health. I congratulate her on all the work that she has done in that area—I know that she has been a leading figure in spearheading developments in Glasgow. The NHS board there has recognised that it will take time to deliver its plans and it is therefore providing an interim arrangement for the admission of mothers and babies until the proposed specialist unit becomes available. Where Glasgow is leading, I want other areas of Scotland to follow. I believe that working on a regional basis is the way forward, which is why—as I said a minute ago—I shall ask regional planning groups specifically to pursue the matter and I shall seek a response from them.

As well as supporting the development of joint admission arrangements, the department also supports and encourages the screening of new mothers using what is known as the Edinburgh scale at six to eight weeks and again at three to six months for the earliest possible detection. Women with post-natal depression can be seriously ill and yet the illness can go undetected. Like most disorders, the earliest possible identification of need and speedy interventions offer the best prognosis for improvement. Karen Whitefield and Mary Scanlon mentioned stigma. If we address that issue, sufferers are more likely to be identified early. I hope that the campaign that we are undertaking on that will be helpful.

The mental health and well-being support group, in its second round of visits which finishes this month, has been paying particular attention to what local facilities are available in NHS board areas for the detection and treatment of sufferers from post-natal depression. In line with published guidance, the group looks specifically for the use of the Edinburgh scale and for developments in the creation of integrated care pathways for the best organisation of care. Its findings include a score rating of progress that has been made. That offers an at-a-glance picture in each case and links to the performance and accountability arrangements for the NHS in Scotland.

I do not know whether members read the reports of the mental health and well-being support group, but they might wish to refer to a particular report on post-natal depression and the score for services in their area. The reports are an important feature of the health improvement agenda in ensuring that key issues are addressed and improvements made. One of the key aims of the support group is to ensure that the good practice that is being followed in parts of Scotland is adopted everywhere. That is vital if sufferers are to

receive the high quality care that they deserve and if we are to see improved clinical outcomes and therefore better future mental health.

We agree that there should be a spectrum of care and support for the mother, the baby and the wider family. We accept, and shall promote, the merits of joint admission arrangements. We congratulate Greater Glasgow NHS Board on its announced plans and on leading the way.

I give members my personal commitment that I will do everything that I can to ensure that there are improvements in services throughout Scotland for post-natal depression in general and the development of mother and baby units in particular. I again congratulate Bill Butler on raising the issue and on making such progress on it in such a short time.

Meeting closed at 17:55.

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