

MEETING OF THE PARLIAMENT

Wednesday 17 December 2003
(*Afternoon*)

Session 2

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Scottish Parliament

Wednesday 17 December 2003

(Afternoon)

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

Time for Reflection

The Presiding Officer (Mr George Reid): Good afternoon. Our first item of business is time for reflection, for which our leader is the Right Rev Michael Henley, who is the Bishop of St Andrews, Dunkeld and Dunblane.

The Right Rev Michael Henley (Bishop of St Andrews, Dunkeld and Dunblane): I am privileged, fortunate and lucky enough to live in St Andrews, not because I am the Bishop of St Andrews, but because that has been my home base for more than 40 years. I say that it has been my home base because part of my career was spent as a chaplain in the Royal Navy. I came and went, but my children benefited from a Scottish education.

Members will detect from my accent that I am, as a Fifer would say if he were being polite, an incomer. I am also a Scotophile with a passion for all that Scotland has to offer and contribute to people and society in general and I have a particular interest in rural affairs.

When I first came to Scotland in the early 1960s to serve as a chaplain to HMS Caledonia—that wonderful engineering training establishment in Rosyth—I was struck by the solidarity and immobility of the Scottish family from grandparents to grandchildren, who often lived within a few hundred yards of one another and moulded into a strong and cohesive community, even when children married and produced their own families.

St Andrews is still a strong local community, offset by its university, golf and tourism. Academia, sport and tourism are all essential factors in the life-blood of Scotland on which not only our urban but our rural communities depend. Sadly, St Andrews cannot at the moment retain all its young. That is symptomatic of much of Fife.

Members who are golfers will know that the Old course has the notorious hell bunker. I have been in it many times and I assure members that it is hell. On many fronts, neither my Christian denomination nor others—or any of the various faith groups—wants to see anywhere in Scotland that which leads to a concept of hell, be it among our asylum seekers, in the health service or in educational evolution.

Whatever their background, the Scot is naturally interested in human justice, human rights and personal dignity, but Scots have always shown a commitment, historically, to a wider world. One of the many joys of my life travelling the world has been to meet and relate to those from Scotland in many diverse situations and places, and, in so doing, to realise their integrity and commitment.

I believe that the essential factor in our life today is the given community—a true identity within it—and that in the communities in which we all live, we should accept the responsibility of providing a sense of community and continuity.

The second great commandment in my denomination, and one that is shared in various ways with many faith groups, is to

“love your neighbour as yourself”.

That in itself involves an understanding of our community, identity and continuity.

I thank members for listening to me and I wish you all a good festive season.

Local Government Finance Settlement

The Presiding Officer (Mr George Reid): The next item of business is a statement by Andy Kerr on the local government finance settlement. The minister will take questions at the end of his statement and there should therefore be no interventions.

14:35

The Minister for Finance and Public Services (Mr Andy Kerr): I crave the indulgence of the chamber to give the very good news of the birth last night of a baby daughter Phoebe to Angus and Sheila MacKay. Angus is the former well-respected Scottish Executive Minister for Finance and Local Government. [*Applause.*]

I am pleased to announce today the local government finance settlement for 2004-05 and 2005-06. Three key principles underpin the provisional figures: confirmation of the funding increases that I announced last December in the three-year settlement for 2004-05 and 2005-06; inclusion of additional money for a number of new initiatives and improvements; and the strengthening of our commitment to working in partnership with local government. I will also announce the provisional business rate poundage for 2004-05 and the provisional small business rate relief supplement.

The Executive is committed to local government and to the effective and efficient delivery of local services at a local level. As the minister who has responsibility for public services and local government, I am determined that investment will continue to flow to improve public services across Scotland. We all know that, when public services fail, the impact on a life can last for ever. I am thinking of the life chances of the child that are damaged when the child is failed by the education service or the added misery for the victim who is let down by our justice system. When our public services work well, however, the impact for good can be life enhancing and—quite literally—life saving.

We will continue to work to improve public service delivery. We have devoted historic levels of resources to public services and, together with our commitment to reform, we have secured significant and real improvements. This statement is underpinned by a commitment to improving service quality, accessibility and relevance. We will do that by meeting the needs of users; agreeing national standards; devolving decision making; improving conditions and working practices; and searching out best value.

The figures that I am announcing today are based on the provisional figures for 2004-05 and 2005-06 that I announced this time last year. Those figures guaranteed every local authority an above-inflation increase in revenue grant for that period. To those increases, we are adding money over and above the 2003-04 allocation to fund the additional services and improvements that have been announced since last December. We will also continue to work with the Convention of Scottish Local Authorities to ensure that needs—from the partnership agreement commitments, for example—will be fully funded.

Today's announcement gives no Scottish local authority any reason to increase council tax beyond the plans that have already been published for this three-year period. This year's average increase was 3.9 per cent, which can be compared with the 12.9 per cent increase in England and the 9.8 per cent increase in Wales. The published plans show that the increases will remain below 5 per cent for the next two years, which is where they have been for the past six years.

In Scotland, we have not experienced the increases that some councils in England have—some English council tax payers have faced increases as high as 45 per cent. I welcome the prudence and good management that our councils have shown. That has been achieved through councils and the Executive working in partnership. My Cabinet colleagues and I have regular and full discussions with local government on the widest range of issues that face us. That dialogue is invaluable and it has delivered.

The dialogue has resulted in major changes to the environment in which local government plans and delivers its services. We ended compulsory competitive tendering and introduced best value; placed local government at the heart of community planning; ended capping and guidelines; and introduced the first three-year settlement for revenue and capital. Moreover, there is the prudential regime, which will begin next year, and the reality of the power of well-being. COSLA has been involved in positive discussions on all the funds within the statement.

The additional services and improvements that have been announced since last December include £49 million for the next three years to provide more teachers and reduce class sizes; £62.5 million to provide fresh fruit and more nutritious school meals for our children; £9 million to support free school meals; £600,000 to support Gaelic education in schools; £8 million to support youth justice teams; £2.2 million to protect consumers and businesses from rogue traders through the stop now orders; and £1.3 million to provide support for care home fees. I stress that those figures are for the three-year period.

This year we are also simplifying the settlement through two transfers of responsibility. First, £86 million is transferring in from the Treasury, so that local authorities can fully fund teachers' pensions. Secondly, we have agreed with the Department for Work and Pensions that it will fully fund housing and council tax benefits in future, so we have removed from the settlement the amount that each council would have spent on those benefits. Councils with higher benefit expenditure transfer more, but in future the DWP will pay their costs pound for pound, so the initiative will be cost neutral. The proposals were developed by the DWP with the full co-operation of COSLA and other stakeholders and they represent a welcome simplification of the system.

The figures that I announced last year guaranteed every local authority an above-inflation increase in revenue grant in 2004-05 and 2005-06. We have added funding for the new services and improvements that have been announced since last December and we have taken account of transfers into and out of revenue grant. As a result of the net increase, Scottish Executive revenue grant support to councils will total £7.667 billion next year, which represents an increase of £382 million over the current year. In 2005-06, the revenue grant allocations will increase by a further £324 million, to nearly £8 billion. Those figures represent year-on-year increases of 5.2 per cent and 4.2 per cent respectively—well above the current inflation rate. The increases maintain our record levels of support for local government as part of our increased investment in public services. Of course, the figures would be even higher but for the transfer to the DWP; before the transfer is taken into account, the increase over the current year is 6.5 per cent.

Local government is now in the best possible position to meet the challenges ahead. Details of the allocations for individual councils are set out in the finance circular that is being issued today to all local authorities. A summary of those allocations is available at the back of the chamber, on the Scottish Parliament information centre table, and copies of the full circular have been placed with SPICe.

I am pleased to confirm that the new prudential regime for capital funding will come online from April 2004. Councils have long argued for such a system, which is more flexible and gives councils more freedom to choose both the level of their investment according to what they can afford and the allocation of that investment—for example, to schools, libraries, community centres, sports facilities and transport.

We have also put in place arrangements for the previously ring-fenced capital allocations to become specific capital grants. Those grants

amount to almost £580 million over the next two years and include support for vital capital investment in, for example, police and fire services, flood prevention measures and key transport projects.

I come now to the provisional poundage rate. Businesses have told us that they are looking for investment in Scotland's infrastructure and for the skills that are necessary to build Scotland's economy for the future. We are committed to rail links to Glasgow and Edinburgh airports and to completing the central Scotland motorway network. We are starting to close the remaining gaps in Scotland's infrastructure. We are helping business and ensuring that there are better links to the global market. We are working with businesses to ensure that we increase investment in research and development, promote enterprise in schools and extend broadband connectivity across Scotland.

We are therefore already delivering a range of policies to strengthen Scotland's economy, but I am pleased to announce today a below-inflation increase in the poundage rate in 2004-05—on top of this year's poundage freeze—at a cost to the Executive of £11 million per annum. That is further evidence that we are listening to businesses. The poundage rate for 2004-05 will be 48.8p, which represents a rise of 2.1 per cent—well below the retail prices index increase of 2.8 per cent. That more than meets our partnership agreement commitment to limit increases to no more than the rate of inflation for the next two years.

This year, we also introduced a small business rate relief scheme, which gives rate relief of between 5 per cent and 50 per cent for up to 70 per cent of business rate payers. That is paid for by a small supplement for larger businesses—in 2004-05, the small business rate relief scheme supplement will be 0.3p in the pound.

Overall, those measures mean that business rate payers are paying less in real terms than they paid in 1995. The measures, along with the many other initiatives that we are taking to assist business, are a clear demonstration of our commitment to improving Scottish economic growth.

The settlement that I have announced today builds on the sound financial platform that we have delivered for local government. The year-on-year, real-terms increases ensure that local authorities have the resources and the flexibility to do their jobs. As a result, local government services are improving throughout Scotland. Through reform and modernisation, we are continuing to ensure that we get best value for every public pound that is spent. We will continue to seek best value, service effectiveness and innovation.

The settlement enables local authorities to play their part by taking forward their work with other agencies and partners to plan, deliver and continuously improve public services for the benefit of all the people of Scotland. I commend the settlement to the chamber.

The Presiding Officer: The minister will now take questions on the issues raised in his statement. I propose to allow up to 20 minutes for questions, after which we will move to the next item of business.

Michael McMahon (Hamilton North and Bellshill) (Lab): I welcome the minister's statement. Will he tell us specifically what in his statement indicates that the needs of Scotland's cities are being met?

Mr Kerr: In the discussions about the cities review and through the £90 million that we put into the cities growth fund, the Executive has sought to recognise the critical importance that our cities have as metropolitan centres and, in the wider city region, the importance of arrangements with neighbouring authorities and partners, which have, happily, now been made in most cases.

The Executive's strategy is to ensure that we recognise the critical role that cities play in art and culture, business, tourism, employment—in the cities and beyond—housing and other social issues. In addition, we recognise that cities have a greater role to play in punching above their weight and beyond their boundaries. The city-region partnerships that are developing will ensure that the money that we have put into the system through the cities growth fund will not only be well spent in cities, but make our cities more accessible and deliver greater improvements in public transport. That money will also ensure investment in the local economy, in tourism and other such related matters. As a result of the funding to the city authorities through the settlement and through additional work that we have undertaken with the cities growth fund, the future of our cities looks bright. On the visits that I undertook in the summer, I saw some work that points convincingly to a healthy future for all our cities.

The Presiding Officer: I should have called a Scottish National Party member to ask the first question, but the names were late coming up on the screen for technical and other reasons.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I thank the minister for giving us advance notice of the statement this afternoon.

The minister has patted himself on the back for providing £11 million to deal with the business rates issue. However, does he accept that there has been a £500 million business rates windfall this year, in that there has been £500 million more

than the estimated yield? Why has he not returned that money, which has come from businesses, back to businesses? What possible advantage does he feel that there is for businesses in Scotland in having a business rate that is 10 per cent higher than that south of the border? Will he say whether the figures in table 10.03 on page 173 of the draft budget document for 2004-05 have been revised upwards? If so, what is the additional windfall?

Finally, does the minister accept that there is widespread public concern about whether the money is being spent effectively—whether it is £500,000 on hedgehogs or £401 million on Holyrood? There is an increasing lack of confidence in the Executive's stewardship.

Mr Kerr: I am glad that Fergus Ewing has joined us. I have seen him often on television in another place doing another thing and I am pleased that he is here today to repeat some of the nonsense that he usually says on such occasions.

The support that we are giving the business community is reflected in the money that he talks about—in the record levels of investment that we are making in transport and higher and further education and in the work that we are doing with the enterprise agencies throughout Scotland. Let us put the issue in context: businesses are paying the same business rates as they paid in 1995. We are doing our utmost to give support not only through the tax environment in which businesses work with regard to business rates, but through the other work that we are doing in relation to transport, skills and the agenda outlined in "A Smart, Successful Scotland". Moreover, Fergus Ewing made no mention of the small business rates relief scheme, which benefits 70 per cent of Scottish businesses and is working effectively in relation to the skilled work force.

The other aspect of the matter is the overall tax environment for businesses in Scotland, on which I refer members to the survey that the Executive carried out. The survey, which is widely respected by the business community, shows that Scotland is very much at the lower end of business taxation in Europe and indeed the world—it is second only to Ireland and the United States of America in taxation levels. I therefore suggest that, although some people might want to focus on the 2 per cent of gross domestic product that business rates make up, we should focus on the big picture. The big picture is that businesses in Scotland and in the UK as a whole are paying less in business taxation than many of their European and worldwide competitors.

Fergus Ewing mentioned hedgehogs and other matters. Clearly, what I and the Executive seek to do—and what we seek to do through Parliament and the committees of the Parliament—is to ensure that the expenditure of public money is

accountable. I have never made any bones about that. We have set milestones and targets and we carry out scrutiny to ensure that we get value for money—when we do not get value for money, we take corrective action to ensure that we will do in future.

The important point is that the Scottish Executive operates a wide-open, transparent budget. Every committee of the Parliament—as is correct—has the right to examine the Scottish Executive budget and scrutinise what we do. As the Minister for Finance and Public Services, I have the job of ensuring that my colleagues in the ministerial team get value for every public pound that is spent. That is what I do and what I seek to do.

Mr Brian Monteith (Mid Scotland and Fife) (Con): The minister's statement must be seen in the context of significant increases in council tax over recent years. Council tax has risen by about 42 per cent since Labour came to power, which does not include the figures for water rates—and we know how much they, too, have gone up. That has been accompanied by a sluggish economy that underperforms and lags behind comparable economies in the rest of the United Kingdom. There are some areas of growth, however, most notably in the public sector and in the taxes that pay for it.

Today, the minister had the chance to be Father Christmas to the hard-pressed Scottish taxpayer, but instead he has decided to be the Grinch, to declare that there will be no Christmas and to take away from the good citizens of Scotland the possibility of the present of tax cuts that he had the chance to deliver.

In that context, I ask the minister the following questions. He has given figures that suggest that there will be additional funding for local authorities. Does any of that funding come from the £47 million that Gordon Brown announced recently in his pre-budget statement? If not, why is that money not being used to reduce taxes, as will happen in England?

Secondly, the minister has lifted, removed and abolished the freeze on business rates—they are now going up. At the rate of increase that he has announced, it will take 13 years before we achieve a uniform business rate—a level playing field with the rest of the UK. If the minister accepts the argument for cutting business rates, why does he not go the whole way and achieve a UBR at a single stroke?

Mr Kerr: The comments about Father Christmas and the Grinch were pre-rehearsed; I worked that one out a long time ago.

The average real-terms council tax increase for a band D property from 1997 to 2003-04 has been

11.1 per cent and the increase from 1999-2000 has been 8.4 per cent. Therefore, the figure that Mr Monteith mentions is well off the mark.

We should put the level of council tax into context. In my statement, I referred to council tax increases in England and Wales. We do not face the same problem in Scotland. Let us make no bones about it: council taxes are a burden in our communities—no one likes paying taxes. However, the point is that we are not Wandsworth, where there have been council tax increases of 45 per cent. We are not even experiencing the average council tax increase in England of 12.9 per cent. The average increase in council tax in Scotland is 3.9 per cent. For the past four years, we have had a below-inflation increase in many authorities and the average increase has been less than 5 per cent. For the next two years, we will also have increases of less than 5 per cent. Let us not cloud the issue and import difficulties that relate to council tax in England and Wales.

The money that the Chancellor of the Exchequer announced is very welcome, in that it gives us the ability in Scotland to spend more on public services. I will link what Fergus Ewing said to Brian Monteith's question. Money that was announced a matter of days ago will not be spent days later by the Executive. The Executive takes care of our resources. We will cautiously and with intent ensure that we spend the money wisely. It is the daftest thing in the world to say that when there is money one week, we should spend it the next week. We want to ensure that every public pound that is spent matters—that is not done in the course of seven days. I do not need to address the problems of council tax levels in England and Wales that the Chancellor of the Exchequer sought to address, because we are not in that situation.

The tax burden of business rates in Scotland is exactly the same as that in England. Brian Monteith knows well that the issue arises from the fact that England had revaluations that we did not have, which means that there is a difference in the rate poundage. However, the tax take is precisely the same and there is no difference on the effect on competitiveness north and south of the border.

We must look at the big picture. As I said, in talking about business rates, we are arguing about 2 per cent of GDP. Let us look at 100 per cent of GDP and consider how the Scottish and UK economies have one of the lowest taxes on business among our worldwide competitors. That is the real issue about business taxation. We seek to create that environment, but not only through the tax-cutting agenda that Brian Monteith advocates. A tax-cutting agenda would mean no completion of the central Scotland motorway network, no railway links to airports in Scotland, no

investment in our science and skills strategy and no development of intermediary technology institutes. Reducing the business tax to the level that the Tories want would cost at least £120 million per annum. That would shut down ITIs and local enterprise networks and take away support from small businesses; it would not deliver for Scotland's business.

The Presiding Officer: I would be grateful if both answers and questions were shorter, otherwise we will not get through all the members who want to ask a question.

Iain Smith (North East Fife) (LD): I welcome the minister's statement. Will he confirm that the settlement will enable local authorities to play their part in delivering the commitments in the partnership agreement to cut class sizes, to maintain record numbers of police and to improve transport networks and our environment? In considering how to spend the consequential from the recent pre-budget statement, will the minister consider giving money to local authorities to help support prudential funding of capital works to enable authorities to do even more to cut the backlog of capital repairs that the Government inherited from the Conservatives many years ago?

Mr Kerr: We have agreed with COSLA many of the details of the support that has been announced today, including the support for the initiatives on fresh fruit and nutritious school meals, modernising the teaching profession, free school meals, Gaelic education and youth crime. I share Mr Smith's view that the funding that we will put into the system will yet again allow local authorities to deliver for their local communities. We also have the initiative on quality of life—on a visit to Mr Smith's constituency, I saw some of the work that his local council does through that initiative. We will ensure that the money is mainlined in the system to allow local authorities to continue to spend on priorities. That is extremely important for our work on local delivery.

I will reflect with Cabinet colleagues on how we can best spend the resources from the chancellor. The member can rest assured that COSLA and individual local authorities have not been slow off the mark in producing ideas for how the money can best be spent, which I will consider in due course.

Tommy Sheridan (Glasgow) (SSP): I have two questions. First, the minister knows from his previous employment that the city of Glasgow has a concentration of severe poverty and deprivation. In that light, we might have expected the Executive to award an above-average grant settlement to help the city of Glasgow to deal with that problem. Why, then, does the settlement represent yet again a short-changing of the city of Glasgow? If Glasgow had received the average

grant settlement—not above it—we would have secured an extra £9 million for next year and £6.5 million for the year after that. In other words, we are being short-changed to the tune of £15.5 million. Why is the minister withholding that money from Glasgow?

Secondly, the minister said that the settlement is underpinned by a commitment to national standards. Does the settlement contain enough money to meet the national pay and grading claim of Scotland's nursery nurses? Is there enough to meet that national claim in order to maintain national standards and meet the Executive's national targets, or does the minister believe that nursery nurses in one part of Scotland should be paid more or less than nursery nurses in other parts of Scotland? If the money for a national claim exists, will the minister identify it?

Mr Kerr: First, I need to correct the complete inaccuracy that the Executive's treatment of Glasgow City Council short-changes the city. Support of more than £1.1 billion is not short-changing. It is the highest per capita support of the Scottish mainland authorities, amounting to £1,863 per person in Glasgow. We are providing assistance of £26.3 million to ensure that Glasgow is not punished in terms of Executive support because of its falling population. More than £23 million of quality-of-life money has gone into Glasgow and £40 million has gone into Glasgow and neighbouring authorities through the cities growth fund. Our support through the better neighbourhood services fund and social inclusion partnerships—as well as all the other support that goes to Glasgow—makes a real difference to the work that Glasgow City Council carries out in partnership with the Executive.

I will not comment on the nursery nurses dispute, because it is on-going and is a matter for the employers to sort out. However, I make the following comment. Tommy Sheridan comes to the chamber all the time and talks about wanting a Scottish service tax, a higher national minimum wage and a 35-hour working week, which would cost more than £1 billion of public expenditure right now. Who would pay the price for that? The poor and hard-working families would, of course, because £1 billion cannot be taken out of the Scottish Executive budget without either drastically cutting services or increasing taxation. Of course, nobody will pay more under the Scottish service tax—

Tommy Sheridan: You will.

Mr Kerr: In relative terms, not just I, but doctors and nurses—of whom we are trying to attract more to Scotland—teachers and people on the national minimum wage would pay substantially more under Tommy Sheridan's system.

Tommy Sheridan: Nonsense.

Mr Kerr: It is a fact, as I have proved in correspondence with Mr Sheridan—people will pay more under that tax. We want to increase expenditure by £1.1 billion.

Des McNulty (Clydebank and Milngavie) (Lab): Will the Executive work with local government to maintain the low council tax increases that we have seen in recent years, which contrast sharply with the double-digit increases that we saw in the last two years of the Conservative Administration, as Andy Kerr and I remember all too well? In particular, will the Executive recognise the pressures on those local authorities that have to address high levels of deprivation? I am thinking not just of Glasgow City Council, but of West Dunbartonshire Council, Dundee City Council and a series of other authorities across Scotland. Those authorities, which are trying to deliver effective services, require partnership with the Executive to take the agenda forward in relation not just to finance, but to delivery. Will the Executive assist in that respect?

Mr Kerr: As ever, the calculation formula for local government—in which I, Des McNulty and others are well educated—tries to reflect some of the difficulties that those authorities face. Obviously, the Executive also has a number of other funds and resources for local government to address deprivation. We want to do more and we can do more. I am in discussions with many local authority leaders on those matters. We recognise that deprivation is a big issue, so, through some of our schemes, we direct resources to those local authorities that are most in need.

Dennis Canavan (Falkirk West) (Ind): Last week, Gordon Brown announced a minimum 80 per cent council tax relief for community amateur sports clubs. Will that be extended to Scotland?

Mr Kerr: I am currently examining that matter, on which I will correspond with Dennis Canavan in due course.

Brian Adam (Aberdeen North) (SNP): Will the minister clarify for me the issue of prudential borrowing relative to council housing? Will prudential borrowing be extended to housing revenue accounts? Does he intend to scrap the 75 per cent clawback that currently applies to capital receipts for council housing?

Mr Kerr: I am carrying out detailed work on the impact of the actions to which the member referred. In due course, I will announce to the chamber—in partnership with Margaret Curran, who is the minister with responsibility for the area—what the Executive will do. As I have said, the Executive needs to be prudent and careful, so we are assessing the impact of the measures by

working with local authority colleagues to ensure that the public sector budget in Scotland is not damaged elsewhere.

Dr Sylvia Jackson (Stirling) (Lab): I thank the minister for his statement and for the many measures that he outlined, which will help businesses and constituents in Stirling and elsewhere. Will he assure me that, once we have the raft of figures for 2004 from the Society of Chief Officers of Transportation in Scotland survey, he will consider in his continuing good dialogue with COSLA and local authorities generally a long-term plan for non-trunk road maintenance to support local authorities in dealing with the large backlog of work that continues to grow?

Mr Kerr: Yes, indeed. I am aware of the impact of the SCOTS survey. However, I want to ensure that, when we allocate money and resources to local government, local authorities have a vast amount of freedom to prioritise local expenditure. Although we have previously made additional funds available for the local road network, it is certainly the case that some local authorities do not spend up to their perceived grant-aided expenditure allocation and that others spend more than that allocation.

I acknowledge the significant infrastructure problem that the local roads network represents. I am constantly discussing the matter with leaders of local authorities through COSLA and we seek to ensure that we protect the current infrastructure. Some renewal schemes that have been the subject of consideration for many years must be addressed and the Minister for Transport and I are examining that matter. However, as I have said, when we allocate resources under that budget heading, some authorities make up the difference whereas others do not choose to spend their resources in that way.

Mike Rumbles (West Aberdeenshire and Kincardine) (LD): Although I very much welcome the above-average increase announced today for Aberdeenshire, is the minister aware of Aberdeenshire Council's fair share campaign, which highlights the fact that, per head of population, the funding for the council is still some 11 per cent below average? Does he believe that the independent review of local government finance that the Executive has proposed will find that Aberdeenshire's case has merit? Moreover, when will the consultation with COSLA close and when will the review commence?

Mr Kerr: The leader of Aberdeenshire Council has made me well aware of the council's case for resources. However, I do not believe in simplifying the allocation of local funding to a per capita basis. That represents only one measure of our investment and, if we applied it to other local

authority areas in Scotland, some would be very badly off. As a result, we try to offer a range of support to meet a range of needs within local authorities.

However, Aberdeenshire Council has a strong case and, as I said, the leader has indicated to me her view that the authority is underfunded. I do not think that the per capita approach is the best way of allocating funding, but that is clearly the subject of discussions with COSLA. I am not in a position to give a precise answer to Mr Rumbles's question, because I need to have further discussions with COSLA before we can reach a conclusion. After all, we want to work in partnership on the review of local government finance. However, I am absolutely certain that the member's views will be considered in the process.

Alex Neil (Central Scotland) (SNP): I have two quick questions. First, why does the Executive allow the schools fund allocation to councils to be used to underpin the annual private finance initiative charge but not to fund prudential borrowing? Why has that distinction been made?

Secondly, on page 175 of the draft budget document for 2004-05, under the heading "Statement of priorities", the minister says that his first priority will be to maximise

"the benefit for Scotland of the First Minister's chairmanship of the group of EU regions with legislative power (REG-LEG)".

How much money will we put into Regleg and what benefits will Scotland receive?

Mr Kerr: In answer to the second question, we will receive considerable benefits. Alex Neil's point is a bit rich. When we do not go to Europe, the nationalists say, "Why weren't you representing Scotland's interests in Europe?" However, when Scotland takes the chair of a large and influential organisation in Europe, we are criticised over the costs. I will deal with the detail of that point later.

Alex Neil's point about the schools fund allocation has been raised with me by a number of local authorities. However, we should first recognise the massive positive impact that the new schools are making in our communities through the provision of good-quality learning spaces for our young people. I have agreed with a number of local authority officials and leaders to reconsider the matter. I have not completely closed down my view on it and I will correspond with the member once I have reached a decision.

Christine May (Central Fife) (Lab): I thank the minister for his statement, although I give him fair warning that I will check tonight whether the allocation announced for Fife will allow the council to keep its promise—which, indeed, I made last year—to keep council tax rises to under 5 per cent.

Does the minister have any figures on the impact of the Scottish Socialist Party's local taxation plans on the average family in my central Fife constituency and across the rest of Scotland?

Mr Kerr: The member can rest assured that the funding for Fife Council should make a difference when the council comes to calculate future council tax increases. I am sure that many local authorities—including, I presume, Fife Council—will share my view on that matter.

On the second question, a family of two people earning the average wage would pay more under the Scottish service tax. The average band D council tax bill is £1,009, whereas the Scottish service tax bill would be £1,098, which is a 9 per cent increase. Of course, there are other exemplars. A general practitioner and a part-time teacher in a band G property in the Highlands would face an increase of 273 per cent on their current council tax under the Scottish service tax. It is always easy to announce a change to the taxation system, but a closer look reveals that many people will have to pay for that privilege.

Point of Order

15:10

Shona Robison (Dundee East) (SNP): On a point of order, Presiding Officer, of which I have given advance notice. I seek your advice on how a ministerial statement can be made tomorrow in the light of the announcement in the House of Commons by the Secretary of State for Health, John Reid, that a patient died of variant CJD after receiving a blood transfusion from a donor who was subsequently found to have developed the disease. The chief medical officer's conclusion was that the possibility that the infection was transfusion related could not be discounted. Given today's serious developments and the fact that we have almost reached the recess, would it be in order for business managers to meet again to consider making time available tomorrow for a ministerial statement on the matter and will you use your office to facilitate that?

The Presiding Officer (Mr George Reid): That is not a bona fide point of order. The Parliamentary Bureau considered a similar matter yesterday and decided, contrary to the views put forward by Mr Crawford, that if business managers voluntarily want to meet, that is up to them. In the meantime, I would have thought that the proper course of action would be for you to oppose the business motion tonight—I shall give you five minutes to do so—when you might elicit a reply from the Executive.

Budget Process 2004-05: Stage 2

The Presiding Officer (Mr George Reid): The next item of business is a debate on motion S2M-716, in the name of Des McNulty, on behalf of the Finance Committee, on stage 2 of the 2004-05 budget process.

15:12

Des McNulty (Clydebank and Milngavie) (Lab): The pre-Christmas budget debate promises new treats as well as old favourites this year. As last year, Rab McNeil will have to strap himself into his seat to endure 11 minutes from me on the Finance Committee's budget report. However, I am pleased to say that we will not be without a contribution from David Davidson, who is a fixture in the calendar as reliable as the "Morecambe and Wise Christmas Special", and possibly just as dated. There is a special bonus: Fergus Ewing will be winding up the debate. Members of the Finance Committee have been running a Fergus bingo competition in recent weeks to see how often he manages to introduce the Holyrood building into contributions on other subjects. I hope that people have got their pencils ready; the first person to shout, "Holyrood House", on hearing five separate references, wins this year's star prize.

I shall begin by highlighting issues raised by Donald MacRae of Lloyds TSB Scotland and Peter Wood of DTZ Pidea Consulting in their evidence to the Finance Committee about the priority that they felt should be given to promoting economic growth. Donald MacRae felt that there was a risk that the increases in public spending in the budget would

"make Scotland's overall economy more dependent on the public sector."—[*Official Report, Finance Committee*, 28 October 2003; c 370.]

Peter Wood felt that the political priority given to growing the economy was not adequately reflected in allocations to the enterprise and lifelong learning budget and expressed his concern over the lack of a rationale for the increases between different portfolios.

That concern about the lack of rationale was not confined to those experts. In their joint submission about resource allocation and budget prioritisation, the Justice 1 Committee and the Justice 2 Committee made a similar point. That report recognised that the allocation of resources is not the sole indicator of priority, but said that it seems clear that, if, as the budget grows, any increasing proportion of that budget is allocated to a specific activity, that activity is a priority. On the other hand, if, as the overall budget grows, the proportion allocated to an activity, even when

widely defined, struggles to maintain a constant proportion of that budget, that activity cannot be classed as a priority.

Our two economic experts were not arguing against more public spending. Their first concern was that, if growing the economy is the top priority, that should be reflected in budget allocations, not just to the enterprise portfolio but across other portfolios as well. Secondly, they argued that we need to ensure that how the money is spent produces what Alf Young calls revenue payback, in the form of a more prosperous and vibrant Scottish economy.

Particularly when there have been year-on-year expenditure increases—at levels that are unprecedented in my lifetime—with more money for services such as health and education, we must ensure that money is invested in securing longer-term gains, whether that is done by taking advantage of research and technological change; by upgrading transport, hospital and school infrastructure; or by regeneration prospects that deliver a transformation in an area's social and economic circumstances.

Both the committee's experts felt that we need to change the balance between capital expenditure and revenue expenditure at this stage in the economic cycle, because of the importance of capital spending to economic growth. That is a complex issue, into which the committee will delve further. For the moment, however, we recommend that the relative priority that is given to capital expenditure in relation to revenue expenditure in the 2004 spending review be reviewed. We recommend that more should be allocated to targeted capital expenditure such as transport improvements, property and housing-led regeneration and other major infrastructure improvements.

To be fair to the Executive, progress has undoubtedly been made in taking forward major capital projects. The school regeneration projects that are being implemented throughout Scotland, the implementation of ambitious acute care strategies such as the greater Glasgow scheme, the Executive's commitments to the M74 link and the Clyde waterfront project are all steps in the right direction. However, given the lead-in time for major capital projects, we must use the opportunity that we have now to secure lasting benefits, not only in the physical infrastructure but through the economic stimulus that capital expenditure on such a scale can have to the Scottish economy as a whole.

The Finance Committee feels that considerable progress has been made over the past two years in securing greater transparency in the presentation of budget information. In particular, we commend the Executive for its positive

response to the previous Finance Committee's recommendation regarding new spending proposals, which are now presented in a discrete section headed "New resources". The committee welcomes the introduction of a distinct section on equality, which identifies spending across departments and marks important progress on the equality-proofing agenda. It also welcomes the absence of cumulative accounting from the budget discussions that we have held with ministers. We recommend that the "Closing the opportunity gap" and "Sustainable development" sections of the portfolio chapters of the draft budget should adopt the model used in the "Equality" section and identify relevant activities and costs.

The Finance Committee would welcome greater clarity in future end-year flexibility announcements, which were delayed this year in order to factor in money that was used to implement elements of the partnership agreement. In particular, we want the Executive to work with the Finance Committee to develop time-series data on budgetary trends, ideally over a 10-year period, so as to allow a much more structured appraisal of performance across portfolios, as well as within them. There were some differences of view in the committee about how far down the levels it might be feasible to apply such a time-series analysis. Personally, I feel that we would need data at levels 1 and 2. Our goal of a 10-year period might not turn out to be technically feasible, depending on the number of baseline revisions that would have to be taken into account. However, I think that all committee members are agreed in principle that trend data are crucial if we are to have a meaningful strategic overview of the budget and if an informed debate on the choices before us on spending decisions is to take place.

We have had a long dialogue over the past year with Andy Kerr, the Minister for Finance and Public Services, and his deputies, Peter Peacock and Tavish Scott, regarding future arrangements for examination of the budget. There is a clear need to rationalise the overlap in documentation between the annual expenditure report and the draft budget. We are pleased that ministers are suggesting a way forward for 2005-06, especially with regard to performance reporting, which was a key recommendation of the previous Finance Committee's review of the budget process.

Our view is that the revised AER should take into account the changing fiscal context before committees make recommendations on spending priorities at stage 1 of the process, and that the term "annual expenditure report" should be dispensed with, reflecting a revised stage 1 of the process involving an assessment of past performance and a discussion of strategic priorities, both of which are important developments. We believe that the revised

documents at stage 1 of the process should include an assessment of progress on spending priorities, including health and local government budgets, in the proposed performance report on progress against targets. That report should give specific, measurable information on such progress.

A clear and unambiguous response from ministers to the committee's spending recommendations in each portfolio chapter of the draft budget should be provided in the formal response to committee reports at stage 1. We recognise the importance of the biennial spending review, as opposed to the annual budget process, in determining changes in spending priorities. We are currently considering how the Finance Committee and subject committees might be most effectively involved in examining options and influencing decision making.

The Finance Committee remains concerned about the number of targets that are set by ministers and how they are selected. A recent report by the Westminster Public Administration Select Committee concludes that ministers need to choose and communicate clear priorities, rather than set too many targets; to concentrate on key national priorities rather than micromanagement; and to move from targets to trends as the basis for measuring progress. Our view is very similar. We think that there are too many targets and that some of the targets obscure rather than clarify what the Scottish Executive is trying to achieve. We believe that there is too much focus on activities, rather than outcomes, and that the use of targets within portfolios is all too frequently an impediment to progress on cross-cutting priorities.

We are not arguing that there is no place for targets. When they are used, targets must be properly quantified to ensure not only that spending departments are meeting their targets but that such targets are improving public services. In that way, it can be assessed whether or not better outcomes are being achieved. We are keen that effort should be concentrated on areas where progress is possible—for example, linking allocations directly to outputs—and that the Executive should concentrate on developing and meeting strategic targets, rather than departmental activity measures. The use of targets should also promote effective management, by building in incentives for those who achieve efficiency savings. Our recommendation is that the Executive should evaluate the impact of targets in practice, including assessing the delivery of improvements to public services, with a view to rationalising and simplifying the process prior to the 2004 spending review.

The final issue that I want to highlight is the scrutiny of block allocations to health and local

government. As a former councillor and member of a health board, I am very sensitive to the need for local autonomy in decision making, including the allocation of resources between different priorities in line with local needs and circumstances. However, the policy and financial assumptions that underpin allocations to health boards and local authorities should be made explicit, especially when new resources are being allocated.

It used to be said that only three people understood the way in which grant-aided expenditure was allocated—one was mad, one was dead and the other was Professor Arthur Midwinter. The Finance Committee is privileged to have Professor Midwinter as its budget adviser. That has greatly assisted us in understanding what is going on in the block allocations. However, we believe that the grant formulas should be made explicit in the draft budget, so that everyone can have access to this information.

I thank the clerks to the Finance Committee, who have done a terrific job for the committee in a very pressured period since it came into being, and Arthur Midwinter, who did a terrific amount of work in bringing together a huge mass of information that has allowed us to write such a comprehensive budget report. I also thank Executive officials and ministers who have co-operated with us in meeting our objectives, and everyone else who has been involved, especially other members of the committee.

I move,

That the Parliament notes the 4th Report 2003 (Session 2) of the Finance Committee, *Stage 2 of the 2004-05 Budget Process* (SP Paper 62).

15:23

Jim Mather (Highlands and Islands) (SNP):

About three years ago, when I started to take the SNP economic case around the committee rooms and board rooms of Scotland, a director of one of our major civic organisations said that the two key measurements of any Government's performance should be life expectancy relative to other comparable countries and population growth relative to neighbouring countries. He believed that those measurements encompassed a range of issues—economic vibrancy, job availability, job satisfaction, housing, diet and, crucially, personal and national self-esteem.

The more I considered his comments, the more they rang true. Although any normal Government will properly also monitor and control borrowing, spending, growth and taxation in order to balance the books and achieve the best outcome for its people, its overall performance will be reflected, crucially, in life expectancy and population growth.

We must face the fact that in Scotland at the start of the 21st century neither life expectancy nor population levels match what is being achieved by any of our western European neighbours.

That is not surprising, given that for 30 years we have underperformed compared to all of them in economic growth. Today, we are reviewing a budget that in the words of one of our expert witnesses, Donald MacRae,

“is more of a series of spending plans than a budget.”

In other words we are reviewing a process that is a pale shadow of the budget processes of our competitor nations and that exposes the self-imposed handicap of branch-economy status with ample evidence of direct and collateral damage to the people, fabric and credibility of Scotland. Of the three attributes of real economic management that I mentioned earlier—borrowing, spending and taxation—only spending is really devolved to the Parliament. It is the only complete power that the Executive has to influence outcomes for the people of Scotland. Without its logical companion powers, it is woefully inadequate.

Nevertheless, we are where we are and I will not shrink from my duty of making suggestions for the better management of Scotland's finances under the current settlement, echoing some of the recommendations in the committee report. Three major recommended changes in the report strike me as important. First, there is a need for the restatement of historical financial data on a consistent basis, going back at least 10 years, thus allowing spending trends to be identified and analysed. Secondly, there should be much more comprehensive data on capital expenditure and a more appropriate balance between capital and revenue spending. There is a vital link between capital expenditure and long-term economic growth. Thirdly, we are also looking for a more tangible link between a policy objective being a priority—or even a top priority—and a planned expenditure total and relative percentage increase in that area, reflecting its priority status.

To those points I add a concern, which was voiced earlier, and by several witnesses, that our private sector is shrinking and that there is a danger that we have created conditions that have made us even less entrepreneurial and less likely to achieve the economic growth that we need to achieve. There is concern about the effectiveness of our Government's spending and its ability to achieve its specific objectives, let alone improve the lot of everyone in Scotland.

I will address each of those points in turn and I refer first to comparative data. Peter Drucker, the eminent author and consultant, once said famously, “If you can't measure it, you can't manage it.” He was right. Scotland needs, and this

Parliament must demand, proper comparative data for 1993-2003 and beyond. Only then will we be able to see the trends in spending and plot the effect of that spending on the measurements that matter to us all, including growth, life expectancy and population level. That is elementary and essential and it must be addressed soon.

Secondly, we need data on, and a healthier emphasis on capital expenditure, not only because that is right and proper—in line with Drucker's comment—but because we all aspire to living in a Scotland that builds infrastructure and assets that are rooted here and that can help us thrive and compete. Yet over the two years in question, the increase in capital expenditure is only 4 per cent, compared to the increase in the operational budget of 13 per cent. Those of us who aspire to taking the mature step of allowing Scotland to be all it can be, and who reject our branch-economy status, are duty-bound to highlight the Executive's excessive emphasis on revenue spending. After all, that is one of the historic problems in the water industry, for which we are all paying a heavy price. Surely sound management practice and painful precedent dictate that the Executive must ensure that there is a better balance in future.

Thirdly, I mentioned priority status, which is crucial, particularly vis-à-vis economic growth, because that continues to elude Scotland and it is no great mystery why. As long as the Executive is content for Scotland to be a branch economy—and to pay the price for that status by allowing Scotland to be a low-wage economy with high migration and low labour productivity—we will fail to realise anything like our considerable potential.

The unsustainable nature of that position is now clear and the key point is this: having made the indefensible choice of allowing Scotland to compete without the full set of macroeconomic tools, the Executive now has to say when the extra public spending is going to produce a revenue payback in terms of a more prosperous and vibrant Scotland and when it will produce better tangible outcomes for patients, parents, pupils, students and those who would like to come back to well-paid jobs in Scotland.

The Deputy Presiding Officer (Murray Tosh): I now call Brian Monteith to close—sorry, to open—for the Conservatives. That was wishful thinking, Brian.

15:29

Mr Brian Monteith (Mid Scotland and Fife) (Con): I assure you, Presiding Officer, that despite the fact that I normally wind up, today I will be opening, although I suspect that my speech might also end up as a wind up in some respects.

The debate is about the Finance Committee's report on the budget process. For the detail of the Conservative take on that issue, I will defer to my good friend Ted Brocklebank, who serves on the Finance Committee. I would like to say a little about the overall context in which the budget process must be placed and the committee's recommendations that come from that. In doing that, I shall not give a partial, partisan or ideological view, as is my usual custom, but shall instead turn to the comments that were made by a number of learned academics in their evidence to the committee.

First, I will draw on some evidence from Peter Wood of DTZ Pidea Consulting. He told the Finance Committee:

"The budget statement and its supporting documents are very detailed. However, they contain many detailed priorities rather than discussion of the overall priorities. Below the level of detailed targets for increases, it is not clear why the big decisions have been made. Why is spending on health and transport being increased more than spending on higher education?"

He went on to give a number of further examples, but his point is clear. It occurs to me that if it is not possible to have more discussion of the priorities during the budget process itself, there is ample opportunity for us to do that in the chamber.

Peter Wood continues:

"I look at the increased spending in the Scottish budget and ask whether that spending is intended to increase the quantity or quality of public services or whether it is about keeping pace with public sector cost inflation—increasing spending in real terms just to stand still. For all the detailed information that appears in the budget, it is hard to discern the answer to that question."—[*Official Report, Finance Committee*, 28 October 2003; c 374.]

I agree entirely with that sentiment, both as a finance spokesman for the Conservatives and from my past experience on subject committees. I do not feel that we get down to that detail. Although the Finance Committee's report shows that there have been some welcome advances in how the budget process proceeds, there is still a great deal to be achieved and many of the people who gave evidence to the committee drew attention to aspects of the process that could be improved.

It is no surprise that Donald MacRae has already been mentioned by several members. He said:

"there is a risk that high public spending may crowd out private sector activity. Secondly, high public spending exaggerates the weakness of the private sector in Scotland. Both elements have contributed to the poor performance overall of the Scottish economy over the past few years."

He went on to clarify that, by saying:

"The support that the public sector provides is not

guaranteed, because the spending increases that have taken place in the past few years may not continue in coming years."—[*Official Report, Finance Committee*, 28 October 2003; c 375-6.]

Donald MacRae was echoing what others, including Arthur Midwinter, have said. He was saying that there is a mood about—some put it stronger than that, but I will give the Executive and the United Kingdom Government the benefit of the doubt—that the spending increases cannot continue, that there will come a day of reckoning and that that will have to be addressed.

It is important that committees such as the Finance Committee bear in mind the point about the balance between the private sector and the public sector when they examine the detail of spending because, when we spend public money, there is an issue about productivity and value for money. Within the UK, tax revenues have been depressed and the public borrowing estimates for this year have had to be revised four times, from an original figure of £15 billion to the present figure of some £37 billion. We have had warnings not only that there might have to be public service cuts in about 2006 or beyond, but that some taxes might have to go up. There is speculation about a rise in stamp duty, about VAT going up to 20 per cent and about income tax hikes.

I suggest that the tax-and-spend model for the economy has crashed and that we must reboot our system. We need new, low-tax, low-regulation software that provides better public services for Scotland's people and fresh opportunities to create wealth. That can be done. The sceptics need only learn that lower marginal tax rates can, and often do, lead to higher tax revenues as direct and indirect costs to taxpayers are reduced. The economy and, indeed, the public sector can be more productive without damaging cuts. One has only to have faith in our business leaders and in consumers that they will spend their own money more wisely than Government ministers can.

In conclusion, the signs are that the minister's financial proposals do not address the real problems that exist. Inherent in the Finance Committee's report is a recognition that there are tough days ahead, so we need some improvements in the way that we budget our finances through this parliamentary session.

The Deputy Presiding Officer: I call Dr Elaine Murray to open for the Labour party.

15:35

Dr Elaine Murray (Dumfries) (Lab): I see that Rab McNeil is still in the press gallery. He might be bored by Des McNulty, but he thinks that I am a dog.

Mr Monteith: A pedigree, surely.

Dr Murray: I might be a bit of a mongrel, actually.

Anyway, I welcome the opportunity to speak in today's debate, which is about the presentation and the process of reporting on the budget rather than about the budget's content, which will be a matter for debate at a later stage when we have the budget bill in front of us.

There has been general agreement that the process and presentation have improved. In 1999, we inherited the Westminster model of presenting budgets, which uses shock-and-awe tactics whereby the House of Commons is bombarded with information that has to be picked over during subsequent days as the media, back benchers and Opposition parties try to interpret the proposals to decide whether they will support or criticise them. There is a role for that sort of theatrical event in politics—the UK budget is one of the few political events that actually interests the public—and it is absolutely appropriate that budgetary decisions are presented to the Parliament through ministerial statements. However, the operation of the Scottish Parliament is rooted in its committee system; it is necessary that the information that we receive is presented in a manner that enables us to fulfil our function as scrutineers of the Executive.

The Executive is to be commended on the continuing improvement in the provision of financial information that Des McNulty referred to. I am particularly pleased to see the absence of cumulative accounting. However, our report requests further clarity in how objectives and targets are funded to reflect the Executive's key priorities. That would allow us to interrogate whether and how funding decisions achieve or do not achieve those policy priorities. That is why I agree strongly with Wendy Alexander—sadly, she is off ill, or she would be standing here now—on the need for that broad financial backdrop against which funding decisions are made. As Jim Mather pointed out, it would be of great assistance to know what the trends have been over a period of years, so that we could assess how those are related to policy priorities and what the outcomes were.

I recognise, of course, that outcomes are what matter and I know both that economics is not an exact science—in fact, I suspect that it is not a science at all—and that local and national economies are not isolated systems, but I would like to understand better what the reaction pathway is. We would like to know how putting £X million into one budget line or £Y million into another budget line actually achieves the outcomes that the Executive desires. Not only would that enable Parliament to scrutinise Executive decisions better, it would also

encourage Opposition parties to propose, as oppositions in councils have done for many years, alternative budgets on which they could be judged.

Opposition members in the Parliament often say that the job of the Opposition is to oppose, but—

Mr Monteith: Will the member give way?

Dr Murray: I will just finish the sentence before giving way.

Opposition members often say that it is their job to oppose, but their job is not just to oppose but to provide alternative policies. Good Oppositions should be able to suggest how those policies would be funded.

Mr Monteith: I wholly agree with the member that it would be beneficial for the Parliament to have alternative budgets to discuss at some stage, but does she agree that the Parliament's budget process, which requires that amendments or alternative budgets be introduced at committee level, is not conducive to having that debate?

Dr Murray: I will refer to some of that later, but part of the point that I was making was about the difficulties for Opposition parties.

It is clear that some form of scrutiny of the links between financial inputs and outcomes is done outwith the budget process. The Finance Committee considers the financial memorandums that are attached to the policy statements that accompany bills. For example, we can assess the Executive's key priority of tackling crime not only by looking at things such as the number of police on the beat, but by considering the bills that reform the court system, that introduce other disposals to provide deterrents and that enhance community safety.

The Executive is expected to use the financial memorandums to indicate what funding might be required to support the legislation. However, that memorandum cannot and does not provide the whole story. The problem is making the link at strategic level between the funding allocation decisions and how those produce the desired objectives and outcomes. It is not just about how many millions are put into a portfolio; it is about the information that we need to allow us to judge whether that funding is being allocated in the best possible way to get the desired outcomes.

That is where the budget continues to disappoint, because we could not trace how the Executive is funding sustainable development or the closing of the opportunity gap. We are not yet in a position to judge whether a bit more in one budget line or in one portfolio might better achieve the stated objectives. That then makes it difficult to analyse the decisions that are made in the biennial spending review process to identify new areas for funding, to decide what areas should receive

increased funding or might need to be sunset for various reasons; it is also difficult to analyse what quantitative criteria are used to make those decisions.

That knowledge would enable the Parliament to judge better the action taken within the Executive's parameters and it would allow the committees to make meaningful alternative budget suggestions. That is the point that Mr Monteith made. There is a common desire to understand better the mechanism that affects outcomes. Throwing money at an issue is likely to effect some improvement, but the effectiveness depends on what is put in and where it is put.

To achieve best value, we need to understand how particular inputs and investments in areas of activity influence outcomes and the extent to which that happens. After that, we can have an informed debate about those outcomes and much of that will be a political debate between the different parties. However, we also need to know about how investment is used to achieve outcomes and whether that represents value for money.

I close by thanking the Finance Committee clerks, members and of course, Professor Midwinter, and not just because he bought me a drink last night.

15:42

Mark Ballard (Lothians) (Green): I thank the committee for the opportunity to comment on the Scottish budget process. We are fortunate that we have the chance to scrutinise Scotland's draft budget. That level of scrutiny is not available to our Westminster colleagues and we ought to welcome it.

The Finance Committee's report that we are debating makes many points that I do not intend to recycle. However, there is one criticism of the budget process that was mentioned by Des McNulty and Elaine Murray and which is worthy of close examination. The committee points out the lack of the information that is required to scrutinise the effectiveness of the cross-cutting themes that were laid out in "Building a Better Scotland". That document offered five areas for priority action and two cross-cutting themes: closing the opportunity gap and sustainable development. Those themes were to

"form the basis for all of our work".

In addition, the BABS document described

"a commitment to sustainable development running throughout all of our spending proposals".

The First Minister reinforced those points in a speech that he made in February of last year, in which he said

"Today I welcome this opportunity to set out some early action that will be taken across the Executive. Action on recycling, action on renewable energy, action on local concerns and most of all action to make the spending decisions across all the devolved budgets more sustainable."

The Scottish Green Party welcomes any commitment to increasing the profile of sustainable initiatives. It is perfectly possible that the spending plans for next year contain good examples of the cross-cutting initiatives. Unfortunately, as the Finance Committee has made clear, the lack of the information that is required to scrutinise past performance on those initiatives or to examine future budget allocations makes it impossible to assess their true effectiveness.

It is not only the Finance Committee that has made those criticisms. As is mentioned the Finance Committee's report, the Education Committee, the Health Committee, and the Environment and Rural Development Committee also made similar points about the lack of transparency. Good initiatives may well be taking place, but without that transparency it is impossible to assess their effectiveness. My concern is that this appears to be yet another example of laudable Executive rhetoric on the environment and sustainable development simply not being matched by the reality.

As many examples of the Executive's policy show, the sad truth is that, as soon as there is a perceived conflict between sustainability and economic growth, sustainability is quietly put to one side and not permitted to rock the boat. I hope that there is evidence in the budget to show that that is not the case. However, without that transparency, it is impossible to assess the evidence. Until MSPs can scrutinise not only the financial aspects of the Executive's draft budget, but its environmental and social aspects, we will not fully carry out our function of scrutinising the budget process.

I very much commend Des McNulty and the Finance Committee for highlighting the shortfall in the information that is contained in the draft budget. We hope that, in future, draft budgets that are published by the Executive will enable us to scrutinise fully the sustainability pledges that cut across all departments as part of the wider process of looking at the social and environmental, as well as the financial, aspects of our budgeting. It is a great advantage of this Parliament that we have that scrutiny process. Flawed though it is at the moment, it is great to have it.

15:46

Christine May (Central Fife) (Lab): This is my first year in the Parliament, so it is the first

opportunity that I have had to participate in the budget process. I was quite excited about it. My briefing note said that there was the opportunity for committees or individual members to lodge amendments at stage 2. "Good," I thought, "We are going to have a debate." I looked for the amendments but, of course, there were none.

Had he been alive today, I am sure that Oscar Wilde would have been thinking about me when he had one of his characters say:

"I am known for the gentleness of my disposition, and the extraordinary sweetness of my nature".

That is true not just of Gwendolen Fairfax, but of me. I am slow to get angry. However, what makes me angry are deceit, duplicity and discreditable behaviour in financial matters. I consider that all the parties in this chamber other than the Executive parties are guilty of all three.

Let me start with the SNP. "We can do it all by ourselves," they say. Giving money and power to them would be like giving whisky and car keys to teenagers—to paraphrase P J O'Rourke, another Irishman. "Give us more," they say, "More public money for roads, railways, health, education, the Shopmobility Highland bus service"—the list goes on and on. Nowhere have I seen or heard how that spending would be paid for.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): If the SNP said that it would not spend £500,000 on hedgehogs and £401 million on Holyrood, would the member agree with us?

Christine May: I would like the SNP members to say anything with which I could agree—or disagree—but they have not. They have not said how they will fund any of their proposals—I think that they are scared to. They want the public to believe that it can all be had for no pay. That is deceitful, duplicitous and discreditable behaviour.

On my right are the Tories. George Bernard Shaw said:

"A government which robs Peter to pay Paul can always depend on the support of Paul."

I suppose that I should give the Tories credit for at least being honest. They want to take from the poor and give to the rich—that is what they said last week.

Mr David Davidson (North East Scotland) (Con): The member mentioned Peter and Paul. Does not that describe the Arbuthnott formula that the Executive uses to fund our health boards?

Christine May: No. In the debate last week, the Tories said that they would take money from the national health service and from schools to fund private care. They said that that would free up space for the poor; however, they forgot to mention that they would have taken all the money

that might have funded that space. That is deceitful, duplicitous and discreditable behaviour.

Mr Monteith: Although she is new to the Parliament, the member will know that the official report tries hard to ensure that all quotes and examples that members give in speeches have references. Will she be able to provide exact examples of any Conservative members saying that money would be taken away as she suggests?

Christine May: My understanding of what was said last week is that money would be removed and used for the purpose that I suggested.

The Greens are too busy hugging trees to see the limits of the forest. We cannot just take the long-term sustainable view without considering the short-term economic consequences—

Mark Ballard *rose—*

Christine May: I ask the member to let me finish the point. To pretend otherwise to that point of view is to practise deceitful, duplicitous and discreditable behaviour, like others. As for the rest, they are wired to the moon and living on planet Zog. We have heard not only the same old song, but the same monotonous whine.

We are considering the Executive's budget plans and the Finance Committee's report. The Executive's point of view is that the budget plans start from a strategic basis. We have strategy documents on which the Executive bases its budget plans for the long term, the medium term and the short term. The goals are consistent and the proposals have consistent funding—many are funded over three years. That is as much certainty as we can have in an uncertain world.

The Finance Committee considered the budget, as did the subject committees. I am pleased that many subject committee comments were picked up in the Finance Committee's report. I will not rehearse all the comments, but I will pick up on one or two. The report calls for

"greater clarity in future EYF announcements".

From a back-bench point of view, that would improve the quality of scrutiny by committees and the Parliament.

The report deals with setting and funding priorities, and in particular how priority targets are set. I have said before that we have too many targets and that the danger is that the Executive might seek to micromanage and that the budget would reflect that. I urge ministers once more to take that on board.

More work and greater clarity are essential on cross-cutting themes and the way in which targets and spending in support of those targets are identified. I would like detailed work to be

undertaken and detailed proposals to be made on the argument about the balance between the priorities that are given to capital and revenue.

I hope that, as I become more used to the system, I will have a better speech to make next year, when I hope to be called to speak. I also hope that other members have listened to me and will produce concrete proposals against which we may put some arguments.

15:52

Alex Neil (Central Scotland) (SNP): I share Christine May's aspiration that she should make a better speech next year. She started by saying that she had looked forward to the debate with excitement. It is well seen that she is a new member, because she is the only member who would look forward with excitement to a debate that Des McNulty started.

Members: Oh!

Alex Neil: To be fair to Des McNulty, ever since Jack McConnell sacked him as a minister, he has been somewhat animated—so much so that I began to think last week that he was looking for a job with Disney as Mickey Mouse.

Christine Grahame—sorry, I mean Christine May: they are two very able ladies. Christine May said that in financial figures, she hated deceit and duplicity, which she thinks are disgraceful. I agree with her. I say to her that if she is looking for deceit, fiddled figures and duplicity, she should read the publication that the Scottish Executive produced last week called "Government Expenditure and Revenue in Scotland 2001-02". That document contains a litany of fiddled figures, lies, damned lies and not many statistics.

Christine May: Would the member like to give the chamber two examples of the Executive lying and of fiddled figures?

Alex Neil: I would be absolutely delighted and I will give more than two examples. When the identifiable public expenditure per head in Scotland is compared with that for the rest of the United Kingdom, the premise is that we are supposed to be subsidy junkies. Then one looks at the detail of the figures.

The Executive gives a figure for the revenue that was raised in Scotland. When one comes to the expenditure figures, however, the Executive does not give the figure for the money that was spent in Scotland, but the figure that was allocated by Treasury civil servants for the Treasury ledger charge against Scotland. When one takes away that fiddled figure and adds in North sea oil—according to these fiddled figures, none of the oil belongs to Scotland—one does not get a deficit of £8 billion, but a surplus of £5 billion for Scotland.

I say to Christine May and her unionist comrades on the Liberal, Labour and Tory benches—for it was Ian Lang who started the annual fiddle—that they should look at the figures. If they do so, they will realise that there is no basis for suggesting that we are the subsidy junkies of the UK. Let me take the figure for the non-identifiable expenditure, which was the part of the equation that was used to reach that conclusion. The expenditure is non-identifiable because, if the Executive were to identify it, that would destroy its argument.

On defence expenditure, one has to use the figures for 2001-02, as they are the latest year for which figures are available for Scotland. Is that because UK Government civil servants cannot count or because it takes them an extra year to fiddle the figures for Scotland? If one looks at the defence figures, over £2 billion is allocated for Scotland. Where is the money spent? It is not spent in Scotland. If one looks at the Defence Research Agency's budget, we do not get 10 per cent or 8.6 per cent of its expenditure; we get less than 1 per cent. If we in Scotland had our fair share of the Defence Research Agency's spend, that would almost double the total amount that was paid annually into our universities and similar organisations for their research budgets.

Where is the duplicity? It is on the Liberal-Labour benches here and on the Labour benches in London. Far from being subsidy junkies, we are being robbed blind as a result of being part of the union. If we take into account the multiplier effect and the knock-on benefit on jobs and additional revenue, far from being a poor nation, we would be a relatively rich nation; far from being a nation with high unemployment, we could have much lower unemployment; and far from being a nation in poverty, we could be a nation without poverty.

I say to Christine May that, between now and next year's debate, she should go away and do her homework. She should check out her figures and come back and tell the chamber the truth. If she does that, I am sure that she will agree with me.

The Deputy Presiding Officer: Nobody seemed to disapprove of that speech too much, but I ask the remaining speakers to address—even if just occasionally—the budget for 2004-05. I call Jeremy Purvis after which I am minded to call a Conservative should any of them care to press their request-to-speak buttons.

15:59

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): I shall endeavour to get back to the debate in hand. I am also a new member and, as such, I echo the comments that were made by

Dr Murray and the committee convener in paying tribute to the clerking staff and our professional advisers. I also pay tribute to the many witnesses who gave evidence to the committee and to the Deputy Minister for Finance and Public Services and his officials for being so responsive.

As a new member, I have had no experience of previous budget processes, so I will focus my comments on two areas. An element of a theme has developed in the contributions of those members of the Finance Committee who have spoken so far this afternoon. That theme builds on my comments in last week's debate on public services, when I said that the Parliament needed to move the debate on—slightly—from a focus on setting quantitative outputs towards a greater consideration of qualitative outcomes.

However, if we go down that route, we will need a bit of a self-denying ordinance in our questioning of the Executive when we debate the budget. For example, it is possible to gauge indicators for an outcome in relation to healthier children, but it is hard to do so. When the Executive set out targets in the budget document, some committee witnesses—and our own instincts—suggested that some targets were less meaningful than others.

When, for example, a witness suggested that the budget contained too many targets, I pointed to the clear target for 18,000 more low-cost or rented homes by 2006. That was followed by a target to

“reduce the number of households becoming homeless more than once in a year”.

Therefore, there is a lack of consistency. Indeed, the target that states that by 2006 the Executive will

“increase the number of Scots achieving success in key sports and events from the position in 2000”

jars with many of the other, serious targets that were included in the budget document.

I agree that there needs to be a better understanding of what the targets in the budget are for, but we must also pay regard to the overarching outcomes. We can hit every target in the budget, but services will not necessarily get better if the policies for which the targets were designed were not good policies in the first place. That was highlighted in the evidence that the committee received from the respected health economist Dr Andrew Walker when he discussed the performance assessment framework for health with us. There are many indicators on procedures and outputs—for example, there are many targets in the health service for reducing coronary heart disease and cancer.

The budget could show an increase in health expenditure, and it does. The budget could show

health improvement measures for long-term reductions in mortality, and it does. However, the budget could be more radical and show areas where the Executive knows that an evidence-based early intervention can provide better outcomes—for example, nicotine patches or pharmacy consulting for those who wish to quit smoking. However, the budget does not show that information; as Dr Walker told us, neither do the performance indicators, and we cannot tell how much health boards spend on such early interventions. I am conscious that that is just one example, but it illustrates the need for the budget process to be geared towards presenting across all budget lines interventions that are known to be effective in helping the Executive to achieve its strategic, qualitative outcomes.

One of the little-publicised decisions in the chancellor's pre-budget report was a continuation of the scrapping of a number of targets that are determined by the Treasury and the Cabinet Office under the auspices of the delivery unit and public service agreements. Christine May mentioned her desire for a reduction in the number of targets, and I share that desire. In 1998, there were some 350 Treasury targets, and that number was cut to 130 in 2002. There has been a change of focus, away from the arbitrary targets that were probably designed more with the Treasury's primacy over the spending departments in mind than with better public services in mind. That should also be the approach in Scotland.

Finally, the committee touched on another aspect of the comments that I made last week: the relationship between central Government and local authorities, health boards and police forces. Are they policy makers that are accountable to the local electorate for policy decisions, are they responsive to policy priorities, or are they service deliverers for the Government in Scotland?

I hope that we will have a wider debate on those questions in the continuing work of the committee and the Parliament. I agree with the evidence that the committee received on the subject from Dr Andrew Walker. After my question about the level at which such policy decisions are made, he said:

“Personally, I do not have any strong feelings on where those decisions should be made, but my training tells me that they should be evidence based.”

I agree. On the local crowding out of decisions when we balance central Executive priorities with local accountability, he said:

“We need ... the public involved in the priority-setting process, because that is lacking at the moment.”—[*Official Report, Finance Committee, 7 October 2003; c 351-352.*]

I hope that the Parliament will have an opportunity to return to these important issues as

the process moves forward. I commend the report to the Parliament.

16:04

Mr Ted Brocklebank (Mid Scotland and Fife) (Con): This appears to be one of those occasions when new members abase themselves publicly by explaining their inexperience, and I am no exception. I think that I am the only member of the Finance Committee to have failed my arithmetic leaving certificate not once, but three times in total. There is something wonderfully quixotic about a Parliament that can make an appointment such as mine to the Finance Committee.

I thank those who have helped me to overcome my naivety and inexperience. I thank the clerks for their help and hard work and for putting together such a cogent report. I thank Professor Arthur Midwinter, that staunch son of Arbroath, for alerting us when something fishy seemed to be going on with the figures. I do not know whether Arthur knows much about smokies, but he certainly recognises a financial smokescreen when he sees one. I congratulate Des McNulty and committee colleagues who have helped to cover my lack of expertise. I am sorry that Wendy Alexander is not present, because I had hoped to be able to pay particular tribute to her. She sits next to me in committee and I thought that by peering across at her notes as she wrote feverishly, I would be able to gather something about economics. Unfortunately, the girl who puts the glam into the gloomy science also happens to write like one of Fergus Ewing's hedgehogs, so I am afraid that there have been no cribs from two-brains Wendy.

The former Tory Prime Minister Alex Douglas-Home said that all he knew about economics, he had worked out by counting matchsticks. Would that it were so simple. Scrutinising the draft budget has been a bit like trying to count the individual strands on a plateful of spaghetti—one does not know where the things start or finish and one can twist them into any shape one likes. That is why I echo the general view of the committee that the budget produces lots of facts, but very little in the way of information.

Although we all recognise the background against which the Scottish economy works—that every Scot has £1,234 a year more spent on him than his or her English counterpart and that the £40 billion spend on Scotland under the Barnett formula is more than £8 billion more than is currently raised in taxes in Scotland—we have no idea from this budget whether the money is being spent effectively.

Despite attempts by ministers to put a better spin on things, smart, successful Scotland just

does not seem to be working. Many of our schoolchildren have problems with literacy. Our economy totters on the brink of recession. In the five years of this Executive's life, Scottish business start-ups have reduced by 25 per cent. Despite our investing 25 per cent more than England does on health, waiting lists and times continue to grow. We simply have no idea whether we are getting value.

As we have heard, Donald MacRae and Peter Wood gave the committee independent evidence. Donald MacRae observed particularly that there was little linkage between the expressed priorities and the planned expenditure totals. Both observed that the budget is likely to make Scotland more dependent on the public sector, which was a fairly serious indictment. The Government has an important role to play in capital investment, but an economy that is heavily dependent on the public sector will continue to suffer low growth rates and a decline in business. As Donald MacRae pointed out, a healthy private sector is the lifeblood of a vibrant economy.

Our committee felt that, although targets are important, we had little evidence of whether the targets were being met. The accounting system has changed in the past two years, as have the various spending headings. I checked with the Scottish Parliament information centre earlier today and it was unable to make valid comparisons with five years ago, far less with a decade ago when a Tory Administration ran Scotland. I would like to tell you that things were better under the Tories and I genuinely believe that to be the case. However, the Executive appears to offer no system of comparative accountancy, under easily recognisable headings, with the way we were.

Des McNulty: Unemployment under the Conservatives was much worse, spending was much lower and, in particular, economic growth between 1979 and 1997 was consistently lower under the Conservatives than it has been in Scotland since 1997. Those are clear comparisons.

Mr Brocklebank: That is a classic example of the kind of spin that we often hear in the chamber. Whenever a set of figures is released, somebody comes along and knocks it down with their version of a limited time scale. What we should be looking for—and what the Executive should be providing us with—are direct comparisons, so that we can compare like with like over a decade. We might then be in a position to make some judgments.

Alex Neil: In that analysis, is not Ted Brocklebank saying that the Tories failed, Labour failed and the Lib Dem-Labour coalition is failing? Is not the common denominator the fact that the economy has been, and is being, run from

London? Until we are run from Edinburgh, we will continue to fail, irrespective of which Tories are in power.

Mr Brocklebank: I am not sure that that is what I am saying at all. I am saying that nobody seems to know. That is the problem.

For valid political and economic judgments to be made, the Finance Committee needs meaningful data to allow it to function as an effective check on the legislature. I urge the Minister for Finance and Public Services to implement the committee's recommendations and to produce a clearer, more focused budget next year.

16:11

Elaine Smith (Coatbridge and Chryston) (Lab): I am not a member of the Finance Committee, so I thank the committee for the work that it has put into producing the report.

I will talk about gender proofing and equality, and I will make a suggestion to the committee. I was pleased that Elaine Murray pointed out the importance of establishing how investment is used to achieve the desired outcomes.

The report of the strategic group on women, "Improving the Position of Women in Scotland: An agenda for action", provides evidence that tackling gender inequality must remain a priority for the Executive. The report states:

"Inequality between women and men is both a widespread and persistent feature of contemporary Scottish society."

In general, women have less access than men to income, earnings, pensions and material resources such as cars or housing. They have less access to time that is their own and that is not spent on caring for other people or on paid or unpaid work. They have less access to political power or to decision making across a wide range of public bodies and they have a one in five chance of experiencing domestic abuse during their life.

In 2002, 42 per cent of women in employment worked part time, compared with 9 per cent of men. Work is still split into women's work and men's work. For example, almost 70 per cent of managers and administrators are men, while 74 per cent of clerical and secretarial workers are women. The gender pay gap in 2003 was still 16 per cent for full-time workers, albeit that that figure was down from 19 per cent in 2002. Women's median weekly individual income in 2001-02 was 59 per cent of men's income.

Members have been saying that they are new to the process. Members who are not new to the process will know that I have made some of those comments in different ways on many an occasion,

as have others. Those points have been made before, but I make no apology for repeating them because until the situation changes and we achieve equality, they must be repeated in the chamber at every opportunity.

During the debate on mainstreaming equalities, it was emphasised that the equality perspective should inform every aspect of our work. Critical to that are the role of the budget and the role of committees in scrutinising spending proposals from an equality perspective. During the debate, I made the point that

"The role of committees in scrutinising spending proposals with equality eyes is crucial."—[*Official Report*, 1 October 2003; c 2209.]

I asked Margaret Curran what progress was being made on producing a gender-proofed budget. In reply, she stated:

"In the first session, we thought that we had only to say, "Let's gender proof the budget," and the rest would follow. Having looked at other models, we now understand that policy has to be mainstreamed, and that we must create the means to obtain the necessary information to deliver a properly gender-proofed budget. Otherwise, we end up with a fairly superficial approach. We are committed to ensuring that a gender-proofed budget is achieved."—[*Official Report*, 1 October 2003; c 2198]

"Exploring the Role of Gender Impact Assessment in the Scottish Budgetary Process", by McKay and Fitzgerald, was published in 2002. That research, which was commissioned by the Executive, recommends with regard to strengthening the committees' scrutiny role that the guidance that the Finance Committee issues to the subject area committees

"could provide the other committees with advice on the kinds of questions to ask when examining the possible gender impact of a particular proposal and worked through examples on gender proofing in action".

Unfortunately, the Finance Committee's guidance to the subject committees with regard to scrutinising the draft budget for 2004-05 makes only two references to equality that I can see. One of those references asks for comments on the sections covering the cross-cutting issues, which include equality. The other, which is directed only to the Equal Opportunities Committee, asks whether that committee wants to make any comments or recommendations about specific spending proposals to enhance equality.

I thanked the Finance Committee for its hard work, but I suggest that, as a means to progress the gender proofing of the budget, the committee should in future direct guidance at every subject committee to remind them of their responsibility to scrutinise the budget with equality eyes and, in particular, to consider gender equality issues.

16:15

John Swinburne (Central Scotland) (SSCUP):

It is a great pleasure to take part in this exciting debate. When I first became an MSP, I was consigned to the Finance Committee—a thought that I abhorred—but I must say that it has been enlightening. The committee is made up of lovely people and it does tremendous background work on behalf of the Parliament and Scotland. Every member of the committee does well in their own way and tries their best. I hope that they will succeed, because we must succeed.

The debate has been under way for some time, but pensioners and senior citizens have not been mentioned. Of course, the issue is possibly not devolved, but pensioners make up one quarter of the electorate. If we want to know about a budget process, we should ask the members of the Finance Committee to live in an impoverished pensioner's home for two or three days to see how things are done, rather than go on an away day to a big hotel to junket. We should go to the grass-roots level. Such pensioners would tell us how to budget. They might have a little nest egg put aside that they will not touch; they will not even divulge the fact that they have it and they will pass it on to their children and grandchildren. There is no way that any Chancellor of the Exchequer or benefits organisation will means test them and impinge upon that nest egg. They would sooner live below the level of the minimum income guarantee than part with their nest egg. That is good budgeting.

The Labour Party and the Lib Dems, who are in control at present, care little for the senior citizens of the country. I was in Buchanan Street bus station on Friday of last week. The Labour Party's manifesto boasts free travel for the elderly. However, if a person gets on a bus to Edinburgh from Buchanan Street, they have to get off at Harthill and stand in the rain for half an hour waiting for the next bus to come along so that they can pay the fare from Harthill to Edinburgh—I believe that it is £2.50. The same process applies on the way back. Scottish Citylink Coaches decides where the border is and the poor pensioner has to get off the bus. I rest my case—that is lunacy.

Elaine Smith: I accept the member's point, but is he seriously saying that the Labour Government does not care about pensioners, given that it introduced the winter fuel allowance for pensioners?

John Swinburne: I am saying that the Administration could tell some pen-pusher in Citylink tomorrow to sort out the matter and stop people being thrown off buses to stand in the rain at Harthill. Enough pensioners are dying off because of poverty and poor heating systems. Two thousand and fifty pensioners died last year;

if the Administration is to make more of them die through needlessly waiting for a bus at Harthill, God almighty, what are things coming to?

Dr Murray: I recognise John Swinburne's point, but that is precisely why the Liberal-Labour Government intends to introduce a national free travel scheme, which will mean that pensioners do not have to stand outside in the rain waiting to pay.

John Swinburne: I take that point.

The Strathclyde regional policy is perfect; it is a tremendous example to the rest of the country. Sadly, although free travel was promised before the election, people still get thrown off the bus at Harthill if they are going to Edinburgh and at Beattock if they are going to Dumfries. It would take only a phone call from Nicol Stephen to the appropriate company director and the problem would stop. Let us get the problem sorted out, sooner rather than later.

To return to the budgetary system, it has been enlightening to listen to top experts such as Professor Midwinter and others, who are way over my head. Being educated in high finance at my age has been an illuminating process. I always thought that an exciting day for accountants and number crunchers was looking at the weather forecast to see whether they should put on their mac. The only thing that I knew about accountants was that the collective noun for accountants is a light brigade—it is something to do with the way they charge. Apart from that, I knew little about accountancy.

It has been a great pleasure being part and parcel of the Finance Committee, and I look forward to being part of it for some time. The back-up team has been magnificent. They do not get paid enough. That should be addressed in their next paper.

16:20

Mike Watson (Glasgow Cathcart) (Lab): It is a pleasure to be asked to sum up in this debate. I am not a new boy or a new girl, as some members who have spoken in the debate have characterised themselves. I am a returner, in the sense that for the first two and a half years of this Parliament I was in the position that Des McNulty is in now. I admit that Rab McNeil was much kinder to me than he has been to Des McNulty. That was because he never mentioned me but, in relative terms, that is a plus. It is good to come back to such debates. I concede that this one has been a lot livelier than some have been in the past.

It is important that some of the issues that we have discussed today are put in the context of the

process that has led us here. Jim Mather talked about budgetary processes in other countries. I do not know what he had in mind, but the process that we have here is light years ahead of the process at Westminster in terms of the amount of detail that we are able to go into, the time over which we are able to discuss the issues, and the extent to which we are able to influence the outcome. To my knowledge, none of the Opposition parties has ever lodged an amendment to any of the budget bills that have appeared before this Parliament. I look forward to the time when that happens, because it will make these debates even more interesting.

I take issue with one or two points that Jim Mather made. To some extent, Alex Neil stole some of my thunder—he would say not for the first time, although I would deny it—because he commented on the GERS report. I insist on using a hard “G”, because some of us have football affiliations elsewhere, which make that absolutely necessary. That report gave figures that Alex Neil rather unfairly described as “fiddled”, and he said that it suggested that we in Scotland are subsidy junkies. The GERS report suggests that Scotland does rather well in UK terms, but it does not suggest that we are subsidy junkies. People in Scotland should not be using that terminology. That terminology came from London in recent years, and we have tried to gainsay it. It is not helpful if fellow Scots use it and subscribe to that theory.

The figures that came out last week show perfectly clearly that even if North sea oil is taken into account, there is a considerable deficit. That is why I take issue with Jim Mather when he says that we will never do anything unless we stop being a branch economy. Those figures show exactly what we would do if we were not in the current relationship with Westminster. I would like Jim Mather or Alex Neil to tell me what services they would cut and what taxes they would put up—if there was ever an independent Scotland—to make up the gap that the GERS figures illustrate.

Jim Mather: Why does the member assume that Scotland is a negative, zero-sum game that cannot be advanced? Why does he rejoice in maximising the negativity of the figures that he presents? Why does he not make the sensible adjustments that show Scotland in an internationally positive light by factoring in figures on oil, for example, which show Scotland as a positive place in which people can expect a decent future and a decent return on investment?

Mike Watson: I am the last person to talk Scotland down—I never do it, under any circumstances—but the situation is there for everyone to see. Whether or not North sea oil

revenues are added in, we are still in a deficit position relative to other parts of the UK. That is a fact.

Alex Neil: Where in Scotland is the £2 billion spent that is allocated against Scotland for defence? It is not spent in Scotland. Indeed, a fair chunk of it now is spent in Iraq.

Mike Watson: That question could lead us into a debate about what should happen to the Royal Scots Regiment and where army expenditure goes. All that money is not necessarily spent in Scotland, although it funds a lot of activity that the SNP would no doubt want to be taken out of the country. Indeed, some of us understand why that should happen. However, the point is that the GERS figures contain compensating factors and show that Scotland does well in some cases and not so well in others. I am referring to the overall effect, and the SNP has to tell us how it would fill the gap that the figures illustrate.

I am aware that I do not have much time. I note that my colleague Christine May—who is certainly not Christine Grahame—mentioned Oscar Wilde. Although I respect Alex Neil, his remarks on the GERS figures lead me to quote Wilde again. Given Alex’s liking for the public eye, he obviously feels that it is better to have people talking about him than not to be talking about him. Such an approach is not particularly helpful in shedding light on this aspect of the budget.

We have made considerable progress, but we need to make further progress on cross-cutting. I know that cross-cutting goes on between Scottish Executive departments in a way that does not happen at Whitehall; anyone who had heard Estelle Morris’s remarks when she resigned last year would know that. She said that there had been a failure to link sport and education to improve children’s health south of the border. We have made such links in Scotland in a number of areas such as culture and sport, and education about healthy eating in schools. There are also obvious links involving sport, culture and tourism. As the report highlights, we have a good story to tell about cross-cutting, but we need to make a greater effort to tell it. Furthermore, we need more joined-up thinking by officials—not about what they do, but about how they report what they do.

I want to add to Elaine Smith’s comments about gender proofing budgets. When I was a Finance Committee member, I was pleased to be instrumental in getting advice from Engender’s women’s budget group on how we might take forward such issues. I am very pleased that the Executive has established the equality proofing budgets and policy advisory group. The group’s effect can be seen in the budget document, in which every departmental chapter contains a number of bullet points that outline what has been

done on equality. I agree with Elaine Smith that more still needs to be done on the matter—and more will be done. That said, I would like the Executive in the future to reflect the amount of detail that the document contains in its chapters on closing the opportunity gap and sustainability development. The document shows that things are moving forward and I think that we can be pleased with a great deal of the progress that has been made over the past four years.

16:27

Mr David Davidson (North East Scotland) (Con): It was very nice at the beginning of the debate to be welcomed back with a comparison to the fine institution of Morecambe and Wise, who, I might add, are very popular with the public. Is the Tory recovery finally being recognised? The remark was especially nice given that it came from the Des O'Connor of the Labour Party.

After four years on the Finance Committee and my fifth debate in a row on the budget, I am beginning to understand why I got a medal at the very beginning of the Parliament. I wonder whether David McLetchie was influenced by that when he gave me that finance role.

Once again, the Finance Committee has raised the same issues and has stated clearly that very little of the process has altered. After all, this debate is supposed to be about the budget process. In Des McNulty's opening speech—I think that it was a speech—he said that there were too many targets. That is good, but I wish that he had listened to such criticisms when he was a minister. He also said that there was not enough on outcomes. Well, that criticism formed the basis of the first of these debates five years ago.

Alex Neil rose—

Mr Davidson: In a moment. Mr Neil should be patient. I can see that he is on a spring and is ready to go.

Five years ago, we debated outcomes and the fact that the parliamentary committees wanted to deal with how services were delivered and accessed and where the money went, not with how much was spent. What did we get in response to that request? This afternoon, member after member—apart from Alex Neil—has talked about value for money. The truth is, now that we are in our fifth year and into our second session of Parliament, we have the same old Executive and we face the same problem. Devolution stops with the Executive; it does not reach the parliamentary committees, which have constantly asked for clear, user-friendly information that is available on time. Each committee has filed questions back into the process, but very few of them have been answered.

I see that Mr Neil can contain himself no longer.

Alex Neil: I utterly agree with David Davidson. If we look back at the Finance Committee's recommendations over the past four or five years, we see that very few of them have been implemented. As Tavish Scott has recognised previously, one of the problems with devolution is that we do not control the civil service. The civil service controls ministers, and the resistance from the civil service to many of those recommendations is the reason why nothing happens.

Mr Davidson: I am damned because Alex Neil has praised me and agreed with me. That is terrible.

I turn to the SNP contribution, and I welcome Jim Mather as a replacement for Andrew Wilson in the anorak tendency; it is always good to have a professional accountant here. It is obvious that there are not many accountants in the Executive, or the budgets would be easier to understand. The prime concern that Jim Mather raised, which I thought was interesting, was life expectancy. Coming from someone so senior in the party, does that indicate that there is a problem with the SNP's future survival? He went on to mention birth rates, which I thought would be a good plug for his interest in maternity service closures across Scotland, which he has been involved in highlighting in the Oban area.

Mr Mather raised the issues that the committee included in its recommendations about capital and revenue spending, about clarity in EYF and about the shrinkage of the private sector. Members on the Conservative benches certainly recognise those issues, because mentioning wealth creation is still almost like saying a dirty word in the budget process.

My party's contribution from Ted Brocklebank—known as honest Ted, although he will never be a bookie as he failed his arithmetic three times—included interesting points about the fact that Scotland gets more money per head to spend than the rest of the UK does, but that we do not use that money properly and in a focused manner. The budget process has brought up that point time after time.

My colleague, Brian—our finance spokesman and local government spokesman and spokesman on various other things—

Alex Neil: Monteith—that is his name.

Mr Davidson: It was not his name that I was worried about, but his title.

Brian Monteith asked why decisions have been made, and that is an important part of the budget process. We do not get clarity on why decisions are made. We do not even get a discussion of the

Executive's latest priority list, which seems to vary depending on which debate ministers are speaking in.

Many members have spoken about cross-cutting funding. That has been talked about in the budget process for five years now and there is still not enough clarity. I hope that, in his winding-up speech, we will get some clarity from Tavish Scott, Shetland's answer to the calendar girls. It was a pretty photograph, but perhaps people do not know about his latest appearance in a charity calendar—very dignified.

Christine May: Oh, yes we do.

Mr Davidson: Then we come to the excitable Christine May. All that I can say to Christine May is that her speech had some interesting content—I think—but she seems to have a very low excitement threshold. However, I can respond to her by saying that, as far as the Conservatives are concerned, the patient passport does not only deliver for those who cannot get decent care in the health service because of a lack of capacity; it allows them to get treatment outside the health service and still leave 40 per cent of the drug or treatment tariff within the health service. That is added value, added process and added treatment, and Christine May needs to go and read her notes better.

Alex Neil talked a wee bit about the fact that he is not a GERS fan. That was fairly good. He wants the oil industry back, but he denies totally the benefits of the union that we have shared for many years. I point out to Elaine Smith that gender proofing was raised not only by Mike Watson but by Elaine Thomson, and was included in a report three years ago. John Swinburne suggested that we visit a pensioner. That is a good idea. He also mentioned nest eggs. Why do pensioners have to spend their money on buying treatment outwith the health service to enjoy quality of life in their later years? With the money that we spend on the health service, they should not have to do that.

Five years on, there has been little improvement in the budget process. It is still smoke and mirrors, and the time scales and user-friendliness of the process are once again highlighted in the committee's fine report. I have little doubt that the Finance Committee will argue on. I just hope, for the sake of Christine May and others, that when members of the committee come back here next year the Executive might actually have listened to them.

16:34

Brian Adam (Aberdeen North) (SNP): This annual debate has become a debate about process, not the detail, of the budget. As one or two members have done on every occasion,

Elaine Murray, Mike Watson and Christine May have today filled in for the deadly duo who used to sit on the Lib Dem benches and make the same point—Iain Smith and George Lyon. They always ask where the Opposition amendments are. The whole point of the budget is that it is a zero-sum budget. The fact is that we do not have a budget; we have only one side of a budget. The reason why nobody is sitting up in the press gallery listening desperately to what we have to say is that the public are not desperately interested in the budget process. That is because it is just a process. If it had a direct impact on people's lives that they could see, there might well be more interest. What is missing is our control over the amount of money that is raised, as well as the amount that is spent.

Des McNulty: Brian Adam was in local government for a considerable period. In local government, the debate is not just about council tax levels; crucially, it is about spending priorities. Why is his party not prepared to do the work to establish what its spending priorities would be for £22 billion of public money? Brian Adam should let us know what he would do, rather than talk about independence. What would he do with the money that is different from what we are going to do?

Brian Adam: I thank Des McNulty for his routine intervention.

If what I have said today is wrong, tomorrow's papers will be full of this debate—not the local government settlement. However, tomorrow's papers will of course be about how much money has been allocated to local authorities. On our budget day debate—local authorities will have theirs, too—what will be in the papers is the level at which council taxes have been set. That is what the public are interested in; they are not interested in the process. We are interested in the process, however, and quite rightly so.

This is normally quite a dull debate. I thank Christine Grahame and, in particular, Alex Neil, for making it a much more lively—[*Interruption.*] I am sorry; I am as bad as Alex. I meant to thank Christine May and Alex Neil for making this a livelier occasion than it has been in the past. We had a very interesting start today—Brian Monteith was actually heckled by the Tories, and he apologised for not knowing an awful lot about the budget process, because it is not his particular responsibility. Then Ted Brocklebank told us that he—he also referred to a previous Tory—could not count. We then had David Davidson trying to sweep things up and make it look as if there were some serious policy issues on which the Tories might have something sensible to say.

I wish to go back to the key issues on the economy that Jim Mather raised earlier, in particular the top priority that the Administration

allegedly gives to the economy. I suggest that we will never have a growing economy if the population is declining. Our economy is a branch-factory economy, and the debate about "Government Expenditure and Revenue in Scotland 2001-2002" is very relevant. The figures are fiddled and until we accept that we need to get away from the dead hand of Westminster and take control over all the decisions ourselves—

Christine May: Will the member take an intervention?

Brian Adam: Just a minute. I will let Christine May in later. Until we do that, we will not be able to make the changes in growth that we require.

Dr Murray rose—

Brian Adam: No thanks, Elaine. We need to encourage population growth. The problems with the population of Scotland declining were identified by SNP members a number of years ago. Alex Neil and Kenny Gibson consistently made significant points on the matter. It is fair to say that the First Minister has recognised the problem, but the only solution that he has offered us is that we should offer work permits to foreign students who come here to study.

Mr Davidson rose—

Brian Adam: No thank you, David.

The First Minister's suggestion is one contribution to the problem, but some individual members have made significant contributions. I acknowledge the contribution that Janis Hughes has made to population growth, although she is not in the chamber now. Shona Robison has also contributed to population growth, as has Richard Lochhead. Recognition was given earlier of the contribution that the former Minister for Finance and Local Government has made recently and I understand that the Minister for Transport is about to make a contribution.

However, unless the dinkys—dual income, no kids yet—of this world do something about the "no kids", there will be no one to pay for the pensioners. Unless there is a significant change in our population statistics, pensioners will continue to be dumped at Harthill, or some other device will be found to reduce the money that is available to meet their needs. We cannot make that change just by encouraging asylum seekers or students to stay here—a culture change is required. Unless those of us who are more interested in the here and now than in the future are prepared to make sacrifices so that we can contribute, we will continue to have population decline, especially if we lose people to the head offices that exist everywhere apart from Scotland.

The Deputy Presiding Officer (Trish Godman): Tavish Scott has a tight nine minutes.

16:40

The Deputy Minister for Finance and Public Services (Tavish Scott): This debate has been much more lively than was the equivalent debate last year. Mr Brocklebank mentioned Wendy Alexander. I sat next to her during last year's debate on the budget, which was a more cogent occasion. However, because of a number of political and other observations that have been made, this afternoon's debate has been revealing of the different parties' perspectives on the budget process.

It is important to start by reflecting on the fact that, rightly or wrongly, the subject of the debate is the process, rather than the contents of the budget. I say to Mr Brocklebank that there are plenty of opportunities across the range of parliamentary activity for genuine scrutiny of the Executive. That work continues.

I begin by thanking Des McNulty and his colleagues for their considerable work, and members from all parties for their contributions to this afternoon's proceedings. I have read the Finance Committee's report with considerable interest—certainly with more interest than Mr Davidson. I am not sure whether Mr Davidson has read the report—he may have written his speech long before it appeared. [*Interruption.*] The member is holding up a copy of the report, but in my book that is rather different from reading it.

It might help Mr Davidson if I say that a minute or two ago I found last year's stage 2 report on the budget by the Finance Committee, which states, before going on to make some other points:

"The Committee finds that the Draft Budget document marks a significant improvement in financial information",

I do not accept Mr Davidson's suggestion that nothing has been achieved.

Mr Davidson: Last year I did not wish to force a minority view. I believed that some improvement had been made and went along with the rest of the committee. The minister needs to read the fine print.

Tavish Scott: Well, there we go.

Because of our determination to have a transparent budget process that ensures that money is allocated in a way that meets the needs of the Scottish people, we are determined to work with the Finance Committee to secure continual improvement in the budget process. Both the constructive tone of the report and today's proceedings indicate clearly that there is common ground. The Executive will respond positively and favourably to many of the conclusions and recommendations that the report contains and we will do so in writing before the stage 1 debate in late January next year.

I will not rattle through all 17 of the report's conclusions, but I will focus on three of the most important recommendations and give an early indication of the Executive's thinking about them. Those issues—all of which have been raised this afternoon by members from all parties—are time-series data, capital spending and targets and priorities.

Before I do that, I will touch on some of the general comments that have been made. In particular, I want to pick up the point that Mike Watson made about where we are now and how we scrutinise the Executive's budget in the post-devolution era. Clearly, the member has the background to understand what happened before devolution, but I recollect what did not happen when I was a mere researcher at Westminster. What we do now is a demonstrable improvement in scrutiny. Some may not like it for political reasons that relate to their philosophical choice of solutions for Scotland's future, but it represents a huge step change and a move forward in the budget process. It is important to reflect on and to respect that.

Many good speeches were made today. There were some sprightly contributions from the new boys and new girls, especially Christine May. As the former leader of a major local authority in Scotland, she will welcome what we have done in the context of local government by ending compulsory competitive tendering, introducing best value, ending capping guidelines and introducing the first three-year settlements for revenue and capital. In my view and in the Executive's view those are all strong steps forward in the development of our relationship and partnership arrangement with local government.

I found it intriguing that Alex Neil gave such a spirited speech. It is unfortunate that it was in front of only three of his colleagues, but we all enjoyed it. He mentioned GERS—how one pronounces that depends on one's political and football persuasion—and I always find it curious that the SNP goes back to GERS. I will not quote Oscar Wilde, but I will for Alex Neil's benefit refer to something that Andrew Wilson said. There is always juxtaposition in the SNP's approach—its analysis has always gone one way or the other. In looking at the 2000 figures, Andrew Wilson said that it was game, set and match to the independence case. A year later he said that the GERS report was back-of-an-envelope economic gibberish. The SNP's contributions on this matter change according to what day of the month it is or, indeed, what day of the year it is.

I will deal with a couple of the more important contributions in terms of particular recommendations. Des McNulty and Jeremy Purvis talked about block allocations in relation to

local government and health spending. Those are significant issues; we have discussed them in committee and I am sure that we will continue to do so. We will certainly work with the Finance Committee to provide better information, not necessarily—if I may say—in the draft budget, but possibly in separate documents or on Executive websites. I am aware, for example, that the Minister for Health and Community Care will meet the Health Committee early next year to discuss scrutiny of the health budget in the way that Des McNulty talked about this afternoon. I hope that we can make progress on that.

On gender proofing the Scottish budget, I agree with much of what Elaine Smith said. The ability to gender proof the budget is linked intrinsically with the Executive's work on mainstreaming equality into policy. I accept that that process will take some time, but we have made progress in recent years and we are glad that both the women's budget advisory group and the Parliament's Equal Opportunities Committee have acknowledged that in their reports. We will continue to work with them and with others—as we have done in previous years—to make further improvements in the area.

The Finance Committee's report includes a request for time-series data so that the committee can examine budgetary trends over a 10-year period. We will work with the committee on that; indeed, I understand that my officials and the Finance Committee's special adviser are looking into the subject at this time. We will undertake scoping work on it at the beginning of 2004. At the same time, we will continue our discussions with the committee's officials on how best we can meet the committee's requirements. We hope that that work will allow us to give the committee a clear indication at an early stage of what information we will be able to provide and the time scale in which we can provide it.

We have also noted the committee's desire—a number of members raised this today—to obtain additional information about capital expenditure. We intend to make progress on that issue in relation to the supporting documentation for the Budget Bill 2004-05. We will publish that next month: its introduction will, in addition to the capital table that was used in this year's draft budget, provide tables of expenditure, such as capital grants, which are not currently classified as capital expenditure. Once those tables have been published, we will discuss with the committee what further capital spending information on present plans we can provide in order to assist scrutiny of expenditure in the run-up to the 2004 spending review. I therefore accept the points that members have made on the capital-revenue split, especially Des McNulty's point on lead-in times. We recognise the importance of that and, indeed, possibly share the frustration about the lead-in

times across ministerial departments and we are seeking ways to minimise them.

The report comments on the Executive's strategic approach to budgeting in its sections on spending priorities and targets. We agree with many of the comments that the report makes: we accept the need for strategic and portfolio priorities and we accept the need to ensure that targets help to improve public services. Our approach of setting clear priorities and targets to ensure that portfolios achieve clear outcomes with the money that is allocated to them is still reasonably new. We believe that the budgetary processes have improved substantially in recent years, in terms of both the external scrutiny to which they are subjected and the internal rigour that we now apply to spending decisions. We look forward to refining further our current systems for the 2004 spending review.

It is important to recognise that the House of Commons's Public Administration Select Committee's report, which Mr McNulty also mentioned, calls for the improvement, rather than the abolition, of the measurement culture. It states clearly that the measurement culture cannot, and should not, be abolished. There is much that we can learn from that report.

On transparency, we believe that it is vital that we give the public a clear idea of what we will achieve when we spend their money. Although we will always strive to improve our processes, we think that it is important to bear in mind the progress that has already been made.

As next year is a spending review year, it is even more vital that we get our spending decisions right. We will allocate funding until 2008 in a way that advances the priorities in the partnership agreement, including that of growing the economy and therefore meeting people's needs. To do that, we will work to further improve our targets and our setting of priorities and will continue to work with the Finance Committee to create an increasingly transparent and effective budget process.

16:50

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I apologise to Des McNulty and Jim Mather for not being present during their opening speeches; I was outside doing the "Holyrood Live" programme. However, I heard about their speeches and will try to restrain my sense of anticipation about the prospect of reading Des McNulty's speech tomorrow.

I have enjoyed the debate, which has been livelier than in previous years. Although it has been long on liveliness, it has at times been short on relevance because—as has been pointed out—the debate is about the process rather than the

substance of the budget; it is not about GERS but about Kerr's budget and the budgetary process.

I arrived in the chamber in time to hear Brian Monteith's speech, in which he predicted that there would be tough days ahead. I must share with members the view that it is easy to believe that prediction. I also enjoyed listening to Alex Neil and was reminded of the reasons why he was nominated for one of the politician of the year awards. I am sure that he could have enjoyed a career on the stage—although I hasten to say that it would have been in vaudeville rather than in pantomime.

I found Christine May's speech to be rather idiosyncratic. I say to the gentle lady that the points that she made might have been relevant on a different occasion but, with respect, they were unremittingly irrelevant today. In a self-effacing way and with some generosity, Ted Brocklebank pointed out that he is innumerate and that he repeatedly failed his O-level mathematics. That not only explains why Conservative policies have not added up for several decades, but provides the further—if not particularly surprising—revelation that the Conservatives are not capable of adding up.

I genuinely enjoyed John Swinburne's speech, just as I have enjoyed what he has said in committee. He is to be commended for his generosity of spirit towards committee members and for his speeches in the Parliament on behalf of, and his work for, senior citizens. I am sure that all members would wish to endorse that.

I enjoyed the speeches of Elaine Smith, Mark Ballard and others. Given that I am speaking on behalf of the committee, rather than in my normal persona, I want to say that it is the committee's duty to study what those members have said in the debate in order to inform the work that we do next year.

I was intrigued by Dr Elaine Murray's somewhat surprising introduction of a canine metaphor. I have always admired and enjoyed working with Dr Murray on the committee, but I am not quite sure what species of dog I would be. I am speaking on behalf of the committee, not in my own capacity, so I ask members not to suggest that I would be a Rottweiler. In the sense that I am speaking in a spirit of consensus and co-operation with all members, I am a cuddly puppy Labrador. I see that a flash of recognition has come across the Deputy Presiding Officer's face. *[Laughter.]* Enough of this hilarity.

The report has many points to commend it and it is difficult not to agree that there should be more clarity or that there should be a clear analysis of the balance between capital and revenue expenditure. The most fundamental dearth of

statistical data is in comparative data. I am pleased that the work that Elaine Murray and I are doing on the relocation of Scottish Natural Heritage is considering the example of how the Irish carry out such relocations. I am sure that that work will in due course inform relocation policy.

However, one point that I would make to the minister—if I could secure his attention; we are coming up to that time of year when thoughts tend to dwell on other things, no matter how cogent and forceful the arguments of the person speaking may be—is that the key or nexus or nub of our report lies in the following three questions. How effective generally is the spending of the £23 billion? How effective is that spending in achieving the targets? How effective is the spending in achieving the top priority, which we know is to grow the economy?

The Deputy Presiding Officer: I ask members to keep quiet, please.

Fergus Ewing: Underlying the report is the sense that those questions are the function of the Finance Committee. I welcome and commend the work that has been done. I also, of course, thank the clerks and the advisers and the witnesses who have contributed to our proceedings.

However, there are questions for the minister. Although I welcome his undertaking to respond to our report within eight weeks, I hope that he will focus specifically on the issues of effectiveness and measurement, which seemed to the committee to be lacking. People have questions for the minister, such as:

"If more good money is going after bad, how do you know? What kind of relationship do you have with the large spending departments if, year after year, they receive more money and the public see no equivalent improvements in services? Do you simply hand over the cheque if it is requested? Do you ask the departments why they want it?"—[*Official Report, Finance Committee*, 10 November 2003; c 510.]

Those questions that I have just read, which come from Mr Purvis, seem to be apposite. I hope that Mr Purvis's Executive colleague will provide a reply.

I see that I still have time, so I will mention two matters that are close to my heart. The first is that businesses in Scotland, especially small businesses, are not receiving the deal that they should receive. That point was picked up by Wendy Alexander when, during the committee's deliberations, she questioned the £500 million windfall, which is the revenue that has come from business into the coffers of the Scottish Executive over and above what was estimated just 12 months ago. By definition, therefore, all the arguments that took place in previous years should be totally changed by that huge windfall, which was larger than anybody perhaps anticipated.

I know that the minister will reply in detail to my earlier question about table 10.03 and whether the windfall will be even greater than £500 million, but I predict that it probably will be. In the committee, Wendy Alexander quite rightly raised the issue with the Scottish Executive—perhaps she is putting in an early bid for the award of free spirit of the year next year; one never knows—but the answers that we received in the statement today did not persuade everyone.

I never like to disappoint Des McNulty, as he knows, so my final point relates to Holyrood, which was the subject of two recommendations in our report. Those who are interested should look at paragraph 81. Today is an appropriate opportunity—they do not arise frequently—to mark the fact that we all acknowledge Presiding Officer George Reid's work; first, in bringing some discipline to the control of fees and in securing a reduction in the level of fees that are payable to the contractor.

Secondly, we should acknowledge the Presiding Officer's role, which is less well known—although Deputy Presiding Officer Murray Tosh will be aware of this because, as I recall, the original response was to his written question some years ago—in reconsideration of the matter of commercial confidentiality. The new Presiding Officer has completely changed the previous decision on the release of information about the Holyrood project: now, the presumption is in favour of releasing the information. Previously, under the first Presiding Officer, the decision was that we could not be trusted with the information. The current Presiding Officer has stated that that decision was incorrect, and incorrect in law. After I and others made detailed representations to the current Presiding Officer, I was heartened that George Reid took the decision with which I hope we all concur, which was that there should be disclosure of information about the Holyrood project.

Finally, as I am speaking as a man of consensus, goodwill and generosity, I take this opportunity to offer my best wishes to all over the coming fortnight.

The Deputy Presiding Officer (Murray Tosh): Before we proceed to the next item of business, we are pleased to welcome to the gallery members of Parliament and speakers from Armenia, Azerbaijan and Georgia, who are in Scotland for a meeting of the South Caucasus Parliamentary Initiative. We wish them well in their work for reconciliation in their region. [*Applause.*]

Stirling-Alloa-Kincardine Railway and Linked Improvements Bill: Financial Resolution

17:00

The Deputy Presiding Officer (Murray Tosh):

The next item of business is consideration of motion S2M-733, on the financial resolution in respect of the Stirling-Alloa-Kincardine Railway and Linked Improvements Bill.

Motion moved,

That the Parliament, for the purposes of any Act of the Scottish Parliament resulting from the Stirling-Alloa-Kincardine Railway and Linked Improvements Bill, agrees to any increase in expenditure payable out of the Scottish Consolidated Fund in consequence of the Act.—[*Nicol Stephen.*]

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

Business Motion

The Deputy Presiding Officer (Murray Tosh):

The next item of business is consideration of business motion S2M-738, in the name of Patricia Ferguson, on behalf of the Parliamentary Bureau, which sets out a business programme.

17:01

The Minister for Parliamentary Business (Patricia Ferguson):

As members are probably aware, the Secretary of State for Health made a statement to the House of Commons today on a development concerning variant CJD. The Executive has been giving consideration to the effect that that statement has on Scotland and we have had indications that some parties would welcome a statement on the issue. In light of that development, and with your permission Presiding Officer, the Executive would like to make a statement on the matter at the commencement of tomorrow's business. [*Applause.*] Rather than try to amend the business motion currently before Parliament, I ask you to use your discretion to schedule the statement for 9.30 tomorrow morning.

I move,

That the Parliament agrees the following programme of business—

Wednesday 7 January 2004

2.30 pm	Time for Reflection
<i>followed by</i>	Parliamentary Bureau Motions
<i>followed by</i>	Stage 1 Debate on the Nature Conservation (Scotland) Bill
<i>followed by</i>	Financial Resolution in respect of the Nature Conservation (Scotland) Bill
<i>followed by</i>	Business Motion
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business

Thursday 8 January 2004

9.30 am	Executive Debate on Delivering a Quick, Effective Youth Justice System
12 noon	First Minister's Question Time
2.30 pm	Question Time
3.10 pm	Executive Debate on Improving Scotland's Homes
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business

The Deputy Presiding Officer: I think that the response of members indicates that they want me to exercise my discretion. As no member has

asked to speak against the motion, I will put the question. The question is, that motion S2M-738, in the name of Patricia Ferguson, be agreed to.

Motion agreed to.

Parliamentary Bureau Motions

17:02

The Deputy Presiding Officer (Murray Tosh):

The next item of business is consideration of two Parliamentary Bureau motions. I invite Patricia Ferguson to move motions S2M-734 and S2M-735, on the approval of Scottish statutory instruments.

Motions moved,

That the Parliament agrees that the draft Producer Responsibility Obligations (Packaging Waste) Amendment (Scotland) Regulations 2003 be approved.

That the Parliament agrees that the draft Water Environment and Water Services (Scotland) Act 2003 (Designation of Scotland River Basin District) Order 2003 be approved.—[*Patricia Ferguson.*]

Decision Time

17:03

The Deputy Presiding Officer (Murray Tosh): There are four questions to be put as a result of today's business. The first question is, that motion S2M-716, in the name of Des McNulty, on the Finance Committee's report on stage 2 of the 2004-05 budget process, be agreed to.

Motion agreed to.

That the Parliament notes the 4th Report 2003 (Session 2) of the Finance Committee, *Stage 2 of the 2004-05 Budget Process* (SP Paper 62).

The Deputy Presiding Officer: The next question is, that motion S2M-733, in the name of Andy Kerr, on the financial resolution in respect of the Stirling-Alloa-Kincardine Railway and Linked Improvements Bill, be agreed to.

Motion agreed to.

That the Parliament, for the purposes of any Act of the Scottish Parliament resulting from the Stirling-Alloa-Kincardine Railway and Linked Improvements Bill, agrees to any increase in expenditure payable out of the Scottish Consolidated Fund in consequence of the Act.

The Deputy Presiding Officer: The third question is, that motion S2M-734, in the name of Patricia Ferguson, on the approval of a Scottish statutory instrument, be agreed to.

Motion agreed to.

That the Parliament agrees that the draft Producer Responsibility Obligations (Packaging Waste) Amendment (Scotland) Regulations 2003 be approved.

The Deputy Presiding Officer: The final question is, that motion S2M-735, in the name of Patricia Ferguson, on the approval of a Scottish statutory instrument, be agreed to.

Motion agreed to.

That the Parliament agrees that the draft Water Environment and Water Services (Scotland) Act 2003 (Designation of Scotland River Basin District) Order 2003 be approved.

The Deputy Presiding Officer: That concludes decision time, and I invite members who are leaving the chamber to do so as quickly and quietly as possible.

Children's Therapy Services (North-east Scotland)

The Deputy Presiding Officer (Murray Tosh):

The final item of business today is a members' business debate on motion S2M-647, in the name of Richard Lochhead, on access to children's therapy services in north-east Scotland. The debate will be concluded without any question being put.

Motion debated,

That the Parliament notes with great concern the problems facing children with special needs in Aberdeenshire and elsewhere with regard to accessing vital physiotherapy, speech and language therapy, occupational therapy and orthotics; further notes the difficulties of recruiting speech and language therapists in the north east of Scotland and that the speech and language therapy training courses are located in the central belt and are oversubscribed; further notes that those staff currently in place do a tremendous job given the strain that they are being placed under, and considers that the Scottish Executive should (a) make greater funding available for these courses, (b) promote the location of a speech and language therapy training course in the north east, (c) provide funding for training and employment of additional orthotic staff and technicians in the north east and (d) provide additional funding to NHS Grampian and Aberdeenshire Council to allow short-term solutions to be quickly implemented to improve the immediate situation.

17:06

Richard Lochhead (North East Scotland) (SNP): It gives me pleasure to open this debate on the motion that was lodged in my name, which concerns the pressures on children's therapy services in north-east Scotland, especially in Aberdeenshire. I thank the 24 members of the Parliament, from all parties, who signed the motion. The motion was lodged very much on a cross-party basis, and there is a cross-party campaign in north-east Scotland. I pay tribute to the parents and families who are conducting that campaign and who have ensured that this issue is being placed firmly on the radar screens of local politicians. In particular, I thank Julie Fawns and her husband and the other parents who are in the public gallery. Members will join me in welcoming them to the Parliament.

The job of local MSPs is to ensure that the issue in Grampian is firmly planted on the radar screen of ministers, although we all welcome the fact that the issue of children's therapy services and the associated pressures is already on the Scottish Executive's agenda. Last year, the Executive published a review of children's therapy services, and its recommendations were published in August. Those recommendations were put out to consultation and the consultation period closed in October. That review was partly a response to the Riddell advisory committee's "Report into the

Education of Children with Severe Low Incidence Disabilities", which highlighted the problems associated with the shortage of therapists in Scotland and the resulting long waiting times.

However, that report was published back in 1999 and we are debating the issue at the end of 2003. We must inject some urgency into the process, given the fact that time is going by and the situation does not appear to be improving. This debate primarily concerns children with special needs who require therapy to improve their quality of life. We are mainly talking about speech and language therapy, occupational therapy, physiotherapy and orthotics.

The Executive's review confirmed that there is a shortage of therapists in Scotland and that waiting times are unacceptable. The review states:

"it is clear that there are too few experienced therapists, recruitment difficulties in rural areas and growing numbers of referrals."

That is certainly the situation in Grampian, which is a largely rural area. That region has the second-highest referral rate in Scotland for speech and language therapy per speech and language therapy post. Also, the number of children on speech and language therapy waiting lists in Grampian is four times the national average. Indeed, of the 15 health boards in Scotland, Grampian NHS Board has the third-highest level of vacancies for speech and language therapists—10 per cent as of March 2003, according to a parliamentary answer that I received from the ministers.

As of today, and following inquiries this morning, I can tell members that in Aberdeen, one third of the speech and language therapy posts are vacant—that is, 10 of the 30 posts. Four of those vacancies are due to maternity leave, which happens to be a big problem in the service because so many of the therapists are female. If there is not enough cover for maternity leave, that can lead to greater problems. In Aberdeenshire, five of the 19 positions are vacant. We must remember that this is not just about pressures on the families that are involved and the children themselves; it is also about the pressures on the staff in the service. In many cases, therapists work in small teams. If a small team of five therapists in one part of Grampian has one or two vacancies, that leads to enormous pressure on the remaining team members.

I am sure that we all recognise that early intervention is essential in treating children. We must treat children at the right time in their development to ensure that treatments are of maximum benefit and are effective. For instance, physiotherapy is central to the rehabilitation of children with special needs. Speech and language therapy is vital for communication skills, among

other matters, and orthotics is vital to improve mobility for the children who require the service and to improve appearance, which is a sensitive issue for young children.

I will refer the minister to two of the many case studies—there are dozens in Aberdeenshire—that highlight the problem. On speech and language therapy, I have an e-mail from a constituent of mine in Balmedie that says:

"I have been fighting for speech and language therapy for my nine-year-old son for three years. He has pragmatic semantic disorder, diagnosed at two years. He needs a language group to help with social skills, and although he attended two to three groups four years ago, we have had nothing since, despite referrals from my GP, the school doctor, the school and the educational psychologist."

Another constituent inquired about receiving the orthotics service. Her e-mail says:

"I spoke to a receptionist who told me my daughter's appointment had been booked, but it was for four months later, as this was the first available appointment they had. I could not believe it, and I explained my daughter was only three years old and she had special needs and would not be able to communicate if the boots were hurting her or not."

The e-mail continues:

"Once my little girl's feet grew and I felt she needed new boots, I contacted the clinic once again. I was told I had to wait X amount of weeks. It is stressful enough having a child with special needs without having this carry-on each time her feet grew."

Those are two quick case studies. There are case studies that refer to waiting times of up to four years. In Grampian, we hear of waiting times of easily up to a year for services such as physiotherapy, speech and language therapy and other therapies.

We must recognise that for families, coping with everyday pressures as well as having a child with special needs can be extremely difficult. That often leads to relationships breaking down, marriages breaking up and other strains on families.

Short, medium and long-term solutions are required. I welcome the fact that the Scottish Executive's review said that more resources were required, to be aimed at improving the recruitment and retention of therapists in Grampian and throughout Scotland. Additional student places are also required. Both those solutions are desperately needed in Grampian.

Grampian has a general shortage of national health service staff. We must recognise that many of the challenges that face therapies also face other health professions in Grampian. However, we do not understand or have information on how many therapists are required in Grampian to deliver an adequate service. The minister has said that such information is not kept centrally. We do not know the ratio of therapists to children who are

registered as requiring such services. Surely we must find that out if we are to address the situation.

We know that many people in Scotland are applying to be trained as therapists but that student places are not available. A parliamentary answer that I received a couple of weeks ago said that for every speech and language therapist student place in Scotland, seven applications are made. For orthotics courses alone, three applications per place are made. Plenty of people want to train as therapists. We must ensure that places are available soon.

The Executive says that it wants to create 1,500 new posts in what are referred to as the allied health professions, which cover all the therapies. I ask the minister how many posts will be created in Grampian. Can we learn lessons from the recruitment campaigns for dentists in Grampian? We have decided that unless we recruit and train dentists locally, we will not be able to plug the gap.

We are being told that the situation with speech and language therapists and other therapists is similar. If we do not create training places in Grampian, people will be less likely to live and work there, especially as many therapists are people who have retrained as mature students and have family commitments in Grampian. If they do not have the opportunity to train locally, they do not train, because they would have to leave behind their families and other commitments to travel to the central belt or elsewhere to do so. If we want to increase the number of therapists in Grampian, we must establish courses in Grampian.

I welcome the fact that the Robert Gordon University is working with NHS Grampian to create an MSc course. I ask the minister to ensure that that happens and that the course is funded. I know from parliamentary answers that the minister is talking about making £1 million available nationally, but that is not enough. I would also like the minister to deal with the concern that any new resources to address the issue should be ring fenced. The fear is that any new resources to tackle the problem will be swallowed up by the NHS, so the money for therapy services must be ring fenced.

Many of the recommendations in the report are welcome. We need the minister to give a commitment today to an action plan and a time scale for the implementation of such a plan. The recommendations were issued in August and the consultation period closed at the end of October. Although we are now almost at the end of 2003, we are still waiting for the Executive to respond to the consultation submissions and to tell us when action will start and what level of resources will be made available.

I appeal to the minister to give Parliament and parents in the gallery and elsewhere in Scotland—particularly in Grampian—some words of comfort and a commitment that action will be taken in the short, medium and long term.

17:15

Richard Baker (North East Scotland) (Lab): I congratulate Richard Lochhead on securing the debate. I also welcome the cross-party support for the campaign to improve access to children's therapy services in north-east Scotland. I also join him in welcoming Julie Fawns and all those who have travelled from the north-east to Edinburgh for the debate this evening.

I support whole-heartedly the call in the motion for greater access to vital therapies for children with special needs in Aberdeenshire. There is no doubt that those services are under great strain. That has been pointed out in Richard Lochhead's speech and in the motion. Action needs to be taken now to address the deficiencies in provision that are caused by underfunding and the problem of recruitment and retention of therapists, particularly the problem of recruiting enough therapists to meet the need that now exists in Aberdeen and Aberdeenshire. Richard Lochhead referred to the worrying statistics that show the need for recruitment.

In Ellon last month, I was fortunate enough to meet some of the parents who have done so much to highlight the issue. Their determination to get access to therapy for their children was clear and impressive to see. I heard about the great strain that has been put on them and about the sacrifices that they have made to look after their children. Their commitment to do as much as they can to help their children should be met with a similar commitment from Government and the local agencies and authorities that provide the services. Nobody is saying that it is an easy job—it is not.

The number of children in Aberdeenshire with autism appears to have increased greatly. There is a great debate as to whether that is down to better diagnosis of the condition or to a range of other factors, some of which we do not know about. The fact is that greater pressures have been placed on therapy services and there has to be an adequate response. There is also no debate that educating a special needs child can be expensive. However, as the parents have pointed out, if a child remains low functioning there is the potential for them to remain in adult services from 18 to 80. That would result in even greater expense.

Brian Adam (Aberdeen North) (SNP): Does the member share my concerns that the Education (Additional Support for Learning) (Scotland) Bill that is before the Education Committee at the

moment might lead to some of the children who suffer from autism losing out because they will no longer be covered by a record of needs? Does he also share the concern that, although the replacement legislation might well enforce conditions on local authorities, it will place no burden on health services to deliver the care that is needed? It is all very well for the Executive to address the children's educational needs, but the health needs that we are debating tonight also need to be addressed.

The Deputy Presiding Officer: I will compensate for the time that took.

Richard Baker: Thank you. I understand Brian Adam's concerns. I hope that the replacement measures that the Executive comes up with address the issue that he raises.

I stress that the necessity for immediate action is not for the provision of new, untested or unproved therapies but for the basic therapy services that have been shown to benefit children. Parents have told me how much their children have benefited from the speech and language therapy that the children received. However, the children are able to receive that therapy only sporadically and after a long wait.

Those therapies should be made available to children with special needs not because of the efforts of parents in trying to get them for their children or because parents can afford to pay for private services, which some parents have felt compelled to do. The therapies should be made available on the basis of need. I am sure that attempts are being made to do that, but it can only be an uphill struggle given the current shortage of available therapy.

I am aware that the problem is one that is not solely for the north-east. However, when I met the parents, they told me that therapists in Aberdeenshire have a greater case load than therapists in any other area of Scotland apart from one. They told me about the specific lack of provision in Fraserburgh, which has been an ongoing issue. They also told me about the waiting list for speech therapy in Peterhead that has 300 people on it and that places for the programme at St Andrew's School at Inverurie are heavily oversubscribed. There is clearly an inadequacy of provision.

I have met some of the staff who have to work in this situation. It is important to stress that the staff who are involved in managing therapy services are doing an excellent job—one that is vital and difficult. They should be congratulated on their efforts, but they need more help to do their job.

The question is what can be done. There is a desire for more collaborative work with the education authorities to help to deliver some of

those services and, crucially, we must consider the training that is available, as Richard Lochhead said. I have heard from parents who would be interested in undertaking training themselves in order to help their children and we have heard how in Aberdeen we hope to have more training in other areas—in dentistry for example—so that we can recruit people to the area to address current needs. I am pleased to hear about the progress that has been made with RGU and NHS Grampian and I hope that that potential is realised. Clearly, we must consider the allocation of resources to address the shortage of therapists in the area and all the agencies involved need to work in partnership to address the problem.

The issue has gained support across the political spectrum in the Parliament. I hope that there can be a similar unity of purpose among providers of services to children, to give the staff who work day in, day out to help children the support that they require and to give the children who need those vital therapies the help that they need and deserve.

17:20

Mrs Nanette Milne (North East Scotland) (Con): I, too, am grateful to Richard Lochhead for securing the debate and I, too, welcome Julie Fawns and the other parents to the gallery.

No one who has read the briefing paper that was prepared by the parents who contributed to the wording of the motion or who listened to those parents describing their experiences at the cross-party meeting that they arranged recently with North East Scotland members of the Scottish Parliament could fail to be moved by their plight. They constantly struggle against the odds to do the best for their children. We heard from the mum of a little boy with autism and haemophilia who is at risk of bleeding every time he lashes out in frustration; the mum of young triplets, two of whom have serious special needs, who struggled to tell her story because she was exhausted and emotionally drained by her efforts to cope; and the mum whose child waited so long for the splints that would allow him to walk that he outgrew them within a month of their being provided.

Those mums are coping with tremendous problems every day of their lives—some of them on their own because their marriages could not survive the stresses and strains. Like all of us, they want the best for their children. They want them to receive the help that they need to become functioning, independent adults who will be able to make a positive contribution to society; they do not want their children to be so handicapped by their disabilities that they are dependent on society for their care and welfare throughout their lives.

The lack of available resources means that parents struggle to get the speech therapy for their children that they need. The lack of orthotists means that aids to mobility are not there when they are required. Physiotherapy and occupational therapy are not available as often, or as regularly, as they are needed for optimum improvement. The parents are tired of battling and they want something to be done soon to improve the availability of facilities for their children.

It must be stressed that parents have absolutely no criticism to make of the associated health professionals who are in post and who do as much as possible to provide the services that are needed. It is important to get that message across to professionals, because the last thing that we need is for people to leave their professions because of low morale and a feeling that their efforts are not appreciated.

There is no doubt that we urgently need more such professionals. That is not entirely a funding issue. In Grampian, for instance, serious efforts have been made to recruit and retain therapists across the professions by spreading the recruitment net throughout the United Kingdom and beyond, by making accommodation available to those who are not in a position to get into the housing market and by offering flexible working conditions. However, so far, those efforts have not had much success.

Although I stress that Grampian NHS Board has made no reference to this, I fear that the Arbutnott formula for NHS funding, whereby the 10 per cent of Scotland's population who live in the Grampian area receive only 9 per cent of national resources, is not helpful. The Scottish Executive should consider that fact without delay.

At the recent meeting of MSPs and parents, we discovered that at least three of the mums in the group were keen to train as speech therapists, but how on earth could they attend training classes in central Scotland, even if places were available, when they are so committed at home? As Richard Baker said, NHS Grampian is doing its best to persuade the local university to provide an MSc course in speech and language therapy. If training were available locally, those mums would undoubtedly sign up for it. A pool of such trained people could at least provide cover for maternity, holiday and sick leave, even if the establishment of therapists remained relatively unchanged.

I say to the minister that we have serious problems in the north-east, which must be addressed both locally and nationally. Services in Grampian are no worse than elsewhere—indeed, they are considerably better than those in some areas. However, that is irrelevant. NHS Grampian is being as helpful as it can and has offered to meet a representative group of parents to discuss

possible solutions. I hope that that meeting will take place early in the new year.

The Scottish Executive must also recognise the problems and take steps to solve them soon, so that our constituents can achieve the quality of life that they expect and deserve. Parents have had enough. They are angry and determined and will not go away until action is taken to help them.

17:25

Shiona Baird (North East Scotland) (Green): I thank Richard Lochhead for lodging the motion and welcome the parents to the gallery.

The debate is important for a number of reasons, not least of which is the strong cross-party support that the issue has engendered. All parties are concerned and are working with the parents and medical services. Everybody has the same aim—the provision of good, comprehensive care for the many children with special needs in the north-east.

Medical science is now so advanced that many premature babies survive at a much earlier age. However, that can lead to a range of disabilities with which parents must cope. Parents need and must have adequate support to enable them to cope with the often trying circumstances in which their children find themselves.

In meeting parents, it came over clearly that the focus of their concern is to ensure that their children have care early in their development and that care continues as long as necessary so that their children can achieve the best that they can. Good, early comprehensive care that enables a child to lead as independent a life as possible and to contribute to society as an adult must be the long-term aim of all medical and educational services.

Such vision and joined-up thinking seem to be lacking in the NHS. That is most evident when the NHS has to spend vast sums of money to deal with the consequences of poor lifestyles or with the huge increase in chest infections among the elderly in winter as a result of poor insulation in houses. We must work harder to solve root causes and we must release millions of pounds to provide care for children who are suffering through no fault of their own.

Life can be hard enough for those who bring up and provide for children without their having the extra strains that result from children having sometimes multiple disabilities. We have heard accounts of the extremely moving Saturday afternoon event in Inverurie. The disabilities that we are discussing impact on family life, siblings and—sadly—often on marriages. For many, the vital income from employment is not an option, as

few employers are flexible enough to cope with the many extra demands that disabled children can place on parents, who are often single. Those parents do a remarkable job and should be able to feel that all the resources that they require are available and that they are being supported. Sometimes only a sympathetic ear is required.

Addressing the long-term problem of the lack of trained therapists by establishing new training courses would be welcome. An Aberdeen-based course would enable women with family commitments to train locally. Rewarding the profession more in line with the skills and dedication that are required might also go a long way towards encouraging more women and men to apply for entry to and to remain in the profession.

A closer look at orthotic care in the north-east is required to ensure that adequate resources are available. Questions need to be asked when a child who requires splints must resort to their wheelchair because they have had to wait so long for new splints after growing out of their old ones.

The aim of the debate is not to criticise staff, who do the best they can in what seems to be an under-resourced section of the NHS. Our purpose is to highlight problems and to ask the Executive to step in and provide extra resources to ensure that children with special needs get the best possible help, which is what they deserve.

17:29

Nora Radcliffe (Gordon) (LD): I endorse everything that my colleagues have said.

As a number of members have said, this is very much a joint effort by the MSPs in the north-east, who have had the privilege of talking to the parents who came to speak to us. I do not know whether any member has mentioned the fact that NHS Grampian helpfully organised an informal meeting with some of the health professionals, which was useful.

I commend the parents for their effectiveness in raising the issues that concern them on behalf of their children and themselves.

At this time of year in particular, we reflect on the fact that the birth of a child is a joyful occasion—every child is a miracle and a source of joy. When a child has especial physical or medical problems, there is no doubt that that creates practical and emotional stresses for parents and stress within the family.

A range of health and education professionals can do a great deal to help and support the child, its parents and the family. In an ideal world, there would be a sufficient number of professionals to provide the optimum help and support. However,

in this less than ideal world, resources are scarce, needs are unmet and parents face extra stress in trying to obtain the help that their children need. Their concerns are compounded by the fear that the help that they get may be at the expense of another family.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): As an interloper in the debate—from the Highlands and Islands—I agree with the comments that have been made.

Does Nora Radcliffe agree that the Education (Additional Support for Learning) (Scotland) Bill, which has just started going through Parliament, is defective because, although education authorities have a duty to deliver co-ordinated support through a co-ordinated support plan, there is no corresponding duty on health authorities? That is a fundamental defect of the bill as it stands.

Nora Radcliffe: One of the strengths of the Parliament is the effect that we can have on legislation. We are willing to listen to representations, so the legislation that comes out at the end of the sausage machine is often much better than what goes in at the beginning. We must hope that we can have that effect on the bill.

We have talked about the parents and the children, but staff are also stressed by endlessly trying to get a quart out of a pint pot and by the frustration of not being able to do the job that they would like to do. We can do better. We know about the issues around the recruitment and retention of staff and about the importance of facilitating retraining and re-entry to ensure that we have enough trained professionals to enable every child to achieve its full potential. In Grampian, we feel strongly that it would help a great deal to have training opportunities provided locally. Other members have elaborated on the reasons for that and those are well understood.

I must also make two points again. The first is the particular difficulties of delivering services to a well-populated rural area. The second point, which Nanette Milne mentioned, is that 10 per cent of NHS activity takes place within Grampian NHS Board area, but we get 9 per cent of available resources.

17:33

Dr Jean Turner (Strathkelvin and Bearsden) (Ind): I congratulate Richard Lochhead on securing the debate. The debate is not about my area, but I must support him because this is an important subject.

We all know that there is a dearth of specialist therapists throughout Scotland for all age groups, but if any age group requires those therapists more, it is young children. Such therapists would

help not only the young children but their families. In such families, the other children often have to make sacrifices.

The parents of the children concerned save the health service money, because they try to do the job that therapists would do if they were there to do it. It is unkind to expect such a sacrifice from them. Naturally, they want to do the best for their children. It is our remit to provide the services as near to where they live as possible. There are never enough training places and there should be more. It would be wonderful if training places could be provided in the north-east. I push for the Executive to make it possible for more people to be in training. As Nanette Milne said, there are people out there who could be trained and it would be wonderful if there was more flexibility in drawing people in for training.

I was impressed by the meeting of multiple sclerosis sufferers that took place in the Hub a few weeks ago, when about 200 people of varying disabilities crowded into the hall. Members always want the public to get involved and to tell us what their needs are. I am sure that we could fill that hall again with the people in the north-east who need help. Parents and, most of all, children need help. We hear of children who need help with splints and footwear and who are compelled to live in wheelchairs. That is unfair. Through general practice, I have seen the stress that such situations put on families and on the children who do not have special needs problems.

I ask the Executive to try to help the people in the north-east. The facts are compelling and I am with Richard Lochhead. Please listen to those people.

17:36

Eleanor Scott (Highlands and Islands) (Green): I am another interloper from the Highlands. I hope that Richard Lochhead, whom I commend thoroughly on raising the issue, will not mind if I hijack the debate slightly and talk about the Highlands. The issues that have been talked about in Grampian are mirrored in other areas and particular problems exist in remote and rural areas.

I should declare a former interest: until May, I worked as a community paediatrician with children with special needs. All of the issues that have been raised ring a bell with me, especially the chronic shortage of therapists and of staff generally. My job was attractive. It was based in Dingwall, which is a nice part of the country, it was part time and it involved no on-call work, but it has not yet been filled. There is no lack of will on the part of the NHS in the Highlands to recruit a replacement for me and to recruit doctors and

therapists for other vacant posts, but it simply cannot do so because the people are not out there to recruit.

The need for therapists for children will not get smaller; it will increase. Shiona Baird mentioned the increased rate of survival of children with very low birth weight, who often have special needs as sequelae. An increased number of children are being diagnosed as having autistic spectrum disorders—they need speech and language therapy and often occupational therapy. Children with developmental co-ordination disorders also need occupational therapy input. The problem will not go away; if anything, it will increase.

Input is needed not only from health agencies; education is also involved. Fergus Ewing and Brian Adam raised the point that, under the Education (Additional Support for Learning) (Scotland) Bill, health agencies will not be obliged to have an input into support for children. However, that is not a new problem, because the same was true of the record of needs. The record of needs sorted out speech therapy, but it did not go as far as occupational therapy. When I was involved in writing medical reports for records of needs, I often did not include occupational therapy for children who would have benefited from it. I did not think of including it because I knew that it was not out there. The reports became resource driven rather than needs driven, not through any intent on the part of the people who wrote them, but because if a person knew that something was not available, they would not include it as a requirement. In many areas, occupational therapy was not and still is not available for many children.

Members have mentioned the stresses and strains on families who care for children with disabilities and it has been pointed out that social work has a role. Respite provision is another big issue that must be addressed, certainly in the Highlands and, I am sure, everywhere else.

Above all children, disabled children are owed an obligation throughout their childhood and beyond. Whether we provide the resources to allow those children to maximise their potential is a measure of how civilised our society is. I welcome the debate, which has raised awareness of the issues.

17:39

The Deputy Minister for Health and Community Care (Mr Tom McCabe): I firmly restate the Executive's commitment to ensuring that every child in Scotland has the best possible start in life and our determination to create the circumstances that ensure that children reach their full potential.

The document that we produced some time ago entitled, "Our National Health: A plan for action, a

plan for change" sets out the full agenda to provide all children and their families with access to comprehensive, combined and fully integrated health care with appropriate support provided by other agencies. That is why £50 million is being invested in the integrated changing children's services fund between 2003 and 2006. It exists to support partnership developments between local authorities, NHS boards and the voluntary sector.

Mr Lochhead argued that more training places are needed for allied health professionals, but it is important that we put the debate in some perspective. The Executive cannot direct funds to higher education institutions, or to a specific course. Higher education institutions, as members are aware, are autonomous bodies. However, there are actions that we can take, and there are actions that we are taking. The partnership agreement that underpins the coalition Government in Scotland contains a commitment to merge the Scottish Higher Education Funding Council and the Scottish Further Education Funding Council, and it charges them both to have regard to the future skills needs of Scotland. Through that mechanism we will ensure that the work force needs of the public sector in Scotland are being met.

We have work in hand to ensure that the individual needs of children are addressed. The Education (Additional Support for Learning) (Scotland) Bill, which has been referred to, will improve services for children with special needs by enabling them to maximise their potential for participation and learning. The bill places a duty on agencies, including health agencies, to assist education authorities in providing co-ordinated support plans as required.

The child health support group, which was established to harness the experience of front-line clinicians and professionals, is driving forward improvements in child health and child health services throughout Scotland.

Richard Lochhead: On the autonomy of higher education institutions and the creation of new training places for therapists, if NHS Grampian approached the Executive for assistance to set up such courses in Grampian, would the minister look upon that sympathetically? After all, the Executive intervened to create new training opportunities in Grampian to address the shortage of dentists. I accept that the situations are not the same, but the sentiment is the same.

Mr McCabe: If NHS Grampian wants to make any requests or initiate discussions with the Executive, we are more than happy to engage in those discussions, but it is important not to mislead Richard Lochhead or the people he represents about the status of higher education institutions and exactly what we can do. If NHS

Grampian wants to engage in discussion and explore avenues that it thinks can contribute to the situation, of course we will be more than willing to listen to what it has to say.

The child health support group visited every NHS board, gathering information about local health care systems and advising on areas for local improvement, in accordance with the national child health service template. The provision of therapy services was discussed during the visit to NHS Grampian. A range of measures have since been implemented, including the development of speech and language therapy assistants, the sponsorship of final-year students, personal development packages, and flexible working arrangements. In particular, the flexible working arrangements deal with the implications of such things as maternity leave and other issues that are required to attract returners back to the professions, all of which Richard Lochhead rightly mentioned earlier.

It is NHS boards that must determine the level of therapy services for children in their areas, and they must provide those services. At national level, we are supporting efforts to tackle AHP recruitment and retention issues. The availability of a skilled and motivated work force is key. We have a commitment in the partnership agreement to ensure that there are an additional 1,500 allied health professionals by 2007. In the last two years 260 allied health professionals have joined NHS Scotland, which is encouraging. There are now 11 per cent more speech and language therapists, 11 per cent more physiotherapists and 18 per cent more occupational therapists in the service overall.

The strategy for allied health professions in Scotland addresses how we can increase the supply of therapists, as well as maximise the skills of the existing AHP work force. Support is being provided to deliver the strategy's action plan.

Fergus Ewing: Does the minister share my concern that in Inverness it appears there is a much higher incidence of people with autism than in the rest of Scotland? How will he cater in funding terms—given that funding is dispersed on a pro rata, per capita basis—for the necessary support in areas such as Inverness, if children with autism are to receive the care that they require, in particular under the co-ordinated support plans that are to be introduced?

Mr McCabe: Of course, we would be concerned at the incidence of any particular condition in any one area of Scotland, irrespective of what that condition might be. Members have mentioned the funding mechanisms that service NHS Grampian. As we all know, the Arbutnott formula is used to distribute funding throughout Scotland and takes account of a range of factors including deprivation, age, the sex profiles of the local population and—I

have to say—the additional costs of providing services in local areas. I have no doubt that if certain circumstances impact on the cost of delivery in the area that Mr Ewing mentioned, the formula will take account of them.

Nora Radcliffe: Does the minister concede that the Arbutnott committee itself expressed concern that some of the data that it was operating with were not as robust as they might have been and that there is a case for revisiting the formula once we have better data?

Mr McCabe: There is always a case for refining data. Once that happens and better information comes to hand, it would only be right to take account of that information. Indeed, that applies to a whole range of circumstances in the work that the Executive carries out.

I mentioned the strategy for allied health professions in Scotland and what we are doing to increase supply. For a start, £100,000 has been made available to encourage AHPs to return to practice; a further £100,000 has been made available to provide support for alternative routes to state registration and £200,000 has been allocated for the development of specialist practitioner posts to support clinical leadership and better outcomes and to enhance the patient journey.

A recent national review of children's therapy services identified a range of priority actions for key stakeholders. The allied health professions officer is now working with professional bodies and individual staff groups, including paediatric therapy managers, to support local initiatives, share good practice, identify opportunities for service redesign and explore the skill mix and role development. In response to Richard Lochhead's question about the therapy services review, I am happy to confirm that we hope to receive the outcome of our considerations by spring 2004.

The north of Scotland regional work force development network will address specific recruitment and retention issues in the north-east. NHS Grampian has also made efforts to tackle shortages through new ways of working and through skill mix to overcome its immediate recruitment issues. However, we need better information on supply and demand. A current national AHP work force survey will identify regional, specialty, profession and grade-specific recruitment and retention issues. That and an AHP work force trends analysis that is also under way will target action in early 2004.

AHPs have embraced the review of their services. They are working hard to support children into mainstream education and are supporting parents and families in the challenges presented by the special needs of children.

Parents and families expect paediatric therapists to have a high level of specialist knowledge and expertise. We face challenges in supporting newly-qualified therapists to gain clinical experience where paediatric specialist training is mainly at postgraduate level. NHS Education for Scotland is already working to review that matter.

NHS Grampian is already engaging with parents, families, local authority partners and other stakeholders to determine future local service development and investment and to make improvements where needed, including taking action to drive down waiting times. The allied health professions officer will be quite willing to work with therapists in NHS Grampian to address the training and support needs of parents who have children with special needs.

The professionalism and dedication of AHPs who work with children and families reflect their commitment to achieving the best possible standards of care and service. That, together with on-going national developments, will ensure that there is a step change in the delivery of children's therapy services in the north-east.

Meeting closed at 17:49.

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