

# **MEETING OF THE PARLIAMENT**

Wednesday 21 December 2005

Session 2

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## Scottish Parliament

*Wednesday 21 December 2005*

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

### Time for Reflection

**The Presiding Officer (Mr George Reid):** The first item of business is time for reflection. Our time for reflection leader today is the Right Rev David Chillingworth, the Bishop of St Andrews, Dunkeld and Dunblane.

**The Right Rev David Chillingworth (Bishop of St Andrews, Dunkeld and Dunblane):** Henry Kissinger, the former US Secretary of State, once passed cynical comment on the world of student politics, saying that the reason why there was so much in-fighting was because there was so little at stake. A bishop should be challenged by that because, of course, it is a comment that might equally be applied to the world of church politics. A church is not a Government or a Parliament, which means that we do not run anything and are free to practise political in-fighting in its purest form. Time after time, I have seen people of simple faith and clear vision finding church committees difficult. Sometimes they retreat disheartened, shocked that we worship a God of love but do not always find it easy to love one another. Perhaps it is also because we talk of drains and lead valleys when we should be speaking of heaven. I suspect that politicians sometimes speak about heaven when they should be talking about drains.

Of course, that situation poses a profound challenge to all of us—to the public representatives in this chamber, to me and to all who exercise leadership in church and community. The business of doing business, whether in church or state, will always involve a certain amount of push and shove because it is, at heart, about issues that matter, and the people involved—if they are worth while—will be people of vision, commitment and strong character. However, we must never lose sight of what it is all about. It is about the care and protection of the weak and the voiceless, the big issues of justice and peace and our shared calling, which is to care for people and to enhance their lives. If we have to struggle a bit with one another along the way, surely that is precisely because there is so much at stake.

Jesus spoke of life abundant—fullness of life—as his gift and his vision. May our working together and our struggling together in both state and church be the means of bringing that to people across this community this Christmastide and in the days to come.

Father God,  
You sent your Son born as a child at Bethlehem.  
Bless the meeting of this Parliament today  
In speaking and action,  
May we work always with humility and care  
And enhance the lives of the people of our community.  
  
Amen.

## Homelessness (Abolition of Priority Need Test)

**The Presiding Officer (Mr George Reid):** The next item of business is a statement by Malcolm Chisholm on the abolition of priority need. As the minister will take questions at the end of his statement, there should be no interventions.

14:34

**The Minister for Communities (Malcolm Chisholm):** I am pleased to announce that today the Executive is publishing the statement on the abolition of the priority need test that is required by section 3 of the Homelessness etc (Scotland) Act 2003. It sets out the action that has been, is being and will be taken to achieve the abolition of priority need by 31 December 2012 and sets interim objectives.

The statement has been prepared following intensive consultation and information gathering throughout the year and builds on the comprehensive agenda for preventing and tackling homelessness in Scotland that was set by the homelessness task force and endorsed by this Parliament in 2002. Details of responses to the consultation and a technical appendix setting out the information received from local authorities are also being published today.

The consultation indicated that there is still a consensus about the programme of work that the task force proposed. There are concerns about implementation and delivery, but there is agreement that the direction of travel is right and that unfair distinctions between homeless households should be removed.

The statement that we are publishing today sets out key actions in relation to the supply of appropriate and affordable housing; the prevention of homelessness; housing support and wider forms of support; legislative change and guidance; and monitoring and support arrangements. It also sets out the key interim objective, which is for local authorities to reduce the proportion of homeless households that they assess as non-priority by 50 per cent by 2009. That is an administrative target rather than a legislative target. Its purpose is twofold—it aims to ensure that we maintain a steady pace towards the 2012 target, but it will also help to identify particular problems in local areas so that they can be addressed. We remain committed to moving forward at an appropriate pace. The target will allow more definite monitoring of progress and it will allow the issues to be more clearly identified, understood and addressed.

The statement makes it clear that the supply of appropriate and affordable housing is the key. We are already making a significant investment in affordable housing, and provision will increase from well over 6,000 units this year to more than 7,000 units next year and an estimated 8,000 units in 2007-08. That represents a major expansion in our investment in affordable homes and it will assist those who are most in need. We will maintain our commitment to the provision of affordable housing, not least by ensuring that the implications of the 2012 target are reflected in future planning and resourcing of housing supply.

Developing an accurate picture of housing need, both nationally and locally, is crucial to our plans. We fully appreciate that the picture of supply and demand in Scotland is both complex and ever-changing. That is why we have commissioned work to provide an update of Professor Bramley's housing need and affordability model. When that is complete in the spring, it will provide up-to-date estimates and a five-year forward projection of the need for affordable housing at both local authority and housing market area levels. The impact of the 2012 target will be a key component of that modelling work.

At the same time, we are working with local authorities to ensure that local assessments of housing need are carried out on a more consistent basis and take account of the local impact of the 2012 target. That will improve our ability to plan to meet needs throughout the country. In future, the strategic housing investment framework will guide the allocation of the affordable housing investment programme. As the framework is finalised and priorities for the coming years are considered, we will take careful account of the affordable housing that will be required for us to meet the 2012 target.

Careful planning of our investment in housing supply is only part of the picture. We have also embarked on a comprehensive programme of action to address Scotland's wider housing needs. For example, our plans to modernise the planning system, which were introduced to Parliament yesterday, are part of our longer-term ambitions to speed up the planning process and to improve the supply of land for housing. We also want to ensure that homeless households are able to access accommodation from registered social landlords and the private sector. Our statement sets out our expectations and the actions that we will take in that regard.

During the consultation, concern was expressed about the allocations policy for social housing. Our view is that there must be room to meet the needs of people who are classed as homeless as well as of other people who are on waiting lists for social housing. We will continue discussions with the Convention of Scottish Local Authorities to ensure

that the legislative framework and the associated guidance allow sufficient flexibility for an appropriate balance to be struck.

At the moment, the national averages for lets to homeless people are 28 per cent in the local authority sector and 14 per cent in the RSL sector. Therefore, it is important to keep the issue in proportion. However, the heart of the matter is not the way in which we categorise or classify people but the need to treat them as individuals with their own individual needs and problems. That is the mark of a compassionate society.

We need to act early to prevent housing crises, which are traumatic for the households concerned and which place more difficult demands on accommodation and support providers. A great deal of activity is taking place throughout Scotland to prevent homelessness, but more needs to be done. It is notable that Glasgow City Council is the only local authority that currently predicts that prevention activity will have a major impact on homelessness applications in the next few years. Other authorities need to consider whether they can do more. The statement focuses on the need for local authorities to adopt and implement a housing options approach and to work with other services to put in place specific arrangements for groups that are known to be at a high risk of homelessness. We will create an innovation fund to support new approaches to preventing homelessness and work with the homelessness monitoring group to develop and disseminate practice guidance to ensure that successful approaches are shared.

As I have emphasised, our approach recognises the importance of providing support alongside accommodation, where necessary. The statement sets out our on-going work to inform and develop the implementation of the supporting people programme; to implement and monitor the health and homelessness standards; to review the role of social work; to develop the employability framework; and to strengthen and promote social networks. Much progress has been made since the task force reported in 2002, but we need to keep the momentum going.

Concern has been expressed about the particular support needs of some homeless households, especially those very few who have been involved in antisocial behaviour. We are keen to emphasise that individuals must be aware of their responsibilities towards others as well as their rights. When implemented, the Homelessness etc (Scotland) Act 2003 will allow arrangements to be made for non-tenancy accommodation, which is known as bottom-line accommodation and which can be used for people who have been evicted for antisocial behaviour or who are subject to an antisocial behaviour order.

When those provisions are brought into force, we will address in guidance how and when local authorities can be said to have discharged their duty to an intentionally homeless household. Of course, we will consult fully on that. Given that we need to explore the solutions in more detail, we will not commence the sections of the 2003 act that relate to intentionally homeless households until 2007 at the earliest. Next year, we will make progress on changes to the local connection rules and, as I mentioned, we will proceed with the abolition of priority need via the setting of an administrative target.

Alongside the production of guidance on prevention and allocations, we will review the operation of referrals to RSLs under section 5 of the Housing (Scotland) Act 2001. We will provide further guidance on preventing and addressing homelessness among households from black and minority ethnic communities; on meeting the best interests of children; and on what constitutes a reasonable offer of accommodation. We will work closely with the homelessness monitoring group and its sub-groups to produce that guidance and in monitoring progress more generally. The statement sets out the key indicators against which we will monitor. The homelessness monitoring group will report on progress annually. We will fund two new posts to offer support to local authorities in addressing issues that relate to the 2012 target. We recognise the key role that local authorities have in delivering the target and how challenging that will be in some areas. Therefore, we will offer all possible support. It is crucial that we ensure that we make best use of the available evidence. We must proceed on the basis of robust evidence. We have noted in preparing the statement that many commonly held perceptions about the size and scale of the issues are not borne out by the evidence.

I emphasise that the statement that we are publishing today marks the beginning, not the end, of a process. In 2003, the Parliament enacted what has been described as the most enlightened legislation in Europe to address the needs of homeless people. We were entirely right to take that step. The measures will not be easy to deliver, but we need to have in place a system that treats people as human beings, rather than labels them as being in a certain category, deserving or otherwise. In that way, we will be able to build on the real progress that we have made since devolution and build a truly compassionate Scotland in which everyone has the opportunity to reach their full potential.

**The Presiding Officer:** The minister will take questions on the issues that were raised in his statement.

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

It is a pity that the statement on priority need, which is required by the Homelessness etc (Scotland) Act 2003, is being delivered at the 11<sup>th</sup> hour and in a form that makes it well-nigh impossible for Opposition members to study its detail in the available timeframe.

Like Shelter Scotland, we welcome the Executive's continuing commitment to abolish priority need by 2012. However, it was highlighted in 2003 that the key to abolishing priority need is providing the necessary resources for affordable housing. Therefore, will the minister confirm that the resources that local authorities need will be made available? Is the Convention of Scottish Local Authorities satisfied with the amount that is on offer? Will he advise what impact the loss of £310 million from the Treasury following the Edinburgh stock transfer ballot will have on the City of Edinburgh Council's ability to meet the target? Will he confirm that representations will be made to the Treasury to free up that money to meet the housing needs of the people of Edinburgh?

The minister talked about the importance of support in preventing homelessness, in particular the supporting people fund. Will he explain why the supporting people fund has been cut from £408 million this year to £384 million in 2007-08? Does he recognise that the cuts in that service are already impacting on vulnerable people? What does he intend to do about that?

Finally, the minister said that today is the beginning of a process. Like many members, I thought that the process of abolishing priority need by 2012 began with the passing of the 2003 act. Why does he think that today is the beginning of the process? Why has he not done anything until now?

**Malcolm Chisholm:** On that final point, Tricia Marwick has wilfully misrepresented what I said. We were required to make a statement, which represents the beginning of a process. We must modify the statement in the course of the next seven years. That was clearly the context in which I made my remarks. Tricia Marwick knows full well about our massive agenda around homelessness since 2001 and the great progress that has been made in many respects. Much of what we are doing involves looking forward.

I turn to Tricia Marwick's other questions and point her towards the first page of the statement's foreword, which states:

"we recognise that appropriate resource provision will be required in order to ensure progress towards the target".

Page 10 of the statement explicitly states:

"The next Spending Review will therefore take account of the available evidence on housing need, including the

impact of the 2012 target on demand for and supply of accommodation."

It is clear that the overall resources for the next spending review period must be dealt with then. However, as I said, there are already rising trends in the amount of money that is going into new social rented housing and, therefore, the number of new builds each year.

Tricia Marwick mentioned Edinburgh. I deeply regret the ballot result in Edinburgh last week. As I have said on several occasions since then, we will provide support for Edinburgh in every way that we can, but we can in no way produce as good a package as there would have been if the vote had been in favour of community ownership. It is all very well for Tricia Marwick and other political parties to posture on the issue, but the debt will be written off only under community ownership.

Tricia Marwick also asked about the supporting people fund. Since 2001, the budget in question has multiplied by eight. Of course, I have managed difficulties in the past year, but there is a great deal more money in the supporting people fund than there was when the homelessness legislation was passed, for example. In addition, the new formula that was introduced last year gives significant weighting to homelessness in distributing the budget.

**Mary Scanlon (Highlands and Islands) (Con):**

I thank the minister for the advance statement, of which I managed to read 11 pages. I did not receive it enough in advance to allow me to read the 29 pages of additional material, but I will read them after the debate.

If, on average, there are 7,000 new builds a year, it will take more than four years to meet the needs of the 30,000 people who are currently classified as priority homeless, let alone deal with future needs and the welcome abolition of priority need. Will the minister re-examine not only his targets for new builds but the resources that are required to meet the new targets?

Secondly, this week I visited Caley House in Inverness, which helps and supports people who have been through drug and alcohol addictions. It has a two-year programme to support people. At the end of it, people will get a tenancy if they are lucky, but in general they will not receive any support. If they are unlucky—which is more likely—they will be isolated in a bed and breakfast. I have a constructive suggestion for the minister. Will he consider using the innovation fund, which, as he said, is for preventing homelessness, and perhaps Professor Bramley's housing needs and affordability model to consider those people, as I understand that their demands make up a significant proportion of repeat homelessness demands?



**Malcolm Chisholm:** The very name innovation fund indicates that we are keen to examine new methods of providing housing support. I am happy to consider the case of the group to which Mary Scanlon referred. I have certainly emphasised the importance of support. Although the homelessness agenda is, crucially, about supply, it is about a great deal more. The issues of support and prevention have already come through strongly this afternoon.

Within the current spending review period, we are building up to 8,000 new units a year. That figure will be the baseline for any future work. As I indicated and as Mary Scanlon knows, Professor Bramley is updating his local housing need and affordability model for the Executive. I cannot emphasise too much how important that work is, because it will provide up-to-date estimates and five-year forward projections of affordable housing need at both local authority and housing market area level. His research brief contains a specific requirement to consider the impact of the 2012 target. That will be a key piece of research, feeding into the spending review process.

**Mr John Home Robertson (East Lothian) (Lab):** Does the statement mean anything for people who are stuck this Christmas on waiting lists for affordable rented housing in areas such as East Lothian? I am sure that the minister will recall the concerns that members from all parties and all parts of Scotland expressed in a debate in the chamber on 28 September about the shortage of affordable rented housing. What can we do for authorities and housing associations that serve areas in which there is an inadequate supply of affordable rented housing for priority-need people, never mind people who are perceived to have less urgent needs but whose needs are still very urgent? I put it to the minister that 2012 is a long way away and that we need practical steps to provide for them as soon as possible.

**Malcolm Chisholm:** Annex A to the statement indicates that currently 31 per cent of lets in East Lothian go to homeless people. In my statement, I made it absolutely clear that we will continue to insist as part of the policy that a significant proportion of lets go to people who are not homeless. That is fundamental to the policy. I know that there are concerns, which I understand. There are variations across Scotland but, as I said in my statement, the current position is that 28 per cent of local authority lets and 14 per cent of RSL lets go to homeless people. There is no intention of delivering our policy just by having an overwhelming number of allocations to homeless people.

There are problems relating to the implementation of the guidance, which is why an important part of the statement concerns working

with COSLA to revisit and, in many cases, to clarify the guidance, because it is being interpreted differently in different parts of Scotland. I assure John Home Robertson that such revisiting of the guidance will get rid of any general unfairness in the implementation of the policy throughout Scotland.

In the light of my comments on the interpretation of guidance and on the wider issues of housing supply, I hope that John Home Robertson is reassured both that we are serious about making progress towards meeting the target and that we are absolutely committed to ensuring that there is a balance between the rights of homeless people and the rights of people who want to move and are currently in council or RSL housing.

**Donald Gorrie (Central Scotland) (LD):** What the minister says about the importance of support is welcome, but I hope that he will examine the realities behind the rhetoric. Often organisations that provide support for homeless people or people who might become homeless suffer under our system of funding them for three years and then dropping them over a cliff. Because no one else will provide funding thereafter, much good work goes to waste. The way in which some councils interpret best value does not take any account of the human aspect of support. I refer to the provision of meals on wheels in a way that involves actually talking to the people who receive the service as well as day centres that provide important human contact.

Will the minister try to persuade people to interpret best value in a humane manner and ensure that there is continuing funding for projects that have been shown to work in helping homeless people?

**Malcolm Chisholm:** Donald Gorrie's first point has much wider reference than to the topic of today's statement. We have taken action to insist that three-year funding is the norm in the voluntary sector through the strategic review of funding. It is difficult to get beyond that entirely because all our spending is determined by three-year periods. However, within that context, we are trying to provide more security in the funding that we offer.

On Donald Gorrie's second point, quality of service is an intrinsic part of best value and has been from the beginning.

**The Presiding Officer:** As from now, let us have shorter questions and answers to allow as many members in as possible.

**Patrick Harvie (Glasgow) (Green):** Is the minister aware of recent research commissioned by Shelter Scotland that shows not only that the Executive's target for 2012 has overwhelming support among the public, but that more than two thirds of people believe that the issue has a high

or top priority? Will the minister go into the spending review with a determination to impress on his colleagues, including the Minister for Finance and Public Service Reform, who is in the chamber, the overwhelming support for and credit that will be due to the Executive if it increases dramatically the resources available for the abolition of priority need?

**Malcolm Chisholm:** I was pleased to see the Shelter Scotland report today. Notwithstanding people's concerns about the implementation of the policy, we in Scotland—and in the Parliament in particular—should be proud that we have taken the lead on homelessness.

When I have spoken about our policy in other countries, for example at a recent European conference in Brussels, I have found that it is recognised and admired in many other countries. I am pleased that, according to the Shelter research, the public are behind the policy. That should reinforce the determination that I have expressed today that we will implement the policy.

**Karen Whitefield (Airdrie and Shotts) (Lab):** I welcome the minister's statement. His comments about allocations policy are welcome, especially his recognition that there must be a balance between the needs of homeless applicants and the needs of those who are already housed but inappropriately.

If we want to ensure that all applications are treated equally, local authorities must be able to use their discretion in allocations without fear that they will be scored badly by Communities Scotland as part of the single regulatory framework. Will the minister assure me that that will be a key matter in discussions among the Executive, COSLA and Communities Scotland?

**Malcolm Chisholm:** We are committed to that and it is included in today's statement. The first page of the statement says that we will

"issue revised guidance around the allocation of social lets to ensure there is sufficient local flexibility to retain balanced and sustainable communities".

Flexibility is crucial, as is balance. In that context, we mean the balance between people who are homeless and people who are on the waiting list for other reasons. I am very mindful of what Karen Whitefield says.

The purpose of the revised guidance will be to clarify where there is doubt and, if necessary, to revisit the substance of the guidance. I am sure that Communities Scotland follows the guidance as it is currently written; if ambiguities exist, we need to and will clarify them.

**Ms Rosemary Byrne (South of Scotland) (SSP):** I take on board what the minister has said about the difficulties of priority need housing. In

light of the fact that there are currently 16,000 homeless children in Scotland and that, by 2012, 63 per cent of homeless households will include children, how will the minister afford to pay for additional, affordable, social rented houses? What services will he cut to pay for them or will they be built by a public-private partnership, thereby building up a debt for the future?

**Malcolm Chisholm:** Such funding questions will be resolved in the spending review. Obviously, I cannot pre-empt consideration of that by making particular funding announcements today. We acknowledge the scale of the challenge that we face, but we must keep things in perspective. Indeed, some of the figures that I have already highlighted do just that.

I point out that, in the current spending review period, we have already shown our commitment on this issue by increasing the number of new social rented homes that we have been building each year. I did not have time in my statement to enumerate all our other housing policies that promote housing supply. The cover of the document shows a jigsaw, which refers not only to the jigsaw of prevention, support and supply in addressing homelessness but to the jigsaw of general housing policy, which is made up of a series of policies that serve to increase supply and improve housing quality. We have a good foundation for our work, but we will take account of Professor Bramley's new research in our thinking on the next spending review.

**Linda Fabiani (Central Scotland) (SNP):** I am glad that Professor Bramley will carry out further research into housing supply. Will it take account of where people want to live in housing market areas by covering difficult-to-let properties and potential demolitions?

I was pleased to hear the minister's comments on the innovation fund and his assurance that we would build on successful approaches. Certain cross-cutting and innovative measures have already been taken on homelessness and its causes; for example, the minister has visited the youth-based accommodation, employment and support services—or ACCESS—project in north Lanarkshire. Concerns have been expressed that such projects could be closed because interim new futures funding has run out and that innovative approaches might well be lost if services are mainstreamed. Will efforts be made to ensure that existing successful approaches remain as they are?

**Malcolm Chisholm:** This summer, I visited and admired the work of the ACCESS project. However, I cannot give a detailed answer to Linda Fabiani's question because I am still looking into written correspondence that I have received on the

matter. I can certainly write to Linda Fabiani when I have finished doing that.

I am not entirely sure that I entirely got the gist of the member's first question. We must tackle the problem of difficult-to-let properties either by modernising them and improving their quality or by deciding, in some cases, that demolition is the best solution. Different local authorities are considering the question—obviously, we know what the answer is in Glasgow. One of the tragedies of last week's ballot in Edinburgh is that moves to demolish and rebuild many houses, many of which are in my constituency, are now under threat because we cannot access the scale of funding that would have been allowed under community ownership.

**Cathie Craigie (Cumbernauld and Kilsyth) (Lab):** I thank the minister for his statement. We need an accurate picture if we are to plan for the future, and I welcome the fact that local housing authorities will now provide and update such a picture in their strategic housing plans.

I also welcome the announcement that Professor Bramley is to be commissioned to carry out updated research. Will the research include a full review of the trend for people to apply for rented housing at a much earlier age and of the many more single households that now exist? We need such information if we want to reflect changes in society and plan for the future.

I welcome the Scottish Executive's investment in housing.

**The Presiding Officer:** Question, please.

**Cathie Craigie:** Will the minister encourage local authorities to use new measures that the Scottish Executive introduced some time ago such as prudential borrowing, which would allow them to raise money and work in partnership with the private sector?

**Malcolm Chisholm:** We expect local authorities to use prudential borrowing if they are able to do so. In fact, as someone who cited the example of Midlothian Council in a recent debate made clear, many are doing so. However, the option is difficult for other authorities such as the City of Edinburgh Council that have high rents and levels of debt. An important development in housing is the ability to access higher levels of private finance, particularly through the RSL sector. We expect that approach to continue; indeed, it is made easier by community ownership. Accessing private funding through a housing association in that way is not the privatisation that the critics of community ownership have represented it—falsely—as being.

On Cathie Craigie's final point, I agree that Professor Bramley will have to consider the demand as well as the supply side.

I have covered all the points that Cathie Craigie highlighted.

**The Presiding Officer:** Finally, I call Murray Tosh.

**Murray Tosh (West of Scotland) (Con):** The minister knows that I applaud his decision to update the Bramley research on housing need at the council and housing market area level. My question is on the local assessments of housing need, to which he referred in his statement. Will the assessments dig down to settlement level? Will they address the mismatch between available housing supply and the demand for affordable housing? Mr McCabe has remained inscrutable throughout these proceedings, but does the Executive intend over the next spending review period to allocate resources not only to match the findings of Bramley at council and housing market area level, as the minister said, but to match the levels of demand that are identified in local authorities' local housing strategies?

**Malcolm Chisholm:** Obviously, quite a lot of detailed analysis underlies the points that Murray Tosh makes, whether at housing market area, local authority or settlement level. We will take account of all those levels on receipt of Professor Bramley's report. Of course, the spending review deliberations will also take account of them. There is no intention to paint a false picture of demand. We must know what the demand for housing is, after which we can respond in the most imaginative way possible and with access to all possible funds.

Given that this is my last word on the subject today, I ask people to recognise the enormously ambitious housing agenda that we have in Scotland. People should be proud that the commitment that we have made on homelessness is beyond not only that in the rest of the United Kingdom but that in the rest of Europe. It must be seen as being coupled to the Scottish housing quality standard target, which we have undertaken to realise only three years on from 2012, in 2015. We have set an exciting and challenging agenda. Clearly, we must access and make best use of all the funds that we can—the latter point leads into the efficient government agenda and all those other aspects.

Given that the first question was on community ownership in Edinburgh, I will repeat what I said. If we do not make use of community ownership, we cannot unlock all the available resources. Community ownership unlocks far more resources than the Scottish Parliament can access from its revenues alone. What happened in Edinburgh last week was an absolute tragedy. If we are to achieve the abolition of priority need in 2012, and the Scottish housing quality standard in 2015, we

must pursue community ownership along with all our other policies

**The Presiding Officer:** That concludes questions to Mr Chisholm. Some of the questions that members put were so long that they had the effect of excluding colleagues from the same party.

## Budget Process 2006-07

**The Presiding Officer (Mr George Reid):** The next item of business is a debate on motion S2M-3746, in the name of Des McNulty, on behalf of the Finance Committee, on its fifth report in 2005, on stage 2 of the 2006-07 budget process.

15:08

**Des McNulty (Clydebank and Milngavie) (Lab):** I commend the Finance Committee's report to the Parliament. It is a serious, reasoned and carefully written report, which was supported unanimously by members of the committee. The context from which we start is the budget priorities that are set by ministers. The Finance Committee shares the objectives that the Executive has set out in its efficient government initiative.

Committees of the Parliament are expected to fulfil their scrutiny function. If our report is critical at some points, I hope that the committee will be seen as offering constructive criticism. Our recommendations are intended to help to secure improved transparency, increased accountability and greater effectiveness in the delivery of services. The best way of achieving our shared objectives—ensuring value for money and the best possible use of public funds—is through constructive engagement between the committee and the Executive.

The publication date of the committee's report coincided with the annual tartan bollocks award for the most incorrect story to be published in a Scottish newspaper. The lead story in *The Herald* that day revealed the existence of a £1.5 billion slush fund. Presumably, the story was intended either as a very late entry for this year's award or as a pre-emptive strike for next year's competition. The original letter, which was first circulated three weeks ago, identified the sum held at the Treasury that is not allocated against currently identified needs. On the Wednesday, that figure was said to be £1.5 billion. However, as *The Herald* acknowledged a few days later, the correct figure—which the letter actually provides—is £220 million. I suppose that we can count the newspaper's article on Saturday, however grudgingly it was written, as a retraction.

The real issue that ought to have been highlighted is not the bogus surplus of funds, but the opposite: the financial pressures to which the Executive is already subject, the limited resources that it has to cover any new contingencies and the extent to which, judging from the pre-budget report, those pressures will intensify. Both the Finance Committee and the Minister for Finance and Public Service Reform are well aware of those pressures. That is why we have focused closely

on the efficient government initiative. If, in years to come, there is much reduced growth in the funds available, we will need to find better ways in which to deliver services. In particular, we must do everything possible to reduce waste and unnecessary bureaucracy, securing maximum value for every pound that is spent.

The minister will be aware from our previous reports and from his evidence sessions at the Finance Committee that we were not satisfied with the financial information that was provided on the scale of the efficiency savings that are being pursued by the Executive compared with those that are being pursued for the rest of the United Kingdom; on the specification and monitoring of the stated savings; on the inequity of treatment between local government and central Government; and on the potential impact on council tax. Those four points were identified in last year's report.

We have made progress on the first and second of those issues. Last year's announcement contained a total of £650 million for cash-releasing savings. That figure has now been revised to £812.9 million. That is a significant improvement, although it is still £373 million less than the equivalent UK target. I should make it clear that the Finance Committee is simply reproducing the published figures for the UK Government's targets. They have not been subjected to the close scrutiny that we have applied to the Scottish Executive's stated cash-releasing savings, which are given in table 3 of our report.

It is clear that some Executive departments appear to have contributed less than their equivalents at UK level. It is difficult to see why they could not be required to do more. The most extreme example is possibly that of the Scottish Executive Environment and Rural Affairs Department, which can cough up a mere 0.63 per cent, whereas its equivalent UK department is being asked to deliver savings amounting to 17.4 per cent of its departmental expenditure limit allocation. I find that quite inexplicable.

Aside from that department, it is difficult to make direct comparisons between portfolios in Scotland and departmental budgets at UK level, because responsibilities are shared out in different ways. Some areas appear either to have been overlooked or to have been purposefully excluded. Why, for example, is lifelong learning apparently exempt from having to look for efficiencies, despite its budget being the largest element in the departmental budget? Are there no opportunities for efficiency savings in Scottish's further and higher education sectors? We have 21 separate universities, each with its own separate finance, student registration, human resources, procurement and other functions. Surely there is

as much scope for driving forward efficiency savings in that sector as there is in local government.

A further example is housing, which is the largest element of the communities budget. Much of that consists of investment that is channelled through local housing associations. In the small local authority area of West Dunbartonshire, we have 14 separate housing associations, each running its separate housing management and allocation services, dealing with finance, personnel and other issues and procuring maintenance and architectural services. That pattern is replicated throughout Scotland. Surely there must be scope for greater efficiencies through shared services and—whisper it softly—through mergers and rationalisation. If I have understood correctly recent statements by the Minister for Communities about second-stage transfer in Glasgow, however, the outcome that the minister is suggesting would mean increased costs for providing back-office functions across a wider range of organisations.

The Finance Committee's report requests more detail on output-based budget lines and delivery arrangements for the savings that are outlined in the efficiency technical notes. We want Audit Scotland to clarify publicly what it believes to be possible in ensuring the transparency of the process, both now and in the longer term. We also want the Executive to revisit those areas that have not contributed or are not contributing enough.

We want ministers to be radical, determined to drive through greater efficiencies and prepared to face down vested and entrenched interests. In past exchanges when the committee has argued for improved monitoring of savings, the minister responded by arguing that it would be wasteful to employ more bean counters—or perhaps he said button counters—for that purpose. We believe that there are too many bean and button counters in the Executive. Some are in the Finance and Central Services Department, but others are in the burgeoning office of the permanent secretary. There should be a root-and-branch review so that the people and resources that are currently devoted to ticking the boxes that are required for partnership agreement commitments are diverted instead to targeting improvements in service delivery. Ministers and senior departmental civil servants should be required to accept responsibility for increasing efficiency and effectiveness. The use of baselines against which progress can be measured should be integral to the management of change. That should not require the additional bureaucratic systems that were described in evidence to the committee. The committee believes that the Prime Minister's delivery unit provides a good model, and we hope that ministers and the civil service will respond positively to that.

During First Minister's questions last week, Nicola Sturgeon claimed that the Finance Committee agreed with the position that she put forward last year that councils should keep the money that they saved through efficiency measures and use it to keep council tax down. She was wrong. The committee rejected that argument, recognising that local authority budgets should make their contribution to the savings targets that ministers have set. However, relative to others, particularly the Executive, local authorities need to be treated more fairly. A disproportionate share of the cash-releasing savings—which have the most immediate budgetary consequences—is required from local government when less stringent pressure is being placed on Executive departments, non-departmental public bodies and executive agencies. Contrary to what the leader of the Opposition said last week, the committee did not anticipate council tax increases of 6 per cent or more. It would be difficult to justify increases of that magnitude, given what people are already expected to pay.

The committee's key point was about the inequitable treatment of local government and the parameters of the choices that local authorities face. Those choices are: going further with efficiencies; cutting back in some areas of service; or increasing council tax by more than the 2.5 per cent target. We refer to the additional support that is given to local authorities south of the border. Following the pre-budget report, that additional support will cover £800 million, which builds on an extra £1 billion last year, with the aim of holding council tax increases to below 4.9 per cent. If consequentials were to come to Scotland—the minister may be able to enlighten us on that—I hope that consideration would be given to the pressures that local government faces this year. Even more, I hope that the pressures that will be on local government next year will be considered. As I said at the time of the ministerial announcement, the settlement will be extremely tight then.

The Finance Committee had a number of concerns when one of the commissioners appeared before us. We recognise that commissioners must have proper independence, particularly from the Executive, and perhaps an arm's-length relationship with the Parliament. However, that should not be at the expense of proper approval and financial accountability. There can be no blank cheques for anybody in modern Scotland. We need to examine the proliferation of commissioners, inspectors and regulators in Scotland. Every time that we create one of those posts, we deprive ourselves of part of our function and we introduce a new bureaucratic element that we must justify. Are those commissioners always

doing the job that was intended? Do their functions overlap with other bodies that were also intended for that function? Is there scope for some kind of future winnowing out of those bodies in Scotland? The committee recommended that the budgetary arrangements should be reviewed with regard to the approval of commissioners' budgets. However, there is also a case for a policy review and reconsideration by the Parliament about how far we can go down that route and whether the extent to which we have already done so should be reviewed.

I commend the committee's report. It is a serious, well-intentioned and committed attempt to improve the government of Scotland, and I hope that the debate will bear that out.

I move,

That the Parliament notes the 5th Report 2005 (Session 2) of the Finance Committee on Stage 2 of the 2006-07 Budget Process (SP Paper 471) and refers the report and its recommendations to the Scottish Executive for consideration.

15:19

**The Minister for Finance and Public Service Reform (Mr Tom McCabe):** I read the Finance Committee's report last week with considerable interest. I agree with the convener's assessment: the report is a thoughtful and useful piece of work. This debate, however, is about stage 2 of the budget process. It is part of the annual consultation process leading to next month's budget bill. The focus should be on the Executive's spending plans for next year—2006-07.

The report is largely positive about the budget process, despite the best efforts of some to portray it differently. There are many examples of how we have worked—and are working—with the Finance Committee to enhance the quality of budget documents and the processes that we have to scrutinise them. In particular, I was pleased to note the committee's positive response to the changes that we have made to the budget process this year.

As always, there are areas in which the committee feels that we can improve—that is only to be expected. We continually seek to develop and enhance the way that we work and we are always keen to hear the committee's recommendations. I can assure members that we will do our best to adopt those recommendations whenever possible.

I do not propose to comment on all the recommendations in detail, but I will try to highlight the main areas. We will respond in writing, in detail, before the stage 1 debate in late January.

The report highlights the progress that we have already made to reform our budgetary procedures. The new budget cycle recognises the central importance of the spending review process in setting spending plans. The new, transparent and straightforward cycle aids clarity and allows for greater scrutiny and less repetition for the different committees.

The Finance Committee has made further suggestions for improvements to the format and presentation of information in the budget documents. For instance, the committee suggests that we should make clearer the spending assumptions on which allocations to national health service boards are made. We note what the committee has said about the way in which we present such information, and we will work with the committee to improve that next year.

Our plans, as set out in "Building a Better Scotland" and in the draft budget, show how each portfolio will deliver against our key cross-cutting themes—growing the economy; sustainable development; closing the opportunity gap; and equality. We support the committee's aim to improve presentation in this area and we will consider how we might best make improvements.

I turn to local government funding and the committee's criticisms of next year's settlement and the possible impact on council tax levels. In all candour, neither the committee nor the members of the press who seem a bit too keen to swallow the stories that are spun to them can have it both ways. On the one hand, some are saying that we are being too hard on local government—some even advocate cutting the efficiency targets for local authorities—but, at the same time, some are saying that we should match United Kingdom efficiency targets. If I sought to match the percentage that is claimed for local government south of the border, I would need to more than double the efficiency targets for local government in Scotland.

**Des McNulty:** Will the minister amplify his views on the way in which Treasury figures can be compared with what we are doing in Scotland—specifically in relation to local government, but more generally too?

**Mr McCabe:** I will be happy to try to do that, but I want to prefix my remarks by saying that, since my first day in charge of this portfolio, I have said that we should do whatever suits our circumstances here in Scotland. I repeat that statement today. Doing what suits our circumstances will be the most useful way of making progress.

I have always said that it is wrong to make comparisons between Scottish ministerial portfolios and the portfolios in UK departments,

and wrong to make comparisons between specific Scottish and English policy responsibilities. There are inherent differences between the responsibilities.

The Finance Committee's report shows that UK departments are counting local government savings within their own departmental savings, with the result that there is an overlap of £5.6 billion. The cash totals in table 2 in the report come to £21.4 billion. However, if one adds up the individual cash amounts, the total is more than £27 billion. Why is that? Because the percentage figures in the end column are exaggerated because double counting is taking place. The figures are therefore inaccurate. That is one particular example of how simply lifting information from south of the border is worse than useless for us here in Scotland.

From day one, we made it clear that we would count savings that were made in the spending review period 2005-08, whereas some departments south of the border are counting savings for the period 2003-04, which means that they have as much as two additional years' savings to add in to the totals that are being claimed for the current spending review period. All that backs up our argument that it is entirely inappropriate to make such comparisons. We got devolution so that we could concentrate on specifically Scottish circumstances; I just wish that members of the Scottish Parliament and members of the press would remember that before they swallow some of the nonsense that is fed to them.

**Mr John Swinney (North Tayside) (SNP):** I invite the minister to address the other point that he made. If no comparison is to be made with the situation south of the border, why is there an efficiency savings target of 3.4 per cent for local authorities, when the efficiency targets for numerous Scottish Executive departments are much smaller than that? If he wants to have a fair comparison, why have local authorities been singled out and why have Government departments not been set more strenuous targets?

**Mr McCabe:** I am glad that Mr Swinney recognises that we do not need to compare what we do with what happens south of the border. The straightforward answer to his question is that not every portfolio in the Scottish Executive starts from the same position. We have always said that the budget process is evolving and that we will continue to consider how different portfolios can seek out further efficiencies over the spending review period. We have said until we are blue in the face that we will continue to revise the technical notes to take account of any changes that take place, but some people are determined to ignore what we say.

Much is made in the committee's report of the "comparatively poor"—I stress the word "comparatively"—increase in local government funding and the efficiency savings assumptions, which have been labelled as "unfair". However, I hope that what I have just said puts that assertion into some context.

Over the next two years, the total funding for local government will increase by 3.2 per cent and 2.3 per cent respectively. That represents a cumulative increase of 5.6 per cent over a two-year period, which builds on substantial increases in previous years. In addition, we must take account of the fact that efficient government savings are being generated that can be used to offset any pressures that are experienced this year or next year.

The figures in the committee's report point to a further funding gap because of inflation, but that is a consequence of having three-year settlements. We had to make an assumption about future inflation levels and we used the most accurate predictions that were available at the time. I have said before and will say again that I am prepared to undertake a review of local government funding for 2007-08, but that when the case for any additional money is considered, it must be demonstrated clearly that local government is playing its part in delivering on the efficiency programme. I accept that the rate of inflation is predicted to be higher than we assumed and I will bear that in mind next year.

However, we must remind ourselves that the dominant factor in public sector costs is pay. The Chancellor of the Exchequer has pointed to the need to limit public sector pay increases to 2 per cent in 2006-07 and of course we want local authorities to play their part in meeting that target. If democratically elected local representatives decide to award larger pay increases, it will be for them to justify to their electorate the higher council tax increases that will result from such decisions.

The Executive will continue its constructive dialogue with the Finance Committee to improve understanding, transparency and scrutiny of the budget process. The draft budget for 2006-07 sets out how we will invest taxpayers' money to deliver the commitments that are outlined in "A Partnership for a Better Scotland" and, in so doing, achieve the best results for the people of Scotland.

15:29

**Jim Mather (Highlands and Islands) (SNP):** I thank the clerks to the Finance Committee, our adviser, Professor Arthur Midwinter, the Scottish Parliament information centre and the official report for their support in directing the work of the committee and capturing its value.

Today's debate will re-establish that although the financial management of Scotland is vital, it is being mismanaged. It will establish, too, that that mismanagement creates and exacerbates low growth and the low incomes that are earned in Scotland. The Executive seems to be living in a financial fantasy: the claimed savings do not stand up to audit as there is no tangible way of measuring them.

Once again, the Finance Committee's recommendations on the budget process make important pleas to the Executive but they are in danger of falling on deaf ears. Last year, our unanimous demand for an economic growth target whereby we could measure progress and reclaim some vestige of national economic credibility was denied. This year, our repeated requests for baseline data—especially baselines for outcomes—by which we can objectively measure progress that might be made under the efficient government programme have been subject to procrastination and delay.

Such delay simply further undermines a programme that already lacked credibility. Budget holders privately briefed against the initiative and ministers were unable to confirm that the projected savings were net of redundancy payments, cost of capital and other spend-to-save programmes. The savings lack an overall worthy aim of the sort that might unite all arms of government in common cause. They also lack statistical control whereby progress against baseline outcome data might be monitored and reported on as and when those data finally appear.

On top of that, we see many other problems and deceptions in the financial management of this potentially great country. The recent G8 report indulged in the production of fantasy financial benefits that no minister would be courageous enough to take into a real dragon's den populated by Scottish taxpayers. On Scottish Water, despite a pattern of misinformation, overcharging and borrowing less than is prudent, it is still planned that the process whereby more than 80 per cent of capital expenditure is funded from the current generation of hard-pressed water charge payers will continue unabated. Thirdly, the farce that is "Government Expenditure and Revenue in Scotland 2003-2004"—the GERS report—tells us only that, in this post-McCrone report era, either the economy is mismanaged or the Executive is unwilling to state Scotland's true position for fear of strengthening the Scottish National Party's arguments. Fourthly—

**Mr McCabe:** Does the member accept that this year's GERS report was an Office for National Statistics publication, which was verified according to the quality standards of that office?



**Jim Mather:** That means that the report is an even bigger badge of shame on many more chests.

Fourthly, the Executive's failure to provide proper direction, management and funding of local government has made it unable to apply any of the much-vaunted "downward pressure" on council tax levels that the Minister for Finance and Public Service Reform mentioned three times in the chamber on 23 November. That failure means that Scottish taxpayers will be further pressed.

**The Deputy Minister for Finance, Public Service Reform and Parliamentary Business (George Lyon):** Will the member confirm that the SNP would set this year's council tax increase to 0 per cent, as his leader suggested during First Minister's questions some months ago?

**Jim Mather:** The deputy minister's assertion should be taken with a peck of salt, as should the claim of a 4 per cent increase that he has voiced outwith the chamber.

Given the net effect of those problems—which will mean further pressure on the Scottish taxpayer and fewer opportunities for the currently unemployed, for whom it will become even harder to find well-paid work—today's budget debate is highly relevant to all who live in Scotland. The committee's report exposes a series of lost opportunities that erode our competitiveness and living standards relative to elsewhere. Other nations are not so mismanaged; other nations realise the need to compete and are making progress. That is the powerful and compelling reason why the Executive must close today's debate by saying something new.

We need to hear something new about council tax and the funding of local government. The Executive has no option but to respond positively to the committee's unanimous decision to cast doubt on the effectiveness of the efficient government programme and on the local government finance settlement. Our report demonstrates that, if the Executive insists on its current local government settlement, council tax levels will rise by as much as 6.6 per cent unless there are material cuts in services. Thus, the Executive will force councils to penalise council tax payers, employees and other stakeholders by inflicting drastic cuts in vital public services while increasing council tax levels, thereby reducing national and local competitiveness.

Instead of sticking its head in the sand, the Government should respond positively to the strong unanimous criticism of the Finance Committee. It should deliver increased direction, management and financial support to local authorities rather than simply continue to operate a discredited system that is not only inefficient but

which inhibits and discourages growth. The current system is also less than transparent and auditable.

In other words, the Executive must deliver a settlement for councils that averts the current crisis, provides a proper basis for efficiency and growth and does not force councils to produce unhelpful blends of higher council tax and swingeing cuts on local services. The message that the committee has been told repeatedly is that the spend to save that will be needed to achieve the proposed efficiency savings will put the cash flow of local authorities under enormous pressure.

My proposition is that Scotland deserves better and that Scotland will adopt that better way if the Executive will not. I have no hesitation in commending the Finance Committee's report.

15:35

**Derek Brownlee (South of Scotland) (Con):** In my maiden speech, I spoke in a debate on a Finance Committee report and within a few weeks, I was propelled on to that committee. I echo the thanks that have been given to those who were involved in the Finance Committee's report on the budget: the clerks, SPICe and the committee's special adviser. I also thank those who eased me into that particularly onerous parliamentary committee.

The Finance Committee's role in scrutinising the Executive's budget is one of the most important of any committee of Parliament. It is also one of the most important roles that Parliament can undertake in relation to the Executive. We must not forget that we are heading towards a budget of £30 billion a year, which is a significant sum in anyone's money. I leave it to others to compare scrutiny of the money that is given to Parliament with scrutiny—sometimes at considerable length—of other matters.

I heard what the minister said about some of the issues around the process parts of the budget. The draft budget is a very weighty document. George Bush once defended his budget by saying, "Of course it's a budget: it's got a lot of numbers in it." In addition to a lot of numbers, this budget has a lot of narrative. It is clear from the committee's recommendations that tying the two together would be the best process improvement that could be made. Therefore, I am grateful to the minister for his words about taking on board the committee's recommendations.

The report also contains a great deal about efficient government. When the Executive proposes meaningful and genuine ways of improving the efficiency of government in whatever area and at whatever level, we will support it. Much has been said in recent weeks about the importance of a consensual approach to

politics, so I am sure that the ministers on the front bench are itching to agree on some of the things that I will say. I look forward to that.

Some time ago, the First Minister said:

"I want us to go not just as far as Gershon, but I think in Scotland we can go further."

In the spirit of consensus, I say that he was right. The Executive could go further; indeed, it should. I do not want to misquote Mr McCabe, but I think that he said that it was inappropriate or worse than meaningless to compare efficiency targets across departments. I agree that to compare Scottish Executive departments with departments south of the border is not necessarily to compare like with like, but some measure of international or cross-UK comparison is surely helpful. Rather than dismiss those comparisons, the aim should be to improve them.

Genuine efficiency is often misconstrued. Efficiency is about doing more with the same amount of funding or doing the same amount with less funding. It is very dangerous to equate that with straightforward budget cuts, although I am sure that we will have to consider such cuts in due course, given the tightness of our current financial settlement. I will leave that for another day.

The versions of the efficiency technical notes that have been published so far are undoubtedly welcome, as far as they go. However, as the Finance Committee's report notes, before we can meaningfully measure efficiency, we need to know where we are starting from. I disagree with the new leader of the Conservatives in Westminster who said that it is not where someone comes from but where they are going that is important. When we measure efficiency in government, it is important that we know where we are starting from so that we can assess efficiency. I get the feeling that we are quite a long way from having a robust measurement of efficiency, so I hope that the minister will make progress on measuring it.

Despite what the convener of the Finance Committee said, the most publicly commented-on part of the report was the budget's impact on local government, which is a hugely significant area, as we all know. A great deal of smoke and mirrors are used when we talk about local government finance. We all appreciate that 80 per cent of funding for local government comes from the Executive, but much of it comes with strings attached, which raises issues of accountability at local and national levels. It also makes it far too easy to obscure issues about appropriate levels of council spending and council tax. It is not just the level of funding from the Executive, how councils choose to spend it, or the setting of the council tax that are important; it is also about how much is mandated from the Executive for local councils to spend.

That, of course, is an issue because in his statement on the local government finance settlement, the minister talked about the need for transparency. The committee report does the same. The current set-up makes it all too easy for councils to talk about a squeeze at the same time as ministers are talking about increased funding. I will give an example. Scottish Borders Council has received a £7.5 million rise in funding which, understandably, members of the Executive boast about. However, £5 million of that is soaked up by Executive-imposed commitments, which is a very different scenario from the one we think we are dealing with when such numbers are bandied about. That is not healthy for political debate, nor is it conducive to transparency, so we need to remove some of the smoke and mirrors from local government finance.

**Mr McCabe:** Will the member take an intervention?

**Derek Brownlee:** I do not have time.

The minister mentioned the funding gap, but he talked about the inflation assumption, which is £4 million out of the £80-odd million that is referred to in the settlement. Even if he deals with that, there will still be a significant problem.

The report was a unanimous report from a cross-party committee that has an Executive majority. It would be helpful if the minister was to pay serious heed to its recommendations. I hope very much that he does.

15:41

**Mr Andrew Arbuckle (Mid Scotland and Fife (LD):** It is surely the mark of a mature body that it allows constructive criticism to be levelled at it; that is the role of the Finance Committee in its relationship with the Scottish Executive. Although I am a relative newcomer to the committee, I am impressed with the rigour that it applies to its examinations despite limited resources—which I define as Professor Arthur Midwinter.

I am surprised and disappointed by the information that has just been given to us by the minister. It looks as if the UK Treasury is prepared to publish information that seems to be designed to mislead rather than to inform, and for the Chancellor of the Exchequer apparently to collude with that massive deception is shocking. I quite agree with the minister in his anger, but I also agree that it is what we do in Scotland that is important.

It is no surprise to me that much attention is, and will be, paid to local government in relation to this year's Scottish Executive budget. Local authorities have been asked to deliver efficiency savings and, at the same time, councils are on track to deliver

the single status agreement. They also face major service issues because of changing demographics and they face a major challenge in setting the council tax for the forthcoming year.

However, as Derek Brownlee said, councils have also had their cash doubled in the past seven years. In my local authority, some radical ideas have been proposed for service delivery as the authority prepares to set its budget. There is no doubt that efficiency savings can be achieved without affecting front-line services, but there is a problem in that one-off expenditure must take place in implementing some of the savings. Investment in new technology, more efficient systems and aggregation all take time and all cost money.

**Fiona Hyslop (Lothians) (SNP):** If we look at what is happening down south, we see that a great deal of time and attention have been spent on preparation for efficiency savings as part of the Gershon review. Does the member believe that the same has happened here in Scotland? Has enough time and effort been put into preparing for savings?

**Mr Arbuckle:** I can speak with authority only about my local authority. A great deal of effort has gone into considering savings in all parts of Fife Council's operations.

Operation of councils now means that they must think the unthinkable, which is part of everyday life for people in private business. Although I believe that there is some justification for the claim that local authorities are bearing the burden of this year's settlement, their positive reaction in meeting savings requirements can equally be seen as an example to other public service sectors. It is healthy to consider making efficiencies and to move away from the attitude that "It's always been done this way." That should be an example to other parts of government.

As far as the Liberal Democrats are concerned, one of the big issues for the future is local delivery of all public services. There are too many areas where there is duplication of resources with a consequential waste of money. We have seen seven years of increased Scottish Executive budgets and, as a result, many new initiatives such as free personal care for the elderly are now being delivered. There have also been major increases in expenditure on health, education and public transport. Now, after that period of record investment, we are moving into a different economic climate, as the convener of the Finance Committee said. It is not the biblical seven lean years following seven years of plenty, but there is a drive for more output in the public sector as a result of investment.

We are entering a period in which the public and the politicians are looking for a more productive

service, so the Finance Committee is quite right to question the different levels of efficiency savings that are laid out in the Executive programme. As I said, there is a perception that local government is the easy touch when it comes to sorting out public expenditure. By highlighting the different levels of efficiency targets, the Finance Committee has drawn attention to the need for all departments to deliver returns on spending.

I am pleased that the Finance Committee will in the coming year examine expenditure by the various commissioners and scrutiny bodies. If we are to be considered to be doing a worthwhile job here at Holyrood, we must ensure that those and all public bodies are accountable.

I look forward to another year of turning over stones under which lurk spending units that dislike the limelight. I support the motion.

15:46

**Mark Ballard (Lothians) (Green):** I have been on the Finance Committee since last summer. One of the reasons why I joined the committee was to improve my understanding of the budget process, but I have to say that I am even more mystified than I was.

We have a budget that lays out cross-cutting themes including sustainable development—an issue that is close to my heart. The budget document states:

"this Draft Budget explains how each portfolio is putting sustainable development concerns at the heart of public policy."

However, when we challenge the minister and ask how much of the Executive budget is targeted at each of the cross-cutting themes, he cannot tell us. What is the point of having cross-cutting themes in a budget if we cannot relate them to the figures in the budget? At the start of the budget document, table 0.01 lays out the total managed expenditure by portfolio. It shows that total expenditure in this year's budget is £27,389,916,000—a vast sum.

After the budget was published, the Executive decided that it wanted to cut business rates, for which it needed another £280 million. Where did that money come from? According to the minister, it is not in the budget, because the Executive has a special account with the Treasury for that sort of thing. When he was challenged about the contents of that fund, the minister could not say exactly how much it contained, which was extremely handy. The next time I have a scheme that requires a few hundred million pounds to finance it and I am challenged about where it fits into the Scottish Executive budget I can say, "Let's have a look at this Treasury fund."

I turn to efficiency savings. Other members of the Finance Committee have said that local authorities are not being treated the same as other Scottish Executive-funded bodies and that other bodies that are covered by the budget are able to retain their efficiency savings. It is clearly unfair that local government cannot do that. Page 162 of the budget states clearly that the additional revenue from the Scottish Executive for local authorities will ensure protection for all local authority services. The Finance Committee report makes it clear that that is simply not sustainable, despite what the minister says.

When a local authority tells the committee that the efficiency savings that it is expected to make are greater than its total expenditure on back-office staff, it is clear that we are talking not about efficiency savings but about an old-fashioned cuts package. Local authorities have a gap in funding of £84.9 million, even if all the £58.5 million of efficiency savings can be translated directly into cash savings. Something has got to give—either there are cutbacks in services or we will have the 6.6 per cent increase in council tax that is mentioned on page 86 of the Finance Committee report, which is an unpalatable proposal for the people who use those services and pay that council tax.

The Finance Committee heard last week about relocations from the Deputy Minister for Finance, Public Service Reform and Parliamentary Business. I asked him what would happen if a relocation proposal met all the objective criteria, but was inefficient in cost or operational terms. He replied:

"In many instances, we might choose to disregard that element if we thought that there was a justifiable reason for doing so. After all, we need to honour our commitment to relocation and if the policy was driven purely by efficiency and best-value considerations, it might well slow down or stall."—[*Official Report, Finance Committee*, 13 December 2005; c 3233.]

Imagine that: a Scottish Executive policy that was driven by efficiency or best-value considerations.

There we have it—a budget that starts with a ringing commitment to sustainable development but does not detail what that means in cash terms. It lays out the billions that the Scottish Executive has to spend, but when the Scottish Executive discovers a few weeks later that it has another priority, we discover that that budget does not contain all the finance that is available to ministers to meet those priorities. It forces cuts on local authorities in the name of efficiency while the Executive says that it can put job relocation above any efficiency considerations when it so chooses.

I commend the Finance Committee report—it is a demonstration of what disappointments there are in the budget. The scrutiny process that we

have in the Scottish Parliament is commendable and should be reproduced at Westminster. However, the budget shows that, although the Executive might be making progress in terms of sustainable development, transparency and how it applies efficiency savings, there is a long way still to go.

It is a disappointing budget but a commendable report.

15:51

**Dr Elaine Murray (Dumfries) (Lab):** I would like to echo something that Mark Ruskell has just said—[*Laughter*.]

**Mr McCabe:** They all look the same.

**Dr Murray:** Sorry, I mean Mark Ballard. I agreed with him that we have a far superior method of scrutiny of the Executive's budget than Westminster has. Therefore, I was disappointed when I heard Donald Gorrie's comments on "Good Morning Scotland", which suggested that the Scottish Parliament is letting down the Scottish people because of the poor way in which it scrutinises the budget. The reality is quite the opposite. I do not know about Norway or wherever, but we scrutinise the budget process much more than Westminster does. That was one of the things that impressed people in Elgin, who had not realised the amount of effort that is put into the process not only by the Finance Committee but by the subject committees. The Finance Committee was particularly impressed by the scrutiny by the Local Government and Transport Committee and the Health Committee. I wanted to put my views on the record because I think that the report that I heard on the radio this morning was misleading.

Obviously, areas of dissent are more interesting than other areas and make for better debates. However, we have to record that the committees feel that ministers have responded to the concerns that have been raised with them in previous years, although the treatment of health and local government compared to Executive departments was an important area of discussions. I regret that the Finance Committee's report was hijacked and misinterpreted at First Minister's question time last week, but that does not detract from the fact that there is anxiety about how every level of government can make the savings that were identified in "Building a Better Scotland" and the associated efficiency technical notes. Reference has been made to the fact that built into the spending review settlement was an efficiency assumption for local government of about 2 per cent over three years from the financial year 2005-06 and that that was intended to exclude pay provision for education, police and fire services.

The Finance Committee's report notes a number of issues of concern. One is that local government and health are funding the majority—more than 90 per cent—of the total reallocated savings. That is not really a surprise because they are, of course, the big spenders, but in terms of cash-releasing savings, local government and health are funding 82 per cent of the savings with only 70 per cent of the budget. It looks as though some of the savings from those areas are being reallocated elsewhere, but there is no mechanism by which we can trace what is saved in those areas and what is spent elsewhere. We are not quite sure how that can be tracked.

Councils and health boards are responsible for setting their own budgets, so there is no mechanism by which we can force them to implement efficiency savings rather than cuts. The baseline reductions by the Executive might be used as an excuse for cuts in services or above-inflation increases in council tax. Tom McCabe might be the guy who gets the blame for not making the efficiency savings, although I am aware that he is engaged in discussions about a modelling exercise that will help councils to save money by working together.

I am also concerned that the requirement for efficiency savings has come when there are significant additional pressures on local government because of equal pay and single status. I will illustrate that with a local example from Dumfries and Galloway. I do not argue that Dumfries and Galloway Council could not be more efficient and I do not think that a single resident of Dumfries and Galloway, including the chief executive of its council, would argue that there is no scope for the council to be more efficient. We see money being wasted when roundabouts are replaced with traffic lights and then changed back, or when road humps or nibbings are taken out and put back. Anecdotally, we hear that there are opportunities for savings.

Dumfries and Galloway Council did reasonably well in the aggregate external finance increases for next year. It got an increase of 3.7 per cent, which is equivalent to almost £9 million more than this year's allocation, and it will get a further £5.6 million in 2007-08. However, if the council was able to keep the 2.4 per cent that was removed at source, it would have another £5 million. That would help, given that it is facing costs of £5 million for equal pay and a recurrent £6 million for single status.

Last week, Dumfries and Galloway Council's education committee considered a programme of £4 million in cuts to education and social services. That programme does not comprise efficiency savings; it includes rationalisation of pre-school provision, reductions in staffing in secondary

schools, savings on school meals, savings on continuing professional development of teachers, school closures, closures of rural libraries, reductions in opening times and increases in charges at sports facilities, and a reduction in the spend on care packages for elderly people. Those are not efficiency savings. They are frightening because they cut across the programmes that the Executive is trying to implement, such as higher teacher numbers, continuing professional development, healthy lifestyles and better school meals. The steps that councils are taking are contrary to what the Executive is trying to achieve, but the problem is that the Executive will get the blame. The fact that local government has not been allowed to make efficiency savings and reallocate them will simply add to the pressures that it faces.

I remind ministers that, as a consequence of the chancellor's pre-budget statement, we will get an extra £49 million. That is a small sum compared with the problems, but I hope that the Executive will consider using it to relieve some of the pressures.

15:57

**Fiona Hyslop (Lothians) (SNP):** As somebody who is not a member of the Finance Committee, I commend it for the focus of its report and its themed approach. It provides an appropriate lens through which to examine the budget and, in particular, the efficient government initiative. At the Education Committee this morning, concern was expressed that the efficient government initiative is reflected in the size of the tiny mince pies that were presented to the committee by the convener. The person who made that comment is also a member of the Finance Committee who knows a thing or two about pies.

I want to link education and finance, as Elaine Murray did eloquently in her speech. Some £4 billion from the public purse is spent on education and 85 per cent of that money is spent by local government. The minister said that Parliament should examine spending priorities, but the Education Committee is left to examine only 15 per cent of the education spend, although a good third goes into the national priorities action fund and we have no bottom-line scrutiny of that fund. It is meant to incentivise Executive priorities, but we cannot assess whether it does. The Education Committee has a limited point of focus.

The councils receive approximately £3.5 billion to spend on education; that money forms a significant part of their budgets. Councils receive 34 per cent of the overall public services budget but they are facing 44 per cent of the efficiency savings. It is interesting that, during the final year of Tory rule, councils received 40 per cent of the total spend. The figure is reducing and will go

down to 31 per cent by the end of the spending review period.

At the same time, the Convention of Scottish Local Authorities tells us that councils face additional burdens, many of which come from central Government. Those include fuel costs of £27 million, superannuation costs of £31 million, strategic waste fund costs of £15 million and special needs costs of £18 million. There will also be new burdens in relation to foster care, child protection, care of children with special needs, home care, care homes for the elderly, private sector residential care homes—which will hit the City of Edinburgh Council particularly badly—the central Government funding shortfall for free personal care and the requirements of the Disability Discrimination Act 1995. Not all those burdens come from the Scottish Government—some come from Westminster—but increasing burdens are being put on local authorities at a time when their share of the public spend in Scotland is going down.

One specific concern is about tracking whether the Government's priorities are being addressed. For example, for the second year in a row, the Education Committee has said that there is no way it can track whether councils' spending meets their new obligations on special needs. There is a lack of clarity in tracking investment in additional support needs. Importantly, the Minister for Education and Young People told the Education Committee that education services are exempt from efficiency savings. If so, why does paragraph 74 on page 18 of the Finance Committee's report mention

"advice from an Executive official that Glasgow City council expects to save £19.8m"

and state that

"Although those are described as efficiency improvements by the council they include reduction in education costs of over £1 million?"

The issue is of great concern, because the education spend is a huge chunk of the local government spend. As paragraph 70 of the report states, if education services are exempt, the efficiency savings would have to be made from the remaining £5 billion of grant-aided expenditure, which means that, instead of 3.5 per cent savings, the savings will have to be 6.6 per cent—10 times the savings that some Executive departments will have to achieve.

**George Lyon:** I want to offer clarification because there seems to be some misunderstanding. The Minister for Education and Young People made it clear that the pay element of the education budget will be exempt in order to allow us to meet our target of increasing the number of teachers in Scotland.

**Fiona Hyslop:** That is exactly my point. The biggest element of education revenue costs is teachers' pay. That leads me on to the Government targets. We know that certain parts of Scotland have problems with education, many of which relate to deprivation; for example, Glasgow City Council, which is cutting its education budget. We should employ more teachers to cut class sizes. The Government says that it will do that by 2007, so why, although record numbers of students are entering teacher training, are the same numbers of teachers not being employed? The number of teachers who register with the General Teaching Council is not the figure that matters—the important number is how many teachers enter classrooms at the chalkface. The Minister for Education and Young People says to councils that they must not use the pressures on local government spend as an excuse not to recruit teachers. Glasgow City Council is moving primary teachers into secondary schools to help with the reading, writing and basic literacy problems, but it should be employing more teachers now. All those issues arise, even before the McCrone contact-time provisions kick in.

We have a real problem. We have been told that education is exempt from the efficiency savings, but the reality on the ground—

**George Lyon rose—**

**Fiona Hyslop:** I am sorry; I am in my last minute.

Education is a good example of the pressures that are being put on local government. Because education spend on pay is exempt, the rest of the budget is being hit.

The minister is right that we need order, control and discipline. As he said, we must also respect the need for fluidity. However, a lot of macho posturing has gone on in relation to the efficiency improvements, some of which are ill thought out. I do not necessarily blame the minister for that, but I certainly blame his predecessor. We are often told that people are being softened up for change, but I believe that hardening up is taking place. The expected efficiency improvements will not necessarily come through encouraging local government to come up with its own solutions in a well thought out and planned way; instead, as the minister hinted, the improvements could come from a centralisation agenda that would certainly hit home and create efficiencies. That issue may not have been addressed in the Finance Committee report, although we could ponder it in the future.

16:04

**Mr David Davidson (North East Scotland) (Con):** I congratulate the Finance Committee and its adviser, Professor Arthur Midwinter, on the

report. I trust that he has a good break in the sun, which I gather he is going off to do. I notice that the minister is smiling benignly at the adviser.

As has been mentioned, local government is an important part of the budget, so I will consider it in a bit more detail. The minister has been quite revealing. According to everybody, there are new, unfunded burdens on local government of around £180 million, albeit that there could be arguments around the edges of that figure. The Deputy Minister for Finance, Public Service Reform and Parliamentary Business told the committee that there was a standstill income for local government, but the Minister for Finance and Public Service Reform talked a few minutes ago about expanded allocations. A shortfall of around £85 million has been illustrated well in the report. The minister has not answered some questions about that shortfall. If he disagrees with the report, why has he not said where he disagrees? Does he disagree with the additional £178 million spending or the £38.7 million additional aggregate external finance, for example? Does he or does he not agree totally with the report? In what respect does he not agree with what has been said about the £58.5 million efficiency savings that he seems to assume? He has at least given way on the fact that he got his inflation figures wrong as far as local government is concerned.

Let us consider the savings assumptions. Not long ago, I challenged the minister in the chamber to tell us where the efficiency savings in local government will come from. He provides local government with 80 per cent of its cash. Where is the leadership and guidance? Can the minister be more specific?

**Mr McCabe:** I know that the Conservatives are determined to centralise everything, but we take the opposite approach. We are determined to allow democratically elected politicians to have local discretion and will therefore not dictate to them exactly what they should decide. We have set meaningful targets and we will set meaningful targets. When the Improvement Service publishes its forthcoming report on the efficiencies that have so far been identified in local government, the member may have cause to retract some of the things that he has just said.

**Mr Davidson:** The minister could retract something first, as he misquoted what I have just said. I referred to leadership and guidance, not to direction or centralisation. The minister must not try to spin my words.

It is Christmas time, but it is obvious that the minister will not be Santa Claus for council tax payers this year. Let us misuse the story of the three wise men. The alleged 2.5 per cent target for council tax rises came from the First Minister. The Deputy Minister for Finance, Public Service

Reform and Parliamentary Business goes to committees and talks about a 4 per cent rise in council tax, but the Minister for Finance and Public Service Reform has not said what he expects. It would be helpful if he clarified at some point during the day whether he agrees with the First Minister or the Deputy Minister for Finance, Public Service Reform and Parliamentary Business, or whether he has another view.

**Mr McCabe:** I will happily clarify matters. As a council leader, and as the Minister for Finance and Public Service Reform, I have always expected councils to exert downward pressure on their tax levels.

**Mr Davidson:** I am glad to hear that, but I am not sure that the minister has told us how that will be done.

There will be two years of financial pain in local government—there is no argument about that. What are the options? Should staff be cut? The minister said that there should be pay controls, which is a novel idea from the Labour Party. Should there be cuts in services, council tax increases, efficiency savings or a mix of all four approaches? The minister is dripping out little bits of extra information. Today's hint about pay controls is new. The Convention of Scottish Local Authorities will find that suggestion interesting.

The basis of local government funding must be examined, but I think that the Burt committee was called in too early. We should decide what local government should be responsible for, work out a funding package for it and then leave it to be accountable. The minister is nodding in agreement, but the Burt committee is taking on work in advance of any recommendations about how local government should be dealt with.

I would not call all the unspent millions of pounds a slush fund; it is taxpayers' money that the Treasury has. It is not a slush fund—it belongs to the people. If millions of pounds have not been drawn down and do not appear in the budget, why is the minister not using some of it to soften the hit, particularly on pensioners, some of the working poor and the council tax payer in general when efficiencies are coming through? I am talking about a cushioning effect. I do not mean that money should simply be thrown at councils, which could say, "Thank you very much, minister. We will not make any efficiency savings." However, there needs to be a little bit more creativity. I wonder whether the minister is pursuing a hidden agenda, possibly to force mergers of councils and other public bodies in the name of efficiency. If that is the case, he should be more honest and tell members of the Parliament what he sees as the future of public service delivery, how it should be funded, where efficiencies will come from, what

the expectations are and what leadership he and his Executive colleagues might offer.

I am not asking for central control—if any party stands for decentralisation and local decision making, it is the Conservatives. However, I would like at the end of today's debate to hear some of the answers that have not been given to the questions that many speakers in the debate have put to the minister.

In closing, I wish the minister a happy Christmas.

16:10

**Colin Fox (Lothians) (SSP):** This afternoon I will focus my remarks on that part of the Finance Committee's report that examines the ability of local authorities to meet their obligations and to provide the full range of local services, given the stringent pressures to which they are subject. Mr McNulty mentioned those pressures when he opened the debate. There have been suggestions that there may be a shortfall next year. As other members have highlighted, local authorities are under pressure to consider cutting services, making redundancies or introducing large council tax rises. I hope that we can avoid those measures.

The Scottish Executive appears to suggest that local authorities could balance their books if they achieved certain savings in the way in which they run their operations. An awful lot of the Finance Committee's report is taken up with examining the Executive's efficient government initiative, the robustness of its calculations and the likelihood that the initiative will result in the savings that the Executive predicts.

Local authority spending from the block grant is set at £8.1 billion for the current year and an extra £258 million is available next year. The Executive has also warned local authorities to keep council tax rises to 2.5 per cent and to make more efficiency savings. The Executive is on a collision course with the estimates of COSLA, which suggests that none of that can be done, given the obligations that councils have been asked to fulfil. The minister referred to the fact that COSLA has suggested that council tax will have to rise by 6.6 per cent on average in order to meet those demands.

Like other members, I want to focus on one aspect of the efficient use of funds and one pressure on local authorities' budgets—the settlement of equal pay claims, to which Dr Elaine Murray referred. I hoped that the Scottish Executive would see and support the efficient and just option—the settlement of outstanding claims with some haste. The Executive can surely understand the position in which 50,000 working-

class women in Scotland find themselves and recognise both the justice of their cause—equal pay for equal work of equal value—which surely does not need to be debated in this chamber, and the length of time for which those women have been waiting for a settlement. The possibility of progressing matters via employment tribunals has arisen and has concentrated the minds of both unions and employers.

I want to know how the Scottish Executive expects local authorities to settle, when the estimated cost of the equal pay settlement across authorities has been put at as much as £500 million, against a background of an increase in total revenue this year of just £258 million. Is it the case that the Executive does not expect local authorities to settle all equal pay claims this year, but perhaps to stagger them over many years? Is there not a real danger that, if matters progress at that pace, lawyers keen to take cases to employment tribunals on a no-win, no-fee basis will force local authorities' hands, resulting in a bill as much as £200 million greater in the long run?

I confess that I face a real dilemma when confronting the issue. I want working-class women who have long been denied justice to get it as soon as possible; after all, justice delayed is justice denied. For far too long, those women have been fiddled out of what they deserve. It is seven years since local authorities and the unions agreed to implement the settlement, so it is perhaps unfortunate that employers seem to be moving along only because of the emergence of sharp Philadelphia lawyers who bring cases to employment tribunals and take for themselves between 10 and 25 per cent of any award. That means that funds that should go to local authority front-line services are diverted into the hands of oily lawyers.

It is a difficult choice for women. The minister will know that there have been cases in which taking the employment tribunal route has meant women getting a payout of £30,000 or £40,000, as staff in Redcar in Cleveland did. On the other hand, women have received compensation deals of around £9,000. Other members referred to similar deals in Dumfries, Glasgow, Falkirk and elsewhere. Glasgow City Council estimates that the cost of settling the equal pay deal this year will be an extra £70 million on its budget. Elaine Murray spoke about Dumfries and Galloway's £5 million hit and Falkirk has spoken of another £10 million on its wage bill. Yet there is no provision for that in the Scottish Executive's funding to the councils. That puts councils in the position of having to force up council tax bills, make cuts in services or make redundancies.

It is clear that no justice will be achieved for anyone if equal pay settlements are the harbinger



of redundancies and job losses. I hope that in his response the minister will attempt to answer those questions and assure us that the full implementation of equal pay deals will proceed as soon as possible—I certainly hope that it will. Or, is the minister saying that it is a matter for local authorities alone and that they must make up their minds about how to proceed? If so, they will be in a position where they have to consider whether they can proceed without increasing council tax bills or making cuts elsewhere.

The Scottish Executive must help to solve that problem; it must provide the funds to make equal pay far more of a priority than it has been. It certainly has to make it a higher priority than giving a bung to businesses, as has been the case in recent months.

16:16

**Donald Gorrie (Central Scotland) (LD):** I am sorry if I ruffled Elaine Murray's feathers earlier today. If it is any comfort to her, the Finance Committee operates very much better now than it did a few years ago when I was on it. It has made considerable improvements and the ministers—to whom I am not always as gracious as perhaps I should be—have contributed to that. The system has improved a bit.

I was trying to say earlier that the impression I got from speaking at length with the people who run the Parliament in Oslo was that the Norwegian Parliament devotes a huge effort to studying the budget in all its committees. Where we fall down here is not in the Finance Committee, which works very hard and is well advised, but in the system of the other committees. If people want evidence of that they should look about them today. The attendance in the chamber this afternoon is as low as it is for a culture debate. I cannot say more than that. The Parliament as a whole does not pay enough attention to the issue.

**Mr Swinney:** Chamber attendance is an indicator of people's priorities on the second-last sitting day before Christmas, but if Mr Gorrie were to look through the detail of the appendices to the Finance Committee report, he would be struck, as I was as a member of that committee, by the quality of analysis of the various budget provisions undertaken by subject committees.

**Donald Gorrie:** As I said, the system has improved, but the Norwegian committees meet several times a week during the weeks coming up to Christmas, which is when that Parliament deals with its budget. The Norwegians really get stuck in and discover how the money is spent and what the outcome is. That is what we collectively fail to do.

We study how much money the Executive puts into A, B and C, but how much good that money

does is open to doubt. Anyway, I lay that before members. Perhaps the Finance Committee could write to the Norwegians and get some useful hints to improve its already excellent performance.

The voluntary sector needs to be scrutinised, both by the committee and by ministers. The voluntary sector does not fall neatly into any department or committee. Youth work is dealt with by the Education Committee and the Education Department; care and the elderly come under the health heading; other voluntary organisations are dealt with by either the Communities Committee or the Local Government and Transport Committee. There is no clear focus on how we run the voluntary sector.

The current funding system allocates money every three years rather than every year, but the funding does not continue thereafter. That is extraordinarily foolish and wasteful. The Finance Committee should seriously examine the question whether constantly funding new initiatives that die after three years represents value for money. The Executive seems to expect manna to descend from heaven after three years to feed the organisations. In fact, according to lottery rules and the customs of charities, trusts and so on all over the world, the funding of existing organisations will not be taken on. A new organisation or project has to be invented. As I have said, we fund initiatives for three years and, despite the fact that they do good work, they simply go down the tubes.

I agree that we should forget about the English for the moment and concentrate on what is going on in Scotland. Even allowing for the usual moaning from local government and other organisations on this matter, the facts are that local government expenditure is being cut too much and that such cuts will impact seriously on voluntary organisations. After all, if a council has to make 2.5 per cent cuts across the board, the Education Department will simply say, "Well, we can't cut schools," which means that cuts in non-school-related parts of the budget become 5 per cent, 10 per cent or more. I am sure that those cuts will fall on the voluntary sector and, indeed, people are very worried about funding for important voluntary sector activities such as youth work over the next two or three years. The Finance Committee's report also focuses strongly on the fact that the Executive is not adequately funding equal pay, single status agreements and other such matters.

When lecturing people on Government, I use the cliché that one of its cardinal principles is that money must be wasted correctly. That is how Britain's finances are run, and it is time that we sorted the matter out.

16:22

**Mr Frank McAveety (Glasgow Shettleston)**

**(Lab):** I put on record the appreciation of Finance Committee members who, through the months of rigorous scrutiny of the budget process, received support from Arthur Midwinter and other staff in examining the Executive's budget. Arthur must be earning quite well from the process to be able to go to sunnier climes for a mid-term break. Perhaps only people who have been born and bred in Arbroath understand his desperate attraction to Spain at new year.

I recollect with interest Mark Ballard's opening comments. When I first joined the Finance Committee, I thought that it was going to be a Bermuda triangle for former ministers or a gulag for members—such as John Swinney—who had been temporarily exiled from their party. Unlike Mark Ballard, John Swinney, I and many other members have enjoyed our experience on the committee and our remarkably tight focus on the Executive's budget. I am sure that the process has been as difficult for ministers as it has been for committee members; however, by shining our searchlight on this area, we have strengthened the committee's role and the parliamentary structures, which are markedly better than any, either in Westminster or in equivalent Parliaments across Europe. I know that we could look at certain Norwegian models; however, given our commitment to make savings, I cannot encourage the committee to make any foreign trips just yet—unless we want to accompany Arthur Midwinter on his holidays.

On behalf of the committee and, indeed, members in all parties, I welcome Tom McCabe's comment that by the end of January 2006 the Executive will have issued a clearer and more focused response to the report's key points. We must ensure that we reach a commonality of interest, and I hope that between now and the end of January we have a season of good will that extends to the minister. After all, we all share the common purpose that budgets should be efficient and that services should be excellent.

More important, as Dr Elaine Murray pointed out, we want the budget to enable communities to grow. She identified that, although councils will face a slightly tougher time this year than may have been the case in the years since the creation of the Parliament, their position continues to be markedly better than that of the dark, difficult, and—bluntly—desperate years of the mid 1990s.

Whereas some members remember those days, others are a bit too young to do so. That is the case for Mr Brownlee and perhaps even for the visitor who briefly came to the Parliament yesterday. Given the legacy of the last period of Conservative Government, it sticks in my craw

when I hear Conservatives say that they are concerned about local democracy and the funding of local services. It also sticks in my craw when a member of a major Opposition party at UK level is asked in the House of Commons whether he favours tax cuts for the wealthy or supports the level of public investment that the Labour Government is putting in and says that he is not prepared to produce a budget for the next three years—and in fact is interested in some sort of voodoo economics that he calls a flat tax. That is where he is; and that position bears no relation to where the Finance Committee and the Scottish Parliament are on budget scrutiny.

In his contribution on behalf of the committee, Des McNulty touched on three or four of the fundamental areas of the budget. The first is the scale of savings. I welcome the fact that the minister has worked constructively with the committee. We had a couple of rocky evidence-taking sessions, but we have engaged constructively on the issue since that time. The discussions were helpful for all concerned in the process.

Secondly, although it was not one of the original intentions of our scrutiny of the budget process, we uncovered a concern about the expenditure on commissioners and the direction in which commissioners' budgets are going. The issue is one of legitimate concern, not only for those members who have managed to come to the chamber this afternoon, but more widely across the Parliament.

The two principal issues that the committee thought it important to address, and which were difficult to wrestle with, are the equity of treatment between central and local government departments, and council tax increases. We need to explore those areas of concern between today's debate and the end of January, by which time the Executive has said it will respond to our report.

On the issue of council tax increases, my colleague Dr Elaine Murray was quite gentle in the comments that she made about First Minister's question time last week. She said that our report had been "hijacked and misinterpreted". What happened is that a member of the Opposition engaged in what I would call an inelegant example of financial sophistry. Basically, she got it wrong. The report says two things about council tax. It says that we need to look at the pressures on local government in terms of the assumed savings and at how local government can drive efficiencies to deliver the savings that, hopefully, will result in less excessive council tax increases. A figure of between two and six per cent is more than likely to be the average increase across Scotland and some authorities may even come in below that.

Members have the opportunity to use the time between now and the end of January genuinely to influence the direction of the budget, not only the budget for this year, but those for the next couple of years. I welcome the minister's response that he will engage in the review. Fiona Hyslop described our Minister for Finance and Public Service Reform as being softer than Andy Kerr. That is a remarkable criticism; in Lanarkshire, that would be treated as an insult. I hope that he is not so described next year.

I hope that the minister will address those concerns. I also hope that we will all arrive at something that meets the needs of the Parliament, which are efficient budgets and effective services. Hopefully, local government and other agencies will also be treated more equitably in future. I am happy to say that the Labour Party's position is to support the motion.

16:28

**Mr Ted Brocklebank (Mid Scotland and Fife) (Con):** Today, of course, we are talking about efficient and effective government. However, when one considers the 54 per cent increase in Executive spending over the past five years, the words that immediately come to mind are not "efficiency" and "effectiveness" but "drunken sailors" and "shore leave". The key difference is that, whereas inebriated matelots spend their own money, Executive ministers are spending taxpayers' money.

Every year, each Scot gets 24 per cent more spent on him than his English counterpart does. In financial terms, around £1,500 per annum or £30 per week more is spent on every Scottish man woman and child. On some services, the increases are staggering: 85 per cent more on education in the past five years and 70 per cent more on the massive health budget. However, are our young people better educated? We should ask that in Glasgow's Castlemilk, Edinburgh's Wester Hailes, Aberdeen's Northfield or Dundee's Trottick.

**Mr McAveety:** Will the member give way?

**Mr Brocklebank:** No, not at the moment.

Are our people healthier? Are waiting times and waiting lists in Scottish hospitals shorter than they are south of the border? The answer is no and again no.

**Mr McCabe:** Are our people healthier? Yes—they are living longer. Are more of our young people graduating than at any time in our history? Yes, they are. If, in the unlikely event that I was tempted to agree with the member, perhaps he would suggest to us by how much he would like to cut the totals.

**Mr Brocklebank:** The minister has answered some aspects of the questions on health and education, but he has not given us a full answer to either question.

In his opening speech, Des McNulty challenged us on whether we can really say that we are getting the maximum value for every pound spent. The Minister for Finance and Public Service Reform has talked toughly about the need for more efficiency in public spending. The reality, according to John Ward of Scottish Enterprise, is that total public expenditure in Scotland is still going up and is approaching 55 per cent of gross domestic product. In comparison, the UK figure is 40 per cent. Only in some of the former communist bloc countries does public spending come anywhere near the percentage that applies in Scotland. Despite Tom McCabe's claims that Scottish local authorities are not being asked to make the same efficiency savings as English councils, there is a huge black hole between what the Executive says authorities should raise in council tax and what it says they should spend.

I have some words of praise for the Finance Committee, on which I had the privilege to serve for two years. I did not hear Donald Gorrie's radio interview, but it seems that the committee system is rightly viewed as one of the jewels in the Parliament's crown. I agree with my colleague Derek Brownlee, who commended the committee for the way in which it has gone about its business of assiduously scrutinising the Executive's expenditure.

As Des McNulty outlined, the budget process is neither transparent nor straightforward. Budget documents continue to fail to set out sources of income and there are no accurate comparable data beyond the three years covered in each document. It is clear from the subject committees' reports that accessing information on the Executive's handling of its three cross-cutting themes of economic growth, equal opportunity and sustainable development is still a major problem. As Mark Ballard pointed out, Tom McCabe admitted to the Finance Committee that he could not state how much was spent on those themes.

To my mind, the minister has not coherently explained this afternoon why the Executive's cash savings still proportionately fall significantly below those that have been achieved for the rest of the UK. According to Audit Scotland, and as Jim Mather and others have highlighted, there has been a lack of baseline information. That means that the Executive cannot demonstrate that growth in front-line services has been delivered as a direct result of specific savings or that efficiency gains have been brought about at all. The Finance Committee is right to be concerned that, at this advanced stage of the process, the key

information is still not available. The message is clear: we seem to be spending more and more, yet there appears to be no system for judging whether we are getting value for money. That is at a time when, as Andrew Arbuckle and others pointed out, we are moving into a new and more difficult financial climate.

The Scottish Conservatives make no apologies for again spelling out our spending priorities. They would include the privatisation of Scottish Water. We would scrap the education maintenance allowance. We would scale back Scottish Enterprise. We believe that the Executive should restore the uniform business rate now—not in April 2007, conveniently just before the Scottish parliamentary elections—to improve business competitiveness.

David Davidson was right to ask the minister where he envisaged councils would make savings. We agree with the Finance Committee that too much pressure is being placed on councils to meet their share of efficiency savings, which, proportionately, is significantly higher than that for Executive departments. Surely nobody but Tom McCabe actually believes that council tax rises next year will be only around 2.5 per cent. We believe it to be vital that councils do not simply go for the easier option and cut services, rather than making them more efficient.

We return to the core dilemma: how do councils work out whether they have made efficiencies or improved front-line services when the Minister for Finance and Public Service Reform seems totally confused about how he will measure that? We commend the Finance Committee's report.

16:34

**Alasdair Morgan (South of Scotland) (SNP):** Like Ted Brocklebank, I find it difficult to escape my history on the Finance Committee. I suspect that, once on the committee, we never really get away from it.

The first issue that I wish to raise, out of genuine curiosity, concerns the finance that is available to Scottish ministers and the extent to which information about it is available to members of the Parliament. The committee's convener touched on the point during his opening speech. Successive finance ministers and Finance Committee conveners have congratulated each other, as well as committee members, on how open the Executive is with its finances and on how much better the system of scrutiny is now than it was hitherto.

However, the committee's meeting at Elgin on 7 November shone a light on an area that had not been much explored before. It emerged in questioning that a substantial sum of money for

ministers' use lies available in the Treasury. The minister's letter gave the figure of £500 million—Mr McNulty mentioned another figure. That sum was in addition to the other unspent moneys from the end-year flexibility and the central unallocated provision. There is a debate to be had on whether that money should have been either spent or not raised through taxation in the first place, but that is not the issue that I want to examine. My point is that there has to be a clearer and easier way to let members know whether and where such money exists. It is not to found in the budget documents, the EYF or the CUP—even when one penetrates to the Scottish consolidated fund, one cannot find it.

**George Lyon rose—**

**Alasdair Morgan:** I am sure that the information is somewhere in some Treasury document, but it is difficult to find unless people know where it is. Mr Lyon is about to tell me.

**George Lyon:** The information is on the worldwide web and it is also published every July in the Treasury outturn report. In 2001-02, the figure was £669 million and, in 2002-03, it was £880 million—the 2003-04 figure is also shown. That does not support the allegation that there was a big draw-down.

**Alasdair Morgan:** It is very difficult for people to find those figures unless they know that they are there. Moreover, when people log on to the Treasury website, they find it difficult to navigate down to, or even find, that document.

**Mr McCabe:** We will have to get the member an assistant who has keyboard skills so that he can tap into the worldwide web.

**Alasdair Morgan:** The minister is doing himself and the committee a disservice. I am fairly familiar with these things, but I find it difficult to get such information. What does that say about the availability of the information to the average member of the Parliament? Given that the Executive says that it is committed to openness, things should open and available; they should not be available only if someone happens to ask the right question. The system is like a computer game: players have to penetrate through to level 11 before they get the information. That is not satisfactory.

The minister said that we should not compare our efficiency savings with those of departments south of the border. It is a pity that the First Minister's first reaction was to make that comparison, by saying that we should go further than Gershon. It is also a pity that changes in our budget are determined directly by comparisons, through the Barnett formula, with changes in the budgets of departments south of the border. In defending different efficiency targets for different

departments, the First Minister also said that not all departments have the same starting point. I agree. Equally, not all local authorities have the same starting point, but they all—efficient, inefficient or halfway in-between—have to meet the same efficiency target.

There are many concerns about the efficient government programme, particularly, but not exclusively, its impact on local government. Having served on the Finance Committee off and on for some time, I was struck—as I am sure any dispassionate observer would be—by the fact that the committee's stage 2 report this year was the most frank and critical of any stage 2 report that I have yet read. It is riddled with statements such as

"This appears difficult to reconcile"

and

"the Committee is unpersuaded of the argument advanced by the Executive".

In the context of the non-contentious language that committees normally use in their reports, this report is genuinely hard hitting.

I will briefly comment on the part of the report that deals with education and on the remarks made by the Minister for Education and Young People. The Minister for Finance and Public Service Reform talked about pay rates. Will he clarify what he meant? Is he talking about pay rates or about the pay bill? Given the large proportion of council expenditure that is spent on education, does he mean that councils' total efficiency savings will have to be found from the education budget, or is he saying that the savings will come from other council departments?

The Finance Committee is right to say that the consequences of ministerial decisions on efficient government for local councils will lead to a balancing act. On the one hand, council tax may increase by more than 2.5 per cent—despite the promise that has been trumpeted so often—and, on the other hand, services may be cut. A third option would be to find further efficiency savings. No one can yet know what will happen, but no one except the Minister for Finance and Public Service Reform and the First Minister believes that the figure will be 2.5 per cent.

Whatever the figure finally is, it will have to be taken in the context of what has happened since Labour came to power in 1997. Over that period, council tax has risen by 55 per cent for every council tax payer—and that is before we take into account the figure for next year. The rise has been 55 per cent over a period in which the consumer prices index has gone up by less than a quarter of that—13 per cent.

In an earlier speech on efficient government, I asked where the efficient government dividend

was for the taxpayer and what it amounted to. The answer, given the local government settlement, is not just that it does not amount to a bean; in the topsy-turvy world of the Government, efficiency savings in local government mean fewer services and higher taxes. I defy the deputy minister to challenge that statement when he sums up.

16:41

**The Deputy Minister for Finance, Public Service Reform and Parliamentary Business (George Lyon):** I welcome the opportunity to respond to what has been a constructive debate with some excellent contributions from around the chamber. The debate is about how the devolved Government intends to invest the £29.2 billion of resources in 2006-07 to build a better Scotland. That is a step change in the level of resources since devolution in 1999. The responses in today's debate and in the Finance Committee's report have largely been constructive. As my colleague Tom McCabe said, we will respond to the report in January. However, I intend to respond now to a number of the concerns that have been raised by the report and in today's debate.

Alasdair Morgan asked about education. I can confirm that the answer to his question is the pay bill. I can also confirm, on the particular issue that Fiona Hyslop raised, that there are separate budget lines for the funding of extra teacher provision in local authorities. Those lines are separate from the baseline budgets that we are discussing today; they are listed in a separate table in the budget document.

The Finance Committee's report appears to criticise us on one hand for not making the same levels of efficiency savings as English departments will make and on the other hand for being too hard on local authorities. If we were to ask local authorities in Scotland to make savings that were comparable with those of their English counterparts, local authorities in Scotland would be required to find even greater efficiency savings than those for which we are currently asking. The required savings would approximately double. I am sure that that was not the Finance Committee's intention.

The committee also attempts to compare efficiency savings in the UK and in Scotland. We believe that it is extremely difficult to carry out a like-for-like comparison between UK departments and Scottish departments. If we add up the figures in the first column of table 2 in the committee's report—the cash figures for efficiency targets—the total is £27 billion. However, the total shown in the table is £21 billion. The reason appears to be that savings under the local government heading are also shown under the headings for individual departments, such as the Department for

Education and Skills and the Department for Environment, Food and Rural Affairs. That renders the percentage figures shown in column 3 relatively meaningless, unless we can separate out the double counting.

There is another difficulty in trying to make comparisons. The Home Office efficiency technical note states that the baseline—

**Mr Swinney:** Will the minister take an intervention?

**George Lyon:** Certainly.

**Mr Swinney:** I wonder whether the minister will reflect on two points in connection with table 2. First, the difference that he is highlighting is accounted for in footnote 9 at the bottom of the page. To suggest that there is somehow a gap is therefore rather misleading. Secondly, does he accept that the figure of £21.48 billion is the figure that delivers the efficiency saving of 7.4 per cent? He is presenting a misleading picture of the message of table 2. Whichever way we look at things, UK departments are saving more than Scottish Executive departments.

**George Lyon:** I am trying to explain to Mr Swinney that the percentages allocated to each department are wrong. Adding the savings gives a total of £27 billion but the total given on the bottom line is £21 million. The extrapolation of the percentages does not work. We would need to strip out the extra money shown under each department heading before calculating the percentages. That does not seem to have been done.

**Mr Swinney:** I really think that the minister should read footnote 9 at the bottom of the page, which deals fully with his point. His suggestion that the committee does not reflect in its report the situation that he has described is a bogus claim.

**George Lyon:** I am trying to say that it is not possible to make a like-for-like comparison, because the efficiency targets have been allocated twice—once under the headings of individual departments and once under the local government heading.

Another difficulty in making comparisons is that the Home Office efficiency technical note states that the baseline for calculating savings in England and Wales can be 2003-04, whereas the baseline in Scotland is 2005. That means that an extra two years of savings can be added to the figures for the rest of the UK. That is not the case in Scotland, where only savings that are made on the baseline year of 2005 count. To do a proper comparison, it would be necessary to separate out the devolved and reserved aspects of each department. In other words, it is simply not possible to make a like-for-like comparison.

The committee sought clarity on the 1 per cent per annum local efficiency savings that are expected of national health service boards. I can confirm that there was never any question of 1 per cent being deducted from the allocation to existing plans.

On local government, although I acknowledge that next year's settlement is challenging, I think that it is fair. There have been record increases in funding over recent years. By the end of the current spending review period, core funding to local government through AEF will have increased by 55 per cent since 1999. However, dialogue on the three-year settlement, including the concerns about funding for 2007-08, will continue with COSLA and individual councils. When consideration is given to the allocation of any additional money, it must be demonstrated clearly that councils are playing their part in delivering efficiencies and we will examine closely whether a report from the Improvement Service provides that evidence. I have no doubt that local government can meet and go beyond the targets that the Executive has set for it.

**Jim Mather:** Will the minister give way?

**George Lyon:** I am just getting to my finale.

The debate is on the Executive's spending proposals and the £29.2 billion budget that we have set for 2006-07. Once again, no amendments to the draft budget have been proposed, so I will assume that all parties fully support the plans that have been published in the draft budget, which cover every area of life in Scotland, from growing the economy and delivering excellent public services to supporting stronger, safer communities and developing a confident and democratic Scotland. Everyone will benefit, especially those who are in greatest need of our support. By using our resources wisely and productively for the long term, we will get the best value for every pound that we spend. We will deliver on the priorities of the people of Scotland by investing in the things that really will build a better Scotland.

16:48

**Mr John Swinney (North Tayside) (SNP):** It is my pleasure to close the debate on behalf of the Finance Committee. In doing so, I echo the remarks of a number of my committee colleagues in paying tribute to the first-class support that we receive from our clerks and from the committee adviser, Professor Arthur Midwinter. As someone who has convened parliamentary committees in the past, I express my belief—without in any way wishing to sound ingratiating—that the committee's work is greatly assisted by the approach that Des McNulty takes to convening its proceedings, which allows us to cover highly

complex material extremely thoroughly and to produce reports that are as strong and coherent as the one that we are debating this afternoon.

The starting point for the debate is paragraph 37 of the committee's report, which refers back to the budget process in 2005-06. Last year, the committee raised four specific concerns about the Executive's proposals. First, it was worried about the scale of the efficiency savings that the Executive was pursuing relative to the scale of those that were being sought in the rest of the UK. We have chewed over that issue at length. I think that the committee is saying not that the Executive must deliver levels of savings that are identical to those that are being aimed for south of the border, but that it must be a great deal more ambitious than it has been and must live up to the rhetoric of the First Minister, who told us that he intended to outclass what had been achieved through the Gershon review.

The committee's second criticism was a general concern about the monitoring and delivery of stated savings. In the formidable amount of time that we spent this year examining that issue, we listened carefully to Audit Scotland's reflections, a fair assessment of which is that little progress has been made. Audit Scotland has a number of remaining concerns about the Executive's ability to monitor the delivery of the stated savings. The committee echoes those concerns but—despite the Executive's activity in this area—I have not seen much action to address that issue.

The third criticism was the disproportionate share of cash-releasing savings that are sought from local government. That point has been discussed and debated in the course of this afternoon's debate. The fourth criticism was about the potential impact that that will have on council tax levels.

Thus, at least three of the four areas of criticism in last year's report are returned to in this year's report, which tells the Government that it must do more to address our fundamental concerns. Given that much of the debate hinges on the extent to which the Government constructively engages in the issues that are raised in the committee's report, it is inappropriate for Mr Lyon to claim that the committee's lack of an alternative proposition means that everybody is signed up to every dot and comma of the draft budget.

**George Lyon** *rose*—

**Mr Swinney:** That was the implication. However, I refer Mr Lyon to the committee's recommendation in paragraph 96, which gives a strong message about the points on which the committee wishes the Government to reflect and on which the Government should address our fundamental concerns.

**George Lyon:** At the beginning of my speech, I recognised the committee's serious and constructive criticisms. We have tried to respond to them and we will respond to them further in the course of debate. I did not try to portray the report as providing universal support for every aspect of the budget. I set out how the committee clearly supports the draft budget in its entirety, but I will recognise that the committee has criticisms of individual aspects of the budget.

**Mr Swinney:** I welcome the deputy minister's remarks and over the course of the next few months I look forward to seeing changes in the budget that reflect the concerns that have been raised.

On the efficient government programme, we all agree that government must become more efficient, but substantial issues must be addressed if we are to make progress. First, the Government must respond in a much more substantial and meaningful way to Audit Scotland's concerns about the ability to track and monitor savings. Every time that the committee raised that point with Mr McCabe, he translated our concern as, "My goodness, you want us to employ more bean counters." With the greatest of respect, I suggest that such a response is not worthy of a minister when he is responding to a significant criticism about the ability to monitor the effectiveness of a programme. As my colleague Jim Mather said during committee proceedings, we are being asked to accept performance on efficiency savings simply because that is what the minister asks us to do. In my view, that is not the substantial authentication that the Parliament should require.

As Frank McAveety, Elaine Murray and Derek Brownlee pointed out, the efficient government programme will have an inequitable impact on local authorities. My point is not that the Government is asking local authorities to deliver too much under the programme but that, if local government can be expected to deliver such levels of savings, we should be able to demand similar levels of savings from various Government departments. There are numerous examples of areas in which we should expect the Government to look harder at how its own departments are to deliver in that context.

I believe that Government and local government can deliver their work more efficiently, but I was struck by the briefing from Perth and Kinross Council—one of the local authorities in the area that I represent—which shares a lot of its service delivery with other local authorities. The perspective of Perth and Kinross Council was that the financial benefits and efficiency gains are likely to come in three to four years' time, but that the costs for the local authority may increase in the short term as it invests in the necessary

infrastructure, techniques and staff to achieve those savings. That highlights once more the difficulties that could result from the local government finance settlement in the course of the next financial year.

My colleague Fiona Hyslop said that she felt that the whole initiative had been poorly prepared by the Scottish Executive. That is an accurate reflection: the Minister for Finance and Public Service Reform has been landed with a programme that was developed in far too much of a hurry without careful Government preparation, which means that we could not ensure that the concerns that have been raised by the Finance Committee and Audit Scotland are addressed. The Government could have used the past 12 months a great deal more effectively to reflect on those points and to strengthen the framework within which the efficient government programme was to be monitored.

A great deal has been said about the local government settlement. I note that during the debate the Government made no attempt to put forward an alternative to or a critique of the information in the Finance Committee's report about the funding shortfall of £84.9 million. Had there been some fundamental weakness in the committee's findings, I am sure that we would have heard about it in the debate. If the Government's silence is acceptance that there is a fundamental shortfall, that raises important choices for local authorities: either they will have to increase council tax by 6.6 per cent on average or they will have to deliver some of the crude cuts in programmes that Elaine Murray highlighted in her speech.

The concerns that Elaine Murray expressed are of the type on which representations have been made to me by Angus Council and Perth and Kinross Council in my constituency. Donald Gorrie made valid points about the impact that cuts could have on the voluntary sector. We all go to briefings by organisations in our constituencies, such as the Perth and Kinross Association of Voluntary Services, to be told the same thing: voluntary organisations feel that they are the soft touch, yet, crucially, they deliver some of the most immediate, day-to-day services on which our constituents depend and which the Government's programme is designed to target and support.

Elaine Murray made one of the most substantial points of the debate when she said that it was ironic that, if the way in which the local government settlement pans out results in either crude cuts in budget programmes or in large increases in council tax, that would be a policy conclusion and a policy impact that would be bad for the people that the Government is trying hardest to support. That is the danger of the funding settlement.

**George Lyon:** The member spells out stark choices between cuts to programmes or increases in council tax. However, the real choice is between efficiency and council tax increases. Is he honestly saying that he does not believe that councils cannot meet the efficiency targets—or even go beyond them?

**Mr Swinney:** I am saying that there is no dispute over the £84.9 million shortfall that is cited in paragraph 85 of the committee's report, including £58.5 million in efficiency savings that the Government has already extracted. To close that funding shortfall, we must countenance either an increase in council tax of 6.6 per cent or significant cuts in individual programmes. That is the choice.

There may be other efficiencies to be made. However, Elaine Murray made the point that cuts to services in education and social work of the sort that she has been briefed about by Dumfries and Galloway Council, and which I am being briefed about by councils in my constituency, will affect the most vulnerable in our community. The Government must take cognisance of the situation to inform its response to the committee's report. The minister talked about the importance of downward pressure on council tax. I have to say that there is not much evidence of such pressure—council tax has increased by 55 per cent since this Government came to office.

I would like to make a brief comment on what I consider to be a significant area of the report: the role of commissioners. There has been a reticence on the part of the Scottish Parliamentary Corporate Body to exercise influence over the budgets of commissioners for fear of undermining their independence. We have to clarify for the SPCB exactly what Parliament wants it to do to take accountability into consideration.

On behalf of the committee, and in the most reasonable fashion, I close by encouraging those on the Government front bench to reflect on paragraph 96 of the report. It identifies the inequitable treatment of local authorities compared with Government departments. The Finance Committee asks the Government to explain the basis on which it has imposed baseline cash reductions in health and local government. It encourages the Government to look at the consequential of the pre-budget report and to deliver a funding settlement that allows us to protect vital local services and not damage them—and today many members of the Finance Committee have given an account of their fears of such damage.



## Business Motion

17:00

**The Presiding Officer (Mr George Reid):** The next item of business is consideration of business motion S2M-3765, in the name of Margaret Curran, on behalf of the Parliamentary Bureau, setting out a business programme.

*Motion moved,*

That the Parliament agrees the following programme of business—

Wednesday 11 January 2006

2.30 pm                      Time for Reflection  
*followed by*                Parliamentary Bureau Motions  
*followed by*                Executive Debate: Sustainable Development Strategy  
*followed by*                Business Motion  
*followed by*                Parliamentary Bureau Motions  
 5.00 pm                      Decision Time  
*followed by*                Members' Business

Thursday 12 January 2006

9.15 am                      Parliamentary Bureau Motions  
*followed by*                Scottish National Party Business  
 11.40 am                      General Question Time  
 12 noon                      First Minister's Question Time  
 2.15 pm                      Themed Question Time—  
                                  Environment                      and                      Rural  
                                  Development;  
                                  Health and Community Care  
 2.55 pm                      Executive Debate: Workforce Development  
*followed by*                Parliamentary Bureau Motions  
 5.00 pm                      Decision Time  
*followed by*                Members' Business

Wednesday 18 January 2006

2.30 pm                      Time for Reflection  
*followed by*                Parliamentary Bureau Motions  
*followed by*                Procedures Committee Debate: Report into the Private Bills Procedure  
*followed by*                Business Motion  
*followed by*                Parliamentary Bureau Motions  
 5.00 pm                      Decision Time  
*followed by*                Members' Business

Thursday 19 January 2006

9.15 am                      Parliamentary Bureau Motions  
*followed by*                Executive Business  
 11.40 am                      General Question Time

12 noon

2.15 pm

2.55 pm

*followed by*

5.00 pm

*followed by*  
 Curran.]

*Motion agreed to.*

First Minister's Question Time

Themed Question Time—  
 Justice and Law Officers;  
 Enterprise, Transport and Lifelong Learning

Executive Business

Parliamentary Bureau Motions

Decision Time

Members' Business—[Ms Margaret

## Parliamentary Bureau Motions

17:01

**The Presiding Officer (Mr George Reid):** The next item of business is consideration of five Parliamentary Bureau motions. I ask Margaret Curran to move motion S2M-3754, on rule 2.3.1, motion S2M-3755, on the office of the clerk, and motions S2M-3756 to S2M-3758 inclusive, on the designation of lead committees.

*Motions moved,*

That the Parliament agrees the following dates in terms of Rule 2.3.1: 7 – 22 October 2006 (inclusive) and 23 December 2006 – 7 January 2007 (inclusive).

That the Parliament agrees that, between 4 September 2006 and 3 January 2007, the Office of the Clerk will be open on all days except: Saturdays and Sundays, 1 December 2006, 22 December 2006 (pm), 25 and 26 December 2006 and 1 and 2 January 2007.

That the Parliament agrees that the Communities Committee be designated as lead committee, and that the Local Government and Transport Committee be designated as secondary committee, in consideration of the Planning etc. (Scotland) Bill at Stage 1.

That the Parliament agrees that the Local Government and Transport Committee be designated as lead committee in consideration of the Local Electoral Administration and Registration Services (Scotland) Bill at Stage 1.

That the Parliament agrees that the Health Committee be designated as lead committee, and that the Justice 2 Committee be designated as secondary committee, in consideration of the draft Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) Order 2006.—[*Ms Margaret Curran.*]

**The Presiding Officer:** The questions on the motions will be put at decision time.

## Decision Time

17:01

**The Presiding Officer (Mr George Reid):** There are four questions to be put as a result of today's business. The first question is, that motion S2M-3746, in the name of Des McNulty, on behalf of the Finance Committee, on its fifth report of 2005, on stage 2 of the 2006-07 budget process, be agreed to.

*Motion agreed to.*

That the Parliament notes the 5th Report 2005 (Session 2) of the Finance Committee on Stage 2 of the 2006-07 Budget Process (SP Paper 471) and refers the report and its recommendations to the Scottish Executive for consideration.

**The Presiding Officer:** The second question is, that motion S2M-3754, in the name of Margaret Curran, on rule 2.3.1, be agreed to.

*Motion agreed to.*

That the Parliament agrees the following dates in terms of Rule 2.3.1: 7 – 22 October 2006 (inclusive) and 23 December 2006 – 7 January 2007 (inclusive).

**The Presiding Officer:** The third question is, that motion S2M-3755, in the name of Margaret Curran, on the office of the clerk, be agreed to.

*Motion agreed to.*

That the Parliament agrees that, between 4 September 2006 and 3 January 2007, the Office of the Clerk will be open on all days except: Saturdays and Sundays, 1 December 2006, 22 December 2006 (pm), 25 and 26 December 2006 and 1 and 2 January 2007.

**The Presiding Officer:** The fourth question is, that motions S2M-3756 to S2M-3758, in the name of Margaret Curran, on the designation of lead committees, be agreed to.

*Motions agreed to.*

That the Parliament agrees that the Communities Committee be designated as lead committee, and that the Local Government and Transport Committee be designated as secondary committee, in consideration of the Planning etc. (Scotland) Bill at Stage 1.

That the Parliament agrees that the Local Government and Transport Committee be designated as lead committee in consideration of the Local Electoral Administration and Registration Services (Scotland) Bill at Stage 1.

That the Parliament agrees that the Health Committee be designated as lead committee, and that the Justice 2 Committee be designated as secondary committee, in consideration of the draft Scotland Act 1998 (Transfer of Functions to the Scottish Ministers etc.) Order 2006.

## Kashmir Earthquake

### **The Deputy Presiding Officer (Murray Tosh):**

The final item of business is a members' business debate on motion S2M-3407, in the name of Des McNulty, on the earthquake in Kashmir. The debate will be concluded without any question being put.

### *Motion debated,*

That the Parliament expresses its deepest sympathy for the victims of the earthquake affecting Kashmir and Pakistan's North-West Frontier Province which took place on Saturday 8 October 2005; recognises that many families in the west of Scotland and across Scotland as a whole will have lost relatives and friends as a result of the tragedy or are awaiting information about those who are missing; congratulates Islamic Relief and other charitable organisations on their swift response, and welcomes the steps taken by the UK Government to provide urgent assistance to the affected areas.

17:03

### **Des McNulty (Clydebank and Milngavie)**

**(Lab):** In a few days from now, it will be the anniversary of the tsunami that led to the deaths of 200,000 people when giant waves battered 11 Indian ocean countries. There was a tremendous response to that terrible disaster from around the world. Many of us saw graphic television images of what happened to those narrow coastal areas and of the buildings, the people, and the lives that were trashed as a result of that huge eruption from beneath the sea.

However, the earthquake that took place in Kashmir has been more hidden from us. The number of deaths was smaller in the first instance: it was around 60,000 at the last count. The tragedy of Kashmir is that the final death toll is likely to be greater than that of the tsunami. The reasons for that are relatively straightforward to those who know the topography of the area in which the earthquake took place. Kashmir is a very mountainous region. The road network is very poor. It is very difficult for air, road or sea transport to get close to where people are in need.

The climate in Kashmir varies incredibly between summer and winter. As the months have rolled on since the earthquake hit, the plight of the people who are affected has become increasingly desperate. The gripping winter cold that results, predictably, from the height and proximity of the region to the Himalayas is the killer; it will lead to people losing their lives. There will not be a great wave, but people will starve and freeze to death slowly as they get into an increasingly difficult situation. People will see other members of their family dying before them and will realise that if they are exposed to the cold continually without proper shelter, they will die too. That is a dreadful situation.

I have to say, with great sadness, that the response of the world community has not been as strong, generous or well organised as it should have been—not in comparison with the response to the tsunami. After the tsunami, there was a great outpouring of support and a lot of resources went into providing instant assistance. The pay-off could be seen; we could see the medical assistance being given and people going in to rescue others. We have not seen that happen in the same way in Kashmir.

The international community has mobilised less effectively, perhaps because of geopolitical issues or because there has not been the same pressure from the general public to respond in such a way. Perhaps it has been genuinely difficult to get the right kind of resources, which in this case might include specialist equipment, food, blankets and tents, into the right place at the right time. In any event, whatever has happened, the response has not been the same as the response to the tsunami.

**Brian Adam (Aberdeen North) (SNP):** I agree whole-heartedly that the response has not been as great as the response to the tsunami. Does the member agree that it is not that individuals have not given, because the primary responsibility lies with Governments and Government agencies, whose response has been disappointing in terms of delivering cash and aid?

**Des McNulty:** With a natural catastrophe on this scale, each of us has a responsibility. Brian Adam is right to say that Governments in particular have a responsibility; indeed that responsibility is shared among all Governments throughout the world. However, each of us has a responsibility to do what we can to assist, however limited that might be.

There are tremendous examples of people in Scotland making that response. Communities throughout Scotland have begun to gather blankets, make donations and try to highlight the situation of people in Kashmir. We should acknowledge what has been done by Scottish agencies, the Scottish branches of United Kingdom agencies and people in the ethnic minority community in the west of Scotland in particular, many of whom have family links with Kashmir, Pakistan and the part of India most closely affected. There are terrific examples, of which I am sure the minister is aware, in her constituency, my constituency and in Greenock and Port Glasgow in Duncan McNeil's constituency. Throughout Scotland, people are gathering together to respond in the same way as they did to the Indian ocean tsunami, although that is not happening on quite the same scale.

The Scottish Executive might wish to consider whether some of the things that it did in

recognition of the severity of the tsunami could be applied to this tragedy. There may be resources that we can identify or assistance that we can apply for in the context of the international development fund and there may be practical things that we in Scotland can do that will assist people in this circumstance.

I suppose that it is appropriate that we are discussing the motion this week, not only because it is only a few days until the anniversary of the tsunami but because we are only four days from Christmas. I think that we are in a time in which there is unprecedented giving. Campaigns have been mounted by organisations such as Oxfam, the Scottish Catholic International Aid Fund and others to convince us that, rather than giving people things that they do not need, we should, as part of our Christmas giving, be making contributions in practical ways that will help people who have real needs. We might personally consider doing that.

I hope that the United Kingdom Government will review what it is doing and ensure that anything that can be given to assist Kashmir is given. I hope also that the Scottish Executive, in the context of its international strategy, which has been welcomed across the chamber and by the various agencies that are involved in international development in Scotland, will suggest what more we can or should do to deal with the tragedy.

Many people are dying and many lives are being destroyed. We all have a responsibility to address their needs and concerns. Our common humanity requires us to do something to assist them at this time of year.

17:11

**Christine Grahame (South of Scotland) (SNP):** I commend Des McNulty on a thoughtful and heartfelt speech. How can we possibly realise what it must be like for these people on the hillsides? An earthquake of magnitude 7.6 struck them on 8 October. It was far more powerful than the tsunami—in that regard, I endorse many of the points that Des McNulty made. It is estimated that around 80,000 people in that region were killed instantly. However, many more were injured. We saw the harrowing sights of bodies, partly exposed under mountains of rubble and the remains of the homes of many of Pakistan's poorest people. There were tens of thousands of people with injuries and, although we have worthwhile and hopeful images of a few people being plucked from the rubble, we have more images of men and women lamenting over the loss of entire families. Those images have now given way to pictures of figures huddled around pathetic little fires made out of meagre sticks, of barefoot children in flimsy clothing with the bitter winds of winter upon them

and of people of all ages with infected wounds who have been brought in from remote areas where their injuries have been untreated for months.

It is estimated that more than 3 million people are homeless and without shelter in Pakistan—imagine three out of every five Scots being without a home and without shelter.

I will quote an article about the experience of one family in Nullah Chambarr in Pakistan. It says:

"When rain or snow pelts the muddy woods and terraced fields of Muhammad Yunus' mile-high mountainside, his family members scramble to the crude tent that has been their shelter since the Oct. 8 earthquake. All 32 of them.

The family built a frame of sticks and branches, then covered it with a canvas tarp, some flour sacks stitched together and woven plastic mats. On the ground, they spread grass mats and thin, cotton mattresses salvaged from their destroyed or damaged homes after an earthquake that left 3.5 million homeless.

Even when packed with blanket-wrapped bodies at night, the tent is frigid. Many of the 20 children have coughs and runny noses."

One member of the family says:

"Thanks to God, none of us has gotten any bad sickness".

The relief that is available is not always easy for people to reach. The father of that family and those of other families make long journeys to try to obtain cover for the bleak winter ahead.

As Des McNulty says, we face a horrific situation in which people might have survived the earthquake only to be killed by the cold. The problem is incremental. It is not as sexy as the tsunami—if I may say that without sounding frivolous. It is a parked disaster and it is not being given the attention that it requires.

The charities that are involved say that the immediate requirements are medical care and medicines for the injured. All the Government hospitals were destroyed. Teams of independent doctors are there, but they have few facilities in which to work. It is reported that the army medical camp at Muzaffarabad has no bandages, gauze or painkillers. The horror for the people there is something that we can hardly imagine. There is also a need for shelter and clothing as winter sets in.

I commend the relief agencies that are involved. I cannot mention them all, but they include Save the Children, Direct Relief International and Architects for Aid, which is providing shelters for the animals on which people depend for food—the animals are their future. I also commend the efforts of the many organisations of Pakistani origin that are involved, including the Imran Khan earthquake relief fund and the Pakistani eminent lawyers earthquake relief fund. If one does an

internet search on the Pakistani earthquake, one gets some 6 million hits.

However, there is a huge problem of co-ordination. The public's generosity is to be welcomed, but I would like to see a worldwide strategic team that is ready to step in to meet needs at very short notice in the early days.

17:16

**Lord James Douglas-Hamilton (Lothians) (Con):** I congratulate Des McNulty and Christine Grahame on their clear description of the traumatic and poignant circumstances of the earthquake. I mention my interest as president of the International Rescue Corps, which is a charity whose members include firefighters, paramedics, experts and specialists in saving lives in emergencies, and whose British headquarters is in Grangemouth. It sent a high-powered team to Muzaffarabad in Pakistan and I need do no more than quote one sentence from John Swain's article in *The Sunday Times* of 16 October:

"There was something that seemed almost superhuman about the endeavours of Willie McMartin last week as he pulled people from the rubble alive."

As MSPs, we are far removed from the action. The least that we can do is to give maximum support to those who put their lives on the line in order to save the lives of others. There can be no dispute that the work of the International Rescue Corps, along with the work of many other charities, saved lives in two ways. First, at least 24 human beings were pulled from the rubble alive. They would not have lived if it was not for the emergency activity by a selfless team of specialists. Secondly, and more significantly, by co-operating with other charities, the International Rescue Corps helped to establish tented cities and enabled food and medical aid to get through. That activity saved an enormous number of lives.

However, I know that those who worked in the emergency conditions, whether for Islamic Relief or for charitable organisations under the United Nations umbrella, were deeply affected by the enormity of the tragedy and were distressed that their best efforts could not go further. As Des McNulty mentioned, some 60,000 people lost their lives.

I congratulate Des McNulty on his timely motion and on the recognition that he seeks to bring to the brave men and women who weighed their own lives lightly in the balance when the cause was the very survival of humanity itself. I also applaud his welcome for the steps that the UK Government has taken. I put on the record my thanks to the Secretary of State for International Development, Mr Hilary Benn, who helped to facilitate immediate support for relief work at the highest level.

This is not the right time to outline all the lessons that need to be learned, but if I had to state one, it would be that all Governments should be persuaded to focus fully on disaster preparedness and mitigation, rather than reacting to events and responding when destruction and devastation have already struck.

Finally, I put on record my admiration for so many of the Pakistani people, who reacted with unbelievable generosity, even though many of them could hardly afford it. As Ahmed Rashid said on the BBC,

"A tidal wave of ordinary people have rushed to help the victims of the earthquake".

The debate is being attended by members of the Pakistan Association of Edinburgh, who can rightly feel proud of the help that has been given, not only by so many in Pakistan but by the Pakistani community in Britain and by British charities such as the International Rescue Corps. We are glad to welcome the members of the Pakistan Association to Scotland's Parliament; indeed, the debate would be incomplete without their presence. I support the motion.

17:20

**Mr John Home Robertson (East Lothian) (Lab):** I join colleagues in congratulating Des McNulty on securing this urgent debate. Last month I spent a fortnight in Kashmir. As an occasional volunteer with Edinburgh Direct Aid, I have seen some dreadful scenes in war zones, but nothing can prepare one for the scale of devastation that can be wrought by a big earthquake such as the one that occurred in Pakistan. Virtually every building in the area is destroyed, the infrastructure has been wrecked, millions of people are homeless and more than 100,000 people were either killed or injured when the earthquake struck at 8.52 am on 8 October.

The task of responding to such an enormous catastrophe is awesome. Obviously, it is one thing to pledge huge resources, but it is something else altogether physically to deliver help to so many victims in such terrain. I was half of a team of two that supported a shelter project around the village of Bheri, which is 7,000ft up in the Himalayan foothills and just 6 miles from the epicentre of the earthquake. In that neighbourhood, 1,600 people were killed and 3,000 people were badly injured. Almost all the survivors are homeless and completely cut off from the outside world because the only access is by a long trek over landslides or by helicopter.

When we arrived six weeks after the earthquake, we saw serious gaps in the support that was being delivered. Helicopters were flying from Muzaffarabad with vital supplies of food, but

there were no medics to look after the hundreds of people who were injured or ill. The only shelters that were being made available were tents—people cannot survive the freezing Himalayan winter in tents. It is already snowing and freezing and the conditions will get far worse. Cases of hypothermia and pneumonia have already occurred.

That is why EDA supports an initiative to deliver basic materials by helicopter and to help local people to build safe and warm shelters by filling sacks with earth for sandbag walls and with straw for insulation, erecting frames with timber from collapsed buildings and then covering the structures with corrugated iron. EDA then provides simple wood-burning stoves so that people can cook and keep warm. Our little team built four such shelters and arranged delivery of materials for 150 more—local people were busy building them as I left. It was wonderful to see families in those shelters. They will survive to farm the land in the hills in the future; they will not become refugees in distant cities.

Some serious questions must be asked. Why did those people have to wait for a tiny organisation such as EDA to fight its way through United Nations bureaucracy to kick-start that little shelter project? The International Organisation for Migration is supposed to be the lead agency for shelter in Kashmir, but I would like to know where it is and what it is doing. I could also ask questions about the quality of people who are deployed to disaster areas. I have often seen fleets of shiny white four-by-four vehicles swanning around expensive hotels and office blocks a long way from the people who need help. It is a pity that the quality and commitment of managers who are sent to disaster areas is not always what it might be. While I am on bureaucracy, I would like to know why it is so difficult to access the money that millions of us sent for Kashmir to the Disasters Emergency Committee. EDA's low-cost, high-value shelter project was received with great enthusiasm by earthquake victims and was good enough for a photo opportunity with Kofi Annan, but it got very little support from the UN and absolutely nothing from the DEC.

Now that I have got that off my chest, I will conclude with an appeal for more support from Scotland to save lives in Kashmir, and a direct request to the Executive to consider opportunities for Scots to help with the relief effort. Hundreds of teachers and thousands of schoolchildren were killed when school buildings collapsed on top of them. Perhaps we could help by encouraging Scottish teachers to spend a few months working in the area or possibly by assisting with teacher training in Kashmir. That could be a valuable experience for teachers and a vital contribution for children who are in desperate need.

I was profoundly shaken by the suffering and destruction that I saw in Pakistan, but was immensely impressed by the fortitude of people who are determined to build safer homes and to secure their way of life and the future of their communities. It was a privilege to be able to convey practical and moral support from Scotland to those people. I hope that we will be able to do more this winter and that we will be able to do the job more efficiently in future disasters in other parts of the world.

17:25

**Frances Curran (West of Scotland) (SSP):** I welcome the debate because we must highlight the plight of the 4 million people who have been affected by the earthquake and the 1 million people who need shelter, food and livelihoods.

For years, I have been in regular contact with progressive socialists who campaign in Pakistan. I first met them when they were in exile in Holland because of General Zia. Those people have been involved in building the Labour Party Pakistan for more than a decade. After I met them, I was immediately and directly contacted by Farooq Tariq, who is the general secretary of the Labour Party Pakistan, and others in the organisation. They asked for solidarity. With the Pakistan Trade Union Federation, Women Workers Help Line, the labour education project and many other progressive labour groups, that organisation has set up labour relief camps in Kashmir and the North West Frontier Province, which has also been badly affected. The people—the ordinary civilians—of Pakistan immediately responded to the earthquake appeal and gave money to different organisations, including the labour relief camps. I think that they raised 250,000 rupees in the first four days to send trucks and for visits.

We must do more than simply talk about sending direct aid because there are a number of international political issues that the people whom I mentioned have raised with me. I am in touch with those people weekly by e-mail and those issues have been revealed as a result of the response to the earthquake. First, the response from the industrialised countries has not been good enough; indeed, the disaster has been abandoned. Oxfam has issued a warning that only 5 per cent of the money that was needed has been pledged; the UN asked for \$300 million, but only a third of that has materialised.

Wider issues relating to international debt and what was discussed at the G8 summit are involved. Pakistan has huge foreign debts—it pays \$5 billion in interest a year, while it is estimated that the rebuilding costs in all the areas that have been affected will be \$5 billion. If Pakistan's interest were cancelled for one year, it would have the \$5 billion that is required.

However, there is a political problem. Currently, the relief effort is completely militarised. The organisations that I mentioned have raised that issue. There is no civilian response; army generals have been put in charge of the relief commission, rehabilitation work and all the other jobs and are trying to control things. People in Pakistan have said in the material that they have sent that the effort has been militarised and that the generals want control. Helicopters from India were refused because of the question of Kashmir, which India and Pakistan occupy. That refusal is having a massive effect on the relief effort. We must raise such issues because we are talking about a military regime, not a democracy.

I do not have much time left, but I want to make one more point. There is another problem. A week after the earthquake, the military Government signed a deal for \$1 billion for six Swedish Saab 2000 jets. There should be an outcry about that. Progressive organisations in Sweden have opposed the breaking of Swedish arms law.

It is incumbent on us to discuss such issues as well as to discuss the need for aid. This is not only about the western world raising more and more money, but about what is happening in Pakistan and about people being empowered by the society in which they live so that they can deal with such disasters. Parliament should support the progressive forces in Pakistan that raise such issues. The Scottish Socialist Party will continue to give to the labour relief camp funds through the movements and campaigns in which I am involved.

17:30

**Robin Harper (Lothians) (Green):** I add my name to those of members who have congratulated Des McNulty on bringing this debate to Parliament. It is appropriate and well timed.

In addition to the organisations that have been mentioned, I would like to acknowledge the contribution of the Academy for Disaster Management Education, Planning and Training—ADEPT for short—which was established in India following the boxing day tsunami. I quote from a report from ADEPT, dated just a few days ago:

"The rising carpet of the first snows that drifted over the quake-hit villages is threatening to swallow the hundreds of fragile, makeshift sheds and tents that the quake's survivors raised after their homes here were reduced to rubble.

Border areas were snowed in under more than 2 feet of snow, cutting off villages for around five days.

The task of getting adequate shelter to the survivors remains colossal, and the increasingly harsh winter conditions threaten to generate a second wave of deaths"—

from malnutrition, respiratory diseases and sepsis

from wounds that have not been treated because it has not been possible to get doctors to people.

The report continues:

"A UN official reported that 90% of the tents distributed so far are unsuitable for the Himalayan winter."

John Home Robertson made the point that the tents are no use. The report also states:

"After the snowfall, the temporary shelters, built of tin sheets distributed by relief agencies, have been turned into freezer boxes. Men have been posted to clear the snow from roofs to prevent them from collapsing under the weight of the snow.

In the cold, respiratory infections have begun taking their toll, and healing of injuries has become a remote prospect."

Immediately after the earthquake, ADEPT sent out a tentative international request for help from climbers. Within a few days, 50 experienced climbers had volunteered. Scottish climbers are now part of a core of experienced, fit and acclimatised mountaineers who will enable the mobility of additional personnel—medical and others—to conduct overland transport of equipment and medical and other logistical support to mountain villages. However, those international personnel cannot move into the affected areas without permission from the Government, so they are currently restricted to attempting to train local people, using inadequate mountaineering equipment, in mountain rescue techniques. Although in the longer term a body of home-grown rescue expertise will undoubtedly be an asset, people who survived the initial earthquake are dying for want of basic medical and other supplies. That point has been reinforced by members' speeches.

Volunteers who have travelled to India at their own expense could be delivering aid. Although I welcome steps that the UK Government has taken to provide assistance, I hope that it will be possible for it also to prevail on the Indian Government to permit access within Indian Kashmir, in the same spirit in which the Indian and Pakistani Governments have permitted greater freedom of movement across the border or line of control than they have permitted in years. The door is part way open, but our Government could help to push it much further open by putting more pressure on the Indian Government.

17:33

**Susan Deacon (Edinburgh East and Musselburgh) (Lab):** I join other members in congratulating Des McNulty on securing this debate and on the work that he is continuing to do in the Parliament, through the cross-party international development group, to raise awareness of such issues. I also join other members in recording my recognition of the losses

that the Pakistani community in Scotland has experienced as a result of the earthquake in Kashmir. Equally, I recognise the immense contribution that the community has made, of which it and we can and should be immensely proud.

I pay particular tribute to John Home Robertson for his work in the area. His comments on the work that he has done were very understated. He will not thank me for saying this, but we should be pleased that one of our own has made such a meaningful, sustained contribution over a number of years through Edinburgh Direct Aid. I cannot speak with his insight or knowledge about the situation in Kashmir, but having visited Sri Lanka in the summer and seen at first hand the post-tsunami situation as it was eight months on from the disaster, I will share some of my experiences, which might be relevant to today's debate.

I underscore what John Home Robertson said about always being heartened by the sheer resilience of the human condition and by people's ability to support one another, sometimes in circumstances that the rest of us can barely contemplate. I was humbled to see some of that.

I was struck by the scale of the reconstruction effort that needs to be made following a major natural disaster. Although we know that the physical reconstruction takes years, the fact that the human reconstruction of lives, families and communities takes a generation really registered with me. One of the pleas that I make today is for us to realise that our support for countries that are affected on that scale needs to continue not just for months and years, but for decades.

My third point concerns the impact of international aid based on my observations in Sri Lanka. I realise that often when people make contributions to situations that are far from home, those situations can feel quite remote. I want to share my sense of the huge impact that international aid had and will continue to have in that part of the world for some time to come. As the months following the disaster went by, targeted, smaller support was as significant as some of the big, blanket, multibillion-pound—or multibillion-dollar—aid that went in immediately after the disaster struck.

For example, providing a sewing machine to a woman who had lost the main breadwinner in the family to enable her to provide an income for her family was vital, as was providing training in the special skills that health professionals did not have but which they needed to cope with the psychological consequences.

My plea to the minister is that, through the continuing work that the Executive does in this area, I want us to think about how Scotland can contribute to that on-going sustained support,

which may often be on a quite small but vital scale.

We can be proud of a number of agencies that have developed in Scotland. I mentioned Edinburgh Direct Aid, but smaller charities, such as Scottish International Relief, Spirit Aid and others, have a particular role to play. I hope that the minister might consider how the Executive could work more closely with those smaller organisations to look at how their efforts can be targeted and information got out to them on accessing small pockets of money, which would enable them to do quite remarkable things. The bigger aid agencies employ full-time staff to monitor such information and to know where to go to access funds, but that is much harder for smaller charities.

Volunteering is also vital and I mention again Edinburgh Direct Aid simply because it is the organisation that I have seen at closest quarters. It is important that we think imaginatively and creatively about how individuals can give of their time and energy, as John Home Robertson and many others have done, to provide practical support.

We can all learn a great deal from experience, whether personal or global, of the disasters that have affected and will continue to affect our world. It is clear that urgent needs must be addressed in Kashmir, but I hope that we can think about how we give sustained and sustainable support both now and in the future.

17:39

**The Minister for Tourism, Culture and Sport (Patricia Ferguson):** I, too, congratulate Des McNulty not only on the work of the cross-party international development group, of which he is the convener, but on securing this debate at a time when, as he said, we are approaching Christmas and the anniversary of last year's tsunami.

As a number of colleagues have pointed out, this year has seen an unprecedented number of natural and man-made disasters such as the Asian tsunami, the on-going food crises in Africa and the earthquake in Kashmir. Those terrible tragedies have not only shattered many communities but affected many people in Scotland. I am grateful to Des McNulty for this opportunity to discuss the matter in the Parliament and I know that all members will want us to express our condolences and sympathy to those who have lost loved ones in, or are otherwise suffering from the impact of, those disasters.

Although we have been horrified by the scale of the disasters, we have also been overwhelmed by the response of the Scottish people, who have not only taken part in demonstrations of public sympathy and grief but shown unprecedented



levels of generosity. Although I take on board Des McNulty's comments, I should point out that, as a result of people's pledges to the earthquake appeal, the Disasters Emergency Committee has now raised more than £40 million, which makes that appeal the third most successful that it has organised. Throughout the year, the people of Scotland have continued to show their generosity and concern by donating significant amounts of money and time to help those who have been directly affected by the horrendous events.

Lord James Douglas-Hamilton was right to highlight the efforts of the organisation of which he is president, because UK organisations were responsible for 14 of the 24 live rescues that were carried out in the earthquake's immediate aftermath. Such small but significant acts of life saving can be enormously helpful in boosting people's confidence and morale when they might be at their lowest ebb.

The media should also be applauded for their sensitive coverage of the earthquake and the year's other disasters; for the support that they have given to the appeals that have been launched; and for their efforts in raising awareness among the Scottish public.

The Executive's experience of responding to last year's tsunami disaster has taught us that international development organisations are best placed to co-ordinate responses to natural disasters. I have met representatives of Scottish agencies that are involved in disaster response to identify ways in which we can work together and prepare for future disasters. We are committed to continuing our support for those organisations and their hugely worthwhile work.

As with the tsunami last December, we have offered secondments of staff to the Disasters Emergency Committee to help to relieve the administrative burden of the fundraising appeal. Immediately following the Asian earthquake, I met organisations undertaking emergency response activities and families in Glasgow who had lost relatives in the disaster. We will continue to work closely with those organisations as reconstruction work continues and will support their work wherever possible.

I might not have time to do so in the debate, but I am happy to speak to Susan Deacon about her comments on the sustainability of work that is being carried out in the areas in question and on how we help smaller organisations and charities. We are taking that kind of work forward and will continue to do so.

On Des McNulty's specific points about Kashmir, he knows that, a week or so ago, I indicated to the cross-party international development group that we were considering extending our funding stream to include areas that have been affected by the

earthquake. We have now agreed to do that and my officials are in contact with the non-governmental organisations that are involved to ensure that they are aware of our decision and that we can get funding to them as quickly as we can.

This year's disasters bring home to us the importance of meeting longer-term development goals, such as the millennium development goals. Although the earthquake is a natural disaster, the ability of nations to respond to such events is very much constrained and dictated by how poor they are. Unfortunately, it is no surprise that the world's poorest people are also its most vulnerable. In that respect, I very much agree with Frances Curran.

John Home Robertson talked about enabling teachers and perhaps other professionals to go and work in Kashmir. I am very sympathetic to the idea, which we have pursued in other parts of the world through our work with Voluntary Service Overseas. In one of my conversations with the earthquake victims' relatives, we discussed the fact that a number of the people who would normally administer civil society in the affected areas were lost in the tragedy and we spoke about the possibility of seconding people in such circumstances. A difficult balance needs to be struck in that respect. We have to be guided by the people on the ground on when it is appropriate to make those kinds of interventions. We do not want to be sending in extra mouths to feed and additional people to be looked after at a time of crisis. However, we are happy to work on the issues and to take forward the proposal. We will work with VSO to allow such secondments to take place at the appropriate time.

I recognise the fortitude and nobility of the people in the disaster area. I also recognise the support that the Indian and Pakistani communities in our country have given to their compatriots. The way in which that has been done has been entirely appropriate and very much to be welcomed.

In 2005—the year in which the G8 leaders met in Gleneagles to discuss the ways in which the wealthiest nations can do more to assist the poorest—we have had an opportunity to address world poverty. In every one of the disasters to which members referred in the debate, poverty was a significant factor. The commitments that were made will make a significant difference to the lives of the poorest. We also acknowledge that much more can be done and needs to be done. We need to continue to build on the generosity, enthusiasm and understanding that developed this year. We also need to capitalise on the public and political desire to fight the injustice of global poverty and, hopefully, change the world for good.

*Meeting closed at 17:47.*



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