

# **MEETING OF THE PARLIAMENT**

Wednesday 20 January 2010

Session 3

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## Scottish Parliament

*Wednesday 20 January 2010*

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

### Time for Reflection

**The Presiding Officer (Alex Fergusson):** Good afternoon. The first item of business is time for reflection, for which our leader is the Right Rev David Gillham, Bishop of the Open Episcopal Church in Scotland.

**The Right Rev David Gillham (Bishop of the Open Episcopal Church in Scotland):** Good afternoon, Presiding Officer and members of the Scottish Parliament. This week, the Scottish churches are celebrating the week of prayer for Christian unity, which is an annual opportunity for all us churches to get together and show that we are one undivided Christian faith.

Today—day 3 in our schedule—and again this coming Sunday, we are asked to focus on the story from the Gospel of Luke, chapter 24, verse 18, in which Jesus walked with the men who were travelling on the road to Emmaus but was not, at first, recognised by them. The prayer that we offer for today says:

“God, we walk the same road as those from whom the incidents of history have divided us. Draw us ever closer, so that together we may reflect the unity for which your son prayed.”

For tomorrow’s designated service, our reflection adds that

“The past is not entirely past but flows unseen; a hidden stream, life-giving source in barren seasons yet sometimes, sadly, trapped in stagnant pools.

When broken dreams disorientate disciples, leaving them orphaned from meaning and hope, there come, afresh, traditions transforming truth to reassemble God’s life-giving pattern.”

Sometimes, it is difficult for each of us to know which path we should take. Often, there are many paths, each with different twists and turns that face us in life—that is perhaps especially so when we are responsible for the safety and comfort of others. It is always comforting to know that our God walks with us. Whether or not we are conscious of his presence, he is always there with us.

Usually, the complex problems that we face on our journey have no instant answers. Often, there are no right or wrong answers—simply different solutions. Whatever we do as individuals in our private or public lives, and whatever you do together as a legislative body, there will be those outside who agree and those who disagree with

your actions. There will be those who gain from your decisions and—inevitably—those who lose. What is important is that we strive at all times to do what is right and just and what honours God’s life-giving pattern.

If we do that, we can truly say that we are heeding the words of the Old Testament prophet Micah, who said to us:

“He has showed you, O man, what is good. And what does the LORD require of you? To act justly and to love mercy and to walk humbly with your God.”

May God bless you and walk with you in your deliberations today and always.

## Budget (Scotland) (No 4) Bill: Stage 1

**The Presiding Officer (Alex Fergusson):** The next item of business is a debate on motion S3M-5541, in the name of John Swinney, on the Budget (Scotland) (No 4) Bill. Time is pretty tight in the debate.

14:34

**The Cabinet Secretary for Finance and Sustainable Growth (John Swinney):** Last week, I introduced the budget bill for 2010-11, which I commend to Parliament. The bill takes forward the draft budget that I set out in September. I want to make clear at the outset of the debate the Government's recognition that we must work with other parties in the Parliament to reach agreement on the contents of the budget bill. That is essential if we are to ensure that we produce a bill that delivers a sustainable financial framework for Scotland in order to protect front-line services and assist economic recovery. I assure Parliament that the Government will continue to engage constructively with all parties as we work together in the coming weeks to take the bill through to its conclusion at stage 3.

Last year, the Parliament went through the experience of not agreeing the terms of a budget bill at stage 1. During the coming 14 days we have an opportunity to reach an agreement that will serve the interests of the people of Scotland. I have made it clear on many occasions that the Government is willing to consider alternative proposals from other parties, but I have also made it clear that we must be realistic about the resources that are available to us, and that we must take collective responsibility in facing up to the financial and economic challenges to come.

We debate the bill at a time when much remains uncertain in relation to the prospects for the global economy and the spending decisions that the United Kingdom Government might take during the coming year, whether in the Chancellor of the Exchequer's March budget or after the general election.

Despite the uncertainty, there is general agreement that the outlook for the public finances during the next few years appears to be bleak. The chancellor has told us that

"the next spending review will be tough. There will be programmes that need to be cut. It will be the toughest for 20 years."

The leader of the UK Conservative party has said that

"the state of the public finances calls for serious cuts in public spending. And yes, tough decisions will have to be made that many may find unacceptable."

The federal leader of the Liberal Democrats has said that

"the country faces one of the greatest crises in our public finances in generations. They know that difficult decisions must be taken."

The financial context for the Scottish budget is therefore increasingly clear.

**Derek Brownlee (South of Scotland) (Con):** Does the leader of the Scottish National Party agree that reductions in spending in Scotland are inevitable?

**John Swinney:** The leader of the Scottish National Party has faced up to the challenge of public expenditure constraints, which we already face in the Scottish budget, and has done so continuously. It might assist the debate if that was recognised by members of all parties.

**David Whitton (Strathkelvin and Bearsden) (Lab):** While the cabinet secretary is facing up to reality, will he also face up to the fact that he has £943 million more in his budget this year than he had last year?

**The Cabinet Secretary for Education and Lifelong Learning (Michael Russell):** Mr Whitton is still in denial.

**John Swinney:** Mr Russell has made an appropriate response to Mr Whitton.

The financial context for the Scottish budget is increasingly clear and the Government in Scotland has taken the first steps towards addressing that reality in its budget proposals. We know that we will have to do more to address the challenge in budgets to come, and we must all be prepared to face up to that reality.

As members know, I pressed the Treasury last week for greater clarity about the prospects for the UK budget and beyond, and for more financial information to allow us to plan for what will be a challenging period. I will continue to make that case on behalf of the Scottish public interest.

On the economy, the latest analysis suggests that there are tentative signs of recovery, but the fragility in the overall UK economy also applies to Scotland. The rate of contraction in Scottish gross domestic product remains broadly in line with the UK rate, with Scottish GDP figures showing an easing in the rate of decline. Business surveys also indicate that the rate of decline in Scottish output eased in quarters 3 and 4 of 2009. Today, labour market statistics show a rise in unemployment, but we still have lower

unemployment and higher employment and economic activity than the rest of the UK as a whole.

**Margo MacDonald (Lothians) (Ind):** I remind the cabinet secretary to include in his calculations our much greater dependence on the public sector. The cuts to which he referred are likely to happen in that sector, thus impacting on our GDP.

**John Swinney:** It is clear that we must take decisions that are influenced by the economic and financial context in Scotland, which are inevitably driven by decisions about the spending environment in the UK. There will be consequences for Scotland, and the Scottish Government must address that.

The principles that underpin our budget are that it should support businesses and families in the face of the challenges that have been brought about by the recession, and that it should help to set Scotland on a course for economic recovery. We have made the point about the importance of sustaining that investment in the economy through accelerated capital expenditure, and we set out in the debate in December the Government's position on that.

The November update to our economic recovery plan set out how we are supporting the Scottish economy through the three broad themes of supporting jobs in our communities, strengthening education and skills and investing in innovation and the industries of the future. Those themes sit at the heart of the budget bill.

We are investing more than £1 billion in Scotland's transport infrastructure and we are maintaining substantial investment of £2 billion in higher and further education and skills, including modern apprenticeships. We are determined to ensure that we have in place appropriate and effective training and educational provision in order to support young people, and others who are facing economic difficulties, in finding new opportunities.

We remain on course to fulfil our commitment to spending £1.65 billion on housing and regeneration over the spending review period, and we are backing Scotland's businesses by continuing the small business bonus scheme, which during 2008-09 benefited small businesses throughout Scotland by some £73 million. We will continue to maintain a level playing field for Scotland by not allowing the poundage for business rates to rise above that in England during this parliamentary session. It is estimated that the benefit to Scottish businesses will be some £220 million in total in 2010-11.

I also confirm that the Government will allocate further support of £10 million to boost the marine renewables sector. That will contribute to the

development of that vital industry of the future, which has been a recurring theme of the Economy, Energy and Tourism Committee's contributions to the Finance Committee's budget deliberations and of the Green party's representations.

**Lewis Macdonald (Aberdeen Central) (Lab):** Will the cabinet secretary confirm whether the £10 million that he referred to is the money that was allocated in the draft budget for the saltire prize?

**John Swinney:** I confirm that that is the case, as I confirmed to the Economy, Energy and Tourism Committee before the turn of the year.

We are also protecting front-line services. The draft budget provides increases for health, with an average 2.7 per cent uplift for NHS boards compared with 2009-10. We have protected our health budget in full from the consequential impact of the chancellor's cut to the Department of Health's capital budget. We continue to prioritise the fight against hospital-acquired infections, our response to the flu pandemic and tackling the problem of alcohol misuse, and we will continue to take forward the development of the Southern general hospital.

The budget also provides a settlement for local government, based on agreeing with the Convention of Scottish Local Authorities the shared priorities that we are delivering through the concordat and single outcome agreements, and on protecting the day-to-day services upon which people rely. The recent winter weather reminds us all of the integral part that local authorities play in maintaining our transport and commercial networks and in keeping vital public services open and accessible.

The budget also ensures that we will continue to deliver on key commitments, such as those on extra police numbers and our ambitious school building programme. As part of that deal, we are maintaining the freeze on the unfair council tax and giving families some relief at a time when household budgets are tight.

We are backing our environmental agenda, for example by investing some £150 million over three years in the zero waste programme, by taking forward the climate challenge fund and by supporting the roll-out of the home insulation scheme. We are also protecting investment in our rural areas, with investment of more than £1.5 billion by 2013 through the Scottish rural development programme.

However, to deliver those benefits for businesses and families throughout Scotland, we must also, given the budget reductions that we face, make some difficult choices about where to reduce planned spending.

On resource expenditure, we have examined first the cost of our own operations and have cut £14 million—more than 5 per cent—from our administration budget, and have reduced the amount that we spend on communications and marketing by 50 per cent, which is double the target that the chancellor set the UK Government in the pre-budget report.

We will continue to adopt a prudent and responsible approach to public sector pay, and we are currently preparing the 2010-11 pay policy for Scotland. In doing so, we will give further consideration to the proposals that have been advanced by the Liberal Democrats to reduce the pay bill for high earners in the public sector. Senior civil service pay in the Scottish Government will be frozen in 2010-11 and ministers have unilaterally taken a pay freeze on their ministerial salaries this year.

We have also written to the Prime Minister calling for a UK-wide review of the distinction awards system, which is an issue that members have raised in the chamber and in committee in recent weeks.

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** On the cabinet secretary's comments on distinction awards, he will be aware that the Scottish Government will introduce its new scheme, which is different from that in England and Wales, on 1 April 2010. Will he consider freezing the introduction of the new Scottish scheme in the light of the representations that he has made to the UK Government?

**John Swinney:** As I said, the Government has made a call for a review of the UK-wide distinction awards system, because it is by far the key issue that must be tackled to ensure that we have a distinction awards system that is appropriate and which does not put the Scottish health service at a disadvantage.

Beyond cuts in central spending, each portfolio is bearing down on its resource budget in ways that do not impact on the Government's priorities and front-line services. Our efficient Government programme will deliver another £1.6 billion in 2010-11, which will be recycled to support front-line public services.

On capital, there has been an intense debate about the proposal in our budget plans to cancel the Glasgow airport rail link. I remind members again of the stark realities that we face, which have guided our thinking on this difficult issue. The Chancellor of the Exchequer's pre-budget report in December made explicit the scale of future reductions in capital expenditure across the United Kingdom. UK Government net investment is scheduled to fall from £49.5 billion, or 3.5 per cent of GDP this financial year, to £22 billion, or 1.3 per

cent, in 2013-14. The implication for departments' capital budgets is an average projected cut of 11.9 per cent a year in real terms up to 2012-13.

The implications for Scottish capital spending are obvious, so we must act responsibly and decisively to put the budget on a sustainable footing in the medium term. Our proposal to cancel—however reluctantly—the branch-line element of the Glasgow airport rail link project, while protecting a range of other hugely significant infrastructure projects in the west of Scotland, is part of that strategy. As I noted when we last debated the issue, we must have a rational understanding across Parliament of the financial realities that we face as we work to finalise the budget. I hope that colleagues will consider that point in the discussions that we will have in the coming weeks.

The budget reflects the economic and financial challenges that we face, while maintaining delivery of the Scottish Government's core policy commitments and meeting the needs of the people of Scotland. I make clear today my willingness to agree on and discuss with colleagues from across the political spectrum the issues that arise from the general principles of the Budget (Scotland) (No 4) Bill, if those principles are agreed to by members today, and to put in place the financial measures that are necessary to deliver the public services and the economic recovery that is required in Scotland.

I move,

That the Parliament agrees to the general principles of the Budget (Scotland) (No.4) Bill.

**The Presiding Officer:** I call on Andy Kerr to open on behalf of the Scottish Labour Party. You have 11 minutes, Mr Kerr.

14:48

**Andy Kerr (East Kilbride) (Lab):** First, I welcome the cabinet secretary's comments about working together. I strongly believe that that is the way forward. We all share the desire to deliver the best possible budget for Scotland. However, there is no exclusivity of wisdom on the Government side of the chamber on how the budget should be made up. Of course, that is why we have sought to discuss with the cabinet secretary a number of key issues over recent times. I also welcome the cabinet secretary's reassurance about further discussions. I believe strongly that there is an opportunity for us to agree on key issues, including the Glasgow airport rail link—but more of that later.

As we embark on our stage 1 debate on the Scottish budget, it is easy to forget that the budget is, of course, increasing both in cash and in real terms. The response on that point to my colleague



Mr Whitton was to accuse him of being “in denial.” However, one need only look at detailed information from the Scottish Parliament information centre to see that the budget is, in fact, growing. I agree that it must be recognised that budget decisions will be much tougher in future years. However, for those who are listening or watching in order to understand the decisions that the cabinet secretary is making today, I point out that he has at his disposal £943 million more than he had last year. It is right to address the longer-term issues, but it is also right to acknowledge the resources that he has available to him.

Our concern, which Labour has highlighted since the draft budget was first published, is that the budget is not designed to address either the global economic environment in which we now live or the outcome of the recession. As we progress through that recession, the budget needs to address how Scotland's economy can best respond to positive economic changes, which we are beginning to see happening. Instead, the budget will deliver the vanity projects that give us most cause for concern, by delivering a referendum and by continuing to invest in the Scottish Futures Trust, which has yet to deliver. In this time of economic crisis, the budget will cut spending on enterprise, tourism, building homes and regeneration.

I remind everyone in the chamber and elsewhere that it is somewhat galling to hear the cabinet secretary's words about cuts and restrictions to budgets, given that the Administration of which I was a member left £1.5 billion in reserves. His Government has squandered every penny of that resource. Its actions on the spending of reserves and end-year flexibility are simply irresponsible ways of managing the Scottish budget.

**Brian Adam (Aberdeen North) (SNP):** Will the member give way?

**Andy Kerr:** In a second.

Those reserves were deliberately set aside to support long-term infrastructure projects, to ensure continuity over investment cycles and to ensure that, when tough times came, we had the financial wherewithal to address them.

**Brian Adam:** Given that Mr Kerr makes a virtue of the fact that he and his Administration left in London £1.5 billion that was not spent to Scotland's advantage, is he suggesting that this budget ought to set aside a similar amount of money for contingencies?

**Andy Kerr:** Of course I am not, given the current economic climate. I am saying that we need to use the resources that we have available to invest in our economy.

As the capital budget will prove when we get to see it—which I hope will be in the near future—capital projects stray over the life cycle of investment. Such projects change because of planning and other matters, including bidding processes. There should be availability within the scheduling of our capital projects to ensure that projects can be delivered. What we sought and continue to seek—

**John Swinney:** Will the member give way?

**Andy Kerr:** I will give way in just a second.

We want, as do the Parliament's committees, to discuss with the Government a budget that reflects the Government's priorities. If the Government's number 1 priority is to grow the economy, why is it cutting the budgets that relate to the economy? Most of the Parliament's committees have recognised that the Government's number 1 priority is not reflected in the budget.

**John Swinney:** On the use of end-year flexibility, does Mr Kerr recognise that, in the Government's financial plans over the past two financial years, we have had access to end-year flexibility that, with consent from the Treasury, has been planned to deliver within the agreed financial limits within which we operate? Does he recognise that any future arrangement must be undertaken in a similar environment?

**Andy Kerr:** Of course I do. However, the point is that the Government had £1.5 billion at its disposal, which it has spent. In addition, its budget has grown year on year throughout the comprehensive spending review, including in the budget that we are discussing today. Despite that, cuts are currently happening out there in Scotland. Those cuts are the responsibility of the Scottish Government, not of the UK Government. The Scottish Government's budget has in fact grown by £943 million, which is almost £1 billion.

It appears to me and others that the global recession that we face has somehow passed by the attention of the Scottish Government, whose budget has not substantially changed in the light of tougher economic conditions. That is in stark contrast to the Labour Government of the UK, which has taken measures to address the global economic crisis. Our cut in VAT, our investment in public infrastructure, our continuing work in putting money back into the pockets of Scots in order to stimulate the economy, and the money that we invested in saving Scotland's banks, came at a cost, but those investments were made at the right time.

My fear is that the tartan Tory alliance in this Parliament will result in measures being taken that will act to the detriment of our economy, such as the cabinet secretary's decision on GARL. I want to ensure that we continue to discuss matters of

common interest and that—even at this stage of our discussions—we reach agreement on the challenging issues that we will face in future budgets. However, we need to recognise that the capital plan that was set out for investment in GARL made a requirement for money in the previous budget and in the budget that we are discussing today. That money should still be used for GARL.

Let us reflect on the fact that the cabinet secretary, rather than anyone else, brought an end to the GARL project. He did not ask the Scottish Futures Trust—his Government's centre for infrastructure excellence—to address how we fund GARL. He did not investigate the proposition of using Network Rail regulatory asset base funding. There are many measures available to us, but in the face of a dilemma, the Scottish Government has cornered itself by turning its back on the many financial mechanisms that could and should have created the space for the GARL project.

As we embark on stage 1 of the budget process, I appeal to the cabinet secretary to continue to hold discussions about how we can ensure that the budget addresses the key economic conditions that we face. I urge the cabinet secretary and his colleagues to reflect on the fact that it is utter arrogance to assume that every pound and every penny of proposed expenditure in their budget is correct and cannot be criticised, and that that money could not be spent elsewhere to the betterment of the Scottish economy and the Scottish people. It is our job as members of the Opposition to highlight the opportunities that are available to the Government.

**John Swinney:** I do not think that Mr Kerr could have been listening to the opening paragraphs of my speech, in which I made it clear that the Government remains open to holding constructive dialogue with other parties about the priorities that we pursue. However, we must recognise that that dialogue must take place in the context of a sustainable financial framework. That is the only rule that I apply to that discussion.

**Andy Kerr:** As I have pointed out to you, there are plenty of opportunities for us to have meaningful discussions about how to deliver the GARL project, which we should remember is not a project for Labour or for Glasgow—it is a project for Scotland, as the First Minister himself said. It was supported by all parties in the Parliament and by the Minister for Transport, Infrastructure and Climate Change. The Government's decision was taken in isolation from all the other partners. It was not a decision that said that the project could not go ahead; it was a decision to remove the money that had been designated for it. That is why there have been headlines in the *Evening Times*, *The*

*Herald* and other papers that reflect a failure to understand the rationale behind that decision.

I repeat that we are willing to work responsibly on the matter. The SNP has removed funding for the project and the cabinet secretary has not deployed the resources of the SFT—the centre of excellence that he so often talks about—that are at his disposal to ensure that the project goes ahead. He has not entertained the idea of using the Network Rail RAB mechanism. Capital projects slip and slide over the years because of many factors. The amounts of capital that we are talking about and which would be required to make the project a reality are minuscule.

The GARL project is not the only issue on which we wish to continue our discussions with the cabinet secretary, but I repeat that a great deal of support for it exists around Scotland. Is it the case that the cabinet secretary and his colleagues have got it right, and that the Confederation of British Industry, the Institute of Directors, the Federation of Small Businesses, the Scottish Chambers of Commerce, local authorities throughout Scotland and other bodies have all got it wrong? They think that the project is feasible; the only people who think that it cannot be done are the members of the Government.

As the cabinet secretary knows from our discussions, we merely seek a solution to the problem that will allow us to support the budget so that it can continue through the parliamentary process to a successful conclusion. That is the criterion on which we seek to continue our discussions. I have raised other issues on which we are having meaningful discussions, but the GARL project is a weather vane. Proceeding with it would be a key sign of the Scottish Government's commitment to growing our economy and securing jobs, homes and skills for the Scottish people. On that basis, it is with great sadness that I say to the cabinet secretary that, at this moment in time, Labour is unwilling to support his budget.

**The Presiding Officer:** I did not wish to interrupt Mr Kerr in the middle of his speech, but I would appreciate members' not referring to one another directly but speaking through the chair.

14:58

**Derek Brownlee (South of Scotland) (Con):** If Andy Kerr is sad that he cannot support the budget, I am very sad that this year, as it was last year, the budget is under the shadow of Labour's recession, which is the longest and deepest since records began. We all know that repaying the enormous debt that the UK Labour Government has run up will place a burden on Scotland and the rest of the UK for many years to come. The

Scottish Government's budget will be just one such casualty.

Last week, Mr Kerr issued a rousing press release that promised:

"Labour will fight SNP-Tory cuts".

Unless he was conceding that Labour will lose the general election, a more accurate heading would have been, "Labour will fight Labour cuts."

**Andy Kerr:** The Tories have been the handmaidens of SNP budgets in previous years. That is why I referred to SNP-Tory cuts. The Tories support the Government in every action that it takes.

**Derek Brownlee:** That is a bit rich from a party that abstained in the budget vote in year 1 of the SNP Government and voted for the budget last year.

Last week, Andy Kerr issued a vicious press release. Only yesterday, I picked up the *Financial Times* and saw an article headed "Darling sharpens axe", which said that UK ministers had been ordered

"to start work on the most swingeing public spending review in a generation, as officials acknowledged that some departments could see cuts of about 16 per cent over three years."

Even yesterday, after the *Financial Times* had made it clear that Mr Darling would not deny the figure of 17 per cent, Andy Kerr was issuing a press release that condemned the Scottish Government for planning "massive cuts".

The Scottish Government has done no such thing. It has yet to convince us that it is planning in any meaningful way for cuts beyond those that are set out in the budget. As we have just heard, the Labour Party has opposed every single one of the cuts that the Scottish Government has proposed, including the Glasgow airport rail link. Even the Labour Chancellor of the Exchequer is talking about cuts, but all we hear from Labour members is a long list of spending demands. Labour's local government spokesman, Michael McMahon, wants £270 million for local authorities, and Cathy Jamieson wants £260 million for housing. Even someone who aspires to be a member of the House of Commons must consider that to be a lot of money. Labour council leader Steven Purcell wants the Glasgow airport rail link to be reinstated at a cost of £176 million, and Iain Gray wants money for new teachers. Perhaps they could be recruited to teach basic arithmetic to that Opposition party.

**Charlie Gordon (Glasgow Cathcart) (Lab):** I do not think that Councillor Purcell wants £170 million to be spent next year on GARL; rather, I think that we are talking about £62.6 million. If that is too rich for Mr Brownlee's

taste, how about £11 million next year if we get Network Rail to do the project, and for another 29 years thereafter? That is being done with other rail projects, so why not with GARL? How about £11 million extra for the Glasgow airport rail link?

**Derek Brownlee:** I recall that use of the regulated asset base was considered in committee. The basic problem is that every answer from the Labour Party to every spending public spending question is simply to borrow more money. *[Interruption.]* Perhaps that is why Hugh Henry said to the Public Audit Committee:

"we are trying to outbid one another in promising what we will do, although we know privately that much of it is not possible."—*[Official Report, Public Audit Committee, 18 November 2009; c 1307.]*

The chancellor's comments make it crystal clear that, whoever wins the election, spending on devolved services in Scotland will have to fall, because spending on debt interest and social security payments—before we even get to debt repayment—will reduce the amount of money that is available.

It is time for a reality check. It is all right for the Labour Party in Holyrood to ignore the reality of UK public finances, but it is, of course, another thing for the Scottish Government to do so. Responsibility comes with government. The Scottish Government's key responsibility is to plan to reduce spending with the minimum impact on public services.

I heard what Mr Swinney had to say today. His tone differed markedly from Mr Salmond's tone in the past. Mr Salmond needs to be clear that it is the responsibility of his Government to face up to the spending reductions. If he is not interested in taking on that burden of office, he can permanently leave Bute house behind and go off to the Maldives for as long as he wants.

**John Swinney:** I would be grateful if Mr Brownlee would acknowledge what I tried to say in my response to the intervention that he made. The Government has brought forward a set of proposals that address the coming reduction in planned spending. How can the Conservatives sustain the line that the Government is not facing up to the challenges? In his argument, Mr Brownlee has criticised the Labour Party for attacking every budget reduction that we have made.

**Derek Brownlee:** The point is that the First Minister has repeatedly said that the Scottish National Party will stop the cuts. We have a budget for 2010-11, and we know that every time we have made a saving proposal, the Government has said no. We know that the Government has no interest in producing, even in broad terms, an idea

of the shape of where future spending reductions will come.

Last year, we suggested that an independent external group be appointed to identify the scope for future savings and to highlight the options for reducing spending. That is what the Irish Government did, albeit with a different remit. If the Scottish Government—whose ministers regularly fall over themselves to heap praise on Ireland—were to consider that example, it would see that there is virtue in establishing a review whose remit is different from that in Ireland: that is, to identify options to reduce spending in the future with the minimum impact on front-line services.

One of the ironies of politics today is the fact that the Scottish Government is spending money on a national conversation about independence when what we need is a national debate about spending priorities not just for this year, but for many years to come. We must change the culture in the Government and across the public sector to deliver more with less. We need greater transparency on how money is spent—online publication of the details of Government spending would be a powerful force for spending restraint. We must end the culture in which we reward people in the public sector for how much they spend and how many staff they employ, and we must create instead a culture in which everyone has an incentive to deliver more for less.

**Jeremy Purvis:** I think that Mr Brownlee is alluding to the Conservatives' pay policy. Can he confirm that the pay freeze for those who receive pay of more than £18,000 would apply to Army personnel and the police in Scotland?

**Derek Brownlee:** We have made it clear that, in delivering more for less, the incentives that we are talking about are separate from the pay freeze from 2011-12, which would apply to everyone in public service who earns more than £18,000, including MSPs.

The key is that we must all focus on the challenges that lie ahead of us. We are prepared to support the budget today, but we will support it at stage 3 only if we are convinced that the Government is going to face up to its responsibilities not just in relation to this year's budget, but in relation to future budgets, and that it will face up to the reality of growing the economy.

15:06

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** For the purposes of the *Official Report*, I note that the answer that Derek Brownlee gave to my intervention was that, yes, the freeze would apply to all army personnel and police in Scotland.

This is the Scottish Government's third budget, and all the spending choices are its own. It is a result of its own thinking and highlights its priorities and the areas to which it is directing resource. For example, the SNP reducing the budgets for the enterprise networks during a recession is a result of its thinking and reflects its priorities. Those might be perverse priorities in a recession; nevertheless, they are the SNP's own. They should be viewed against an economic background that is, as the cabinet secretary said, extremely serious. People in Scotland continue to lose their jobs. Just before Christmas, flyglobespan went down with the loss of 550 jobs. Today, at lunch time, 136 people in my constituency were made redundant from jobs in the textile sector. On a per capita basis, that is the equivalent of a company in greater Glasgow losing 2,000 staff. The matter was raised by Tavish Scott at First Minister's question time last week and continues to be the focus of why we think that this Scottish budget should be a better one for the economy.

Today's GDP figures and employment statistics overall are stark. In December, the cabinet secretary criticised me when I intervened during his speech in the pre-budget report debate to point to the fact that Scotland was the only part of the UK in which the claimant rate for those registering at Jobcentre Plus was going up. He criticised me for saying that and argued that, overall, the picture in Scotland was much better than in anywhere else in the United Kingdom. The figures today, regrettably, show that that is not the case. The claimant rate continues to go up. The GDP figures for the past four quarters also show a worrying widening of the gap in GDP compared with those for the preceding four quarters. When the figures are released, if they are negative the Government says that they are broadly in line with those for the rest of the UK; if they are slightly better, the Government says that that is a direct result of SNP action. The Government cannot have it both ways. It might be better—and a bit more honest—to state the facts as they are.

The facts speak for themselves in relation to how the budget should be improved.

**Margo MacDonald:** Will the member take an intervention?

**Jeremy Purvis:** Before SNP members start to heckle, I acknowledge that the Government is increasingly accepting the case that the pay of the highest paid in the public sector is not sustainable. Information that we published—which has not been queried—resulting from freedom of information requests across the public sector shows that the total pay bill for those who earn more than £100,000 is £413 million and that the equivalent figure for those who earn more than

£80,000 is £651 million. That represents less than 1 per cent of the overall public sector workforce. I am sure that some of those posts are within the remit of the ministerial responsibilities of Mr Ewing, who has constantly commented, from a sedentary position, on every speech that has been made in the debate today. I am sure that, when he gets to his feet, he will make suitable comments about the sustainability of the pay of the highest paid people who come within his remit.

People simply cannot understand how, in the national health service, the highest earners are able to nominate themselves for lifetime bonuses that are worth £75,000 on top of their salaries. A new scheme is due to be introduced by the Scottish Government this April. It will provide health boards with the discretion to create two new bonuses without ministerial approval. One is for £28,000 for life, on top of the person's salary; the other is for £30,000. When I asked the cabinet secretary today whether any consideration was being given to halting that process, he did not take the opportunity of responding positively. However, I hope that there will be movement on the issue in further discussions.

With regard to movement on big salaries, we are arguing for a specific purpose. We want practical measures, with support for the business community and young people in particular. Freeing up resource from those who can most afford it in the public sector in Scotland means that the public sector can also focus on giving opportunities to those who need them most, which includes, at the moment, businesses that are struggling to access finance and young people who are being turned away by colleges from opportunities for training. We know, from research that Liberal Democrats have done—which again has not been queried—that up to six times as many applicants are being turned away by Scotland's colleges than was the case two years ago. There is a real prospect that a generation of young people in Scotland will be left behind as a result of this recession. The worry is that, even if the indicators for GDP growth and business activity start to turn the trend, they will leave behind a generation of young people—they are currently aged between 16 and 25—who will still be the furthest away from the labour market. That is where a focus on freeing up resource from those who can most afford it can have the biggest impact.

**Margo MacDonald:** Structurally, should the blame for that lag lie with a Westminster Government and the strength of the British economy, or with the make-up job that any Scottish Government has to do, without the correct tools of management?

**Jeremy Purvis:** I do not think that there is any doubt about the Liberal Democrats' position on the

banking reforms that are necessary to enable us to focus on exactly who is responsible for the situation that we are in.

On the issue of the sustainability of our services in Scotland, Margo MacDonald is fully aware that the budget is for more than £30 billion, which is more than any other Government in Scotland has had at its disposal. Of course, we face the prospect of what will happen over the next five years, and we are justified in our attempts to delivery sustainability with regard to the salaries of the highest paid people in our public sector—who, let us not forget, earn more than four times the average salary in Scotland.

We are encouraged that the Government has recognised that as an area that should be focused on and has responded positively, so far. However, that focus is not enough when it comes to what needs to be done to free up the resource.

Scottish manufacturing and construction have been given no solace by the figures that have been presented today, as the gap between them and other sectors in the rest of Britain and Scotland is growing even wider. In the textile sector, and in others, we are confident that Scotland can have a positive future, with a growing economy. However, the support of the Government is needed, and that is so far lacking in the budget. The Government must take practical steps. By focusing on those in the public sector who can most afford it, we can change this draft budget into a much better budget in a fortnight's time.

15:13

**Joe FitzPatrick (Dundee West) (SNP):** This budget has a lot to deliver. There is £814 million less to spend than was expected but we must continue to support families and stimulate business to ensure that we emerge strongly from the recession. We are hampered in our efforts by our lack of power to borrow and by the fact that the calls from this chamber—which sometimes came from parties across the chamber—for further accelerated capital were ignored by the Chancellor of the Exchequer.

The task at hand would be hard enough for a Government with a majority. However, as everyone is acutely aware, with a minority Government, it is imperative for both the Government and Opposition parties to engage constructively in the budget process.

That was acknowledged by Andy Kerr in last year's budget debate, when he stated that it was

"our"—

his party's—

“responsibility and that of the Parliament to engage positively and constructively”—[*Official Report*, 4 February 2009; c 14654.]

in the budget process. That was particularly welcome, coming, as it did, when we had just witnessed for the first time a budget being voted down. We must ensure that we avoid any repeat of last year, when the public's patience with this chamber was sorely tested.

I am pleased that most parties in the chamber have, on the whole, engaged extremely constructively in this year's budget process. However, I was disappointed to hear the same dogma from Andy Kerr about money for GARL without saying where the Labour Party would find it. Perhaps it would come from the winter roads maintenance budget, as the Labour Party suggested in 2007-08.

**Andy Kerr:** I do not know whether the member heard what I said to the cabinet secretary, which is that resources are available in his capital budget, through public-private partnership funding, through Network Rail's regulated asset base and through other mechanisms that I am sure could attract resources to support the GARL project. It is the SNP Government that has cut off all avenues to other resources that could have funded the project. If it had not spent £1.5 billion of end-year flexibility, perhaps it could have funded GARL in that way. [*Interruption.*]

**Joe FitzPatrick:** As I think someone commented from the back, where is Andy Kerr's amendment? On the one hand, the leader of the Labour Party on the west coast, Steven Purcell, argues for more money for GARL. On the other, the leader of the Labour Party on the east coast, Iain Gray, yesterday called in *The Courier* for extra resources for Tayside. Andy Kerr cannot explain where the Labour Party expects to get those extra resources from, particularly when we are facing an £814 million reduction in the budget that the Parliament expected.

It was only a year ago that Labour was vilified by the public for playing politics with people's livelihoods by obstructing the budget, but the party appears to have learned no lessons. We now find ourselves in a similar position to the one we were in last year, with the Labour Party still threatening to oppose a budget that it is unable or unwilling to challenge even one penny of. That is not the stuff of constructive opposition under any circumstances, let alone as we try to recover from a recession. We heard from Jeremy Purvis how the recession is impacting on real people out there in the real world.

Labour's tacit consent throughout the committee stage appears to have been forgotten—much like Andy Kerr's promise to engage constructively last

year—and again families and businesses throughout Scotland could suffer as a result.

It would, of course, be great if we had additional money. However, as Westminster has made clear, spending is being cut, and we are limited by the current devolved settlement. As Margo MacDonald alluded to, the lack of full fiscal powers leaves us fighting with one arm tied behind our back. Labour Party members must accept that they are members of the party that is imposing these cuts—a party that places more importance on weapons of mass destruction than on avoiding cuts to front-line services.

I will now address what is in the budget. It is a budget that will support our schools and hospitals and help businesses and families through the recession. Measures such as the continuation of the council tax freeze and the small business bonus will continue to support families and businesses through the recession. I am particularly pleased that this year, for the first time, not only will the council tax be frozen but people's water rates will also be frozen so that folk know exactly what they will have to pay next year. I encourage every council in Scotland to use the resources that have been made available by the cabinet secretary to freeze their council tax—that is what the people of Scotland expect.

There is an increase in the front-line education budget and a 2.7 per cent increase for health, including an extra £16 million for NHS Tayside. There is funding for local government to support the business gateway and funds to support students through the recession. The budget also commits an extra £10 million for renewables projects, and there is an increase of £3 million in the international development budget.

This year, the public finances face major challenges, but the majority of members of the Parliament have been constructive in their approach to shaping the budget. As we move on in the next two weeks, there is still time for further debate. I understand that both the Conservative party and the Liberal party have not yet said they will support the budget at stage 3 and that they still have more i's to dot and more t's to cross, but at least they are coming forward with suggestions and proposals. The Labour Party is simply carping with a shopping list that does not accept the fiscal reality.

The people of Scotland expect members in the chamber to pull together to get the best budget—they expect nothing less of their politicians. Given the difficult circumstances, the Scottish Government and John Swinney have done the best job that they could in bringing forward this budget. They have taken difficult decisions to protect front-line services and sustain jobs. We must work collectively to agree a Scottish budget

for next year that meets the needs of the people of Scotland. It is not too late for the Labour Party to join the rest of us in the chamber in taking a constructive approach.

15:19

**Ms Wendy Alexander (Paisley North) (Lab):** I want to make a different sort of speech today—one that appeals to all members in the chamber, including the Government. It is deliberately not a partisan speech but one about the powers of the Parliament and our willingness to exercise the powers that it was intended that we should have. I will draw on new information that entered the public domain only in the past week and of which I became aware only in the early hours of this morning.

The issue that is at stake is whether the Parliament has the power to shape all of the budget or just part of it. Do we have the power to change both revenue spending and capital plans or simply the power to change revenue spending? In 10 years, the Parliament has never once sought to change the capital plans of the Government of the day. By never changing capital plans, the Parliament is tying its hands behind its back, because capital spending is what determines the strategic direction of any organisation, be it a Government or a company. Board members of any company know that their real power is in the choices that they make around capital spending, not around revenue, which is largely fixed. Yet our processes make it practically impossible for the Parliament to move money between capital projects, to speed up one project or to slow down another. That is because the Government refuses to publish annual planned spending figures by project. From one year to the next, the budget does not tell us whether there is any slippage or delay.

**Brian Adam (Aberdeen North) (SNP):** Given that the member wishes to engage in a debate on capital spending, how does her suggestion fit in with the significant diminution of capital in UK terms? In the next five years or so, it will diminish by 15 per cent. How does that fit in with making real choices?

**Ms Alexander:** It is precisely in that context that the Parliament's changing capital expenditure becomes so important.

In fairness, the Parliament has never pushed hard for the information that would allow it to change a capital decision because no Government has ever used the budget to cancel a big capital project—that has simply never happened before. The GARL example was the first time that a capital project that had been approved by the Parliament was killed off in a budget.

I want to be fair to the cabinet secretary. He had the opportunity to change the GARL project to make it less costly, to change the financing structure, or to slow down the project. He chose, as was his right, to do none of those things. What we have the right to do, and what he has challenged us to do, is to find the money. Could the cash be found somewhere else from delays in other projects? Despite the unanimous pleas of the Finance Committee, the Government refuses to tell us the year-to-year spend on capital projects, but there is another route to get at the information. Last week, the permanent secretary presented to the Public Audit Committee the document that I am holding up, which reveals changes since the summer in the timing of capital projects.

Since September, when the budget was published, the Southern general hospital project, which is valued at £842 million, has been pushed back from 2014 to 2016; the Borders railway, which is a £300 million project, has been pushed back from 2013 to 2014; the national arena for the Commonwealth games, which is a £124 million project, has been pushed back from 2011 to 2012; and the Gartcosh campus has been pushed back from 2012 to 2013. The value of just those four projects is £1,200 million of capital expenditure, and the permanent secretary says that there was slippage in them between July and September. The point is that none of us knows how much headroom has been created by the slippage in those projects, which are worth more than £1,200 million.

The Government rightly said that the money that would need to be found for GARL is £60 million next year. That is about 0.5 per cent of the total value of the projects that we know have slipped just since September.

The big picture is this: members, wherever they stand on GARL, should in principle have the right to know whether capital spending is on target, what amount will be spent on each project this year, next year and the year after and whether any of those projects have slipped, to ensure that moneys can be moved between them.

At the moment, the Scottish Government is withholding that information. However, by the back-door route of pressure from Audit Scotland to release it, we now know that four of the very largest capital projects have slipped since the decision was taken in September. If the Scottish Government wants the Parliament to exercise the powers that were vested in it to control both capital and revenue spending, it should think again over the next two weeks, provide information about the slippage in capital spend since the autumn and let the Parliament influence not just revenue but capital spending.

15:25

**David McLetchie (Edinburgh Pentlands) (Con):** Earlier this week, I and other Edinburgh MSPs attended one of the City of Edinburgh Council's regular parliamentary briefing sessions for local members, which were initiated by the council's previous Labour administration and have been continued by its successor Liberal Democrat-SNP administration. It is fair to say that we all find the sessions very helpful in providing information about the council's policies and the background to its decisions.

A major item on the agenda for this week's meeting was the council's budget for 2010 to 2013. It was indeed alarming to learn that senior officials have identified a revenue funding gap of around £90 million that will have to be met over the next three years. We were informed about the pressures on that revenue budget, including increased demand for services, public sector pay, single status and equal pay claims and the Scottish Government's insistent if now modified requirement to reduce class sizes. I was intrigued to learn that by its no longer being obliged under the historic concordat to provide universal free school meals—a welcome if long overdue U-turn by the SNP Government—the council will save £1.6 million. It was also interesting to discover that the revised commitment to reduce class sizes is actually to be met by the expedient of increasing class sizes by putting two teachers into a big classroom of 36 children and calling it team teaching. I wonder how many parents who voted SNP realised that, in SNPSpeak, smaller classes actually meant bigger classes.

Those specific issues apart, what I found most instructive in the briefing was the sense that the council is quite properly looking ahead three or four years. In identifying the political decisions and choices that its councillors will have to make next month, its officials assume that there will be a grant reduction of 4 per cent per annum between 2011-12 and 2013-14, which is in line with the projection in the report by the Centre for Public Policy for Regions. The exercise was quite rightly considered to be a prudent thing to do, and I have no doubt that other councils and other public bodies and organisations throughout Scotland whose activities are largely financed by Government grants will be conducting similar exercises. In short, those public bodies and organisations are facing up to financial realities.

Unfortunately, the same cannot be said of Her Majesty's Government and, in many respects, the Scottish Government, which are far too busy playing political games. Instead of giving a lead, they are actually lagging behind. For example, it is all very well for the Chancellor of the Exchequer to say that he will halve the deficit in four years and

pass an act of Parliament to that effect, but that kind of talk is cheap and means nothing unless action is taken. Indeed, the chancellor's first action, which was to increase the projected deficit for 2010-11 from £175 billion to £178 billion, hardly inspires confidence in the markets or lenders that are keeping the country afloat that the Government will take corrective action in the future. That is why it is absolutely right for George Osborne and the Conservatives to say that, should we win the election, there will be an emergency budget. We will do what Labour is afraid to do and take immediate action to reduce in-year spending and start to bring the deficit down.

It is perfectly understandable why Gordon Brown, the man who ruined Britain's public finances, is ashamed to admit the error of his past ways. The SNP Government in Scotland should not, of course, be so inhibited. However, when asked on a weekly basis by the Conservatives what it will do in this budget and during the next three to four years to deal with the inevitable public spending squeeze, it refuses to take responsibility and instead prefers to pretend that independence is a panacea. Fostering such illusions is apparently easier than acting responsibly. It is a classic case of Alex in Wonderland.

**Margo MacDonald:** Is there no alternative to the gap that remains between economic prospects and growth in Scotland and those in the rest of the UK?

**David McLetchie:** I very much hope that policies will modify that gap and bring us far closer together.

The Alex in Wonderland economics to which I was referring are no better exemplified than by the SNP's determination to proceed with the abolition of prescription charges for those who can well afford to pay, at a cost to the national health service of £40 million a year—money that would be far better spent on other NHS services and priorities. As Derek Brownlee said, we need to take a leaf from the Irish book and establish an independent commission now to review the totality of public spending on devolved services during the next few years, and then bring to the Parliament recommendations on how economies might be made to help to frame the choices that we face as politicians. I hope that the Scottish Government will take up that sensible suggestion.

15:32

**Linda Fabiani (Central Scotland) (SNP):** Right after assuming office in 2007, the Cabinet Secretary for Finance and Sustainable Growth was faced with the tightest spending settlement under devolution. Then, of course, the UK



economy collapsed, and now we face painful cuts in the stipend from London.

Despite that, John Swinney created the conditions in which the council tax has been frozen, business rates have been cut, prescription charges have been driven down, 1,000 extra police officers have been recruited, the graduate endowment tuition fee has been abolished, and £1.6 billion has been invested in housing. The cabinet secretary promised £1.6 billion over three years for housing, and that is what we got. When the ill winds of recession blew north from London, it was John Swinney who argued that we needed an acceleration of capital spending to keep the worst of the wolves from Scotland's door, and he got it. That is why housing spend was higher in the previous budget than it is in this one. The Scottish Government was protecting Scottish jobs by accelerating spend.

If Mr Swinney had had his way, there would have been further acceleration of capital spend this year, with associated housing expenditure. Credit must be given to Iain Gray for backing the cabinet secretary's call to London. Sadly, it was to no avail: as we learned, the chancellor was less agreeable and the request was denied. In the run-up to the general election, the chancellor, Alistair Darling, is already warning of further massive cuts—as, of course, is George Osborne on behalf of the Conservative party.

Parties that compete to see whose cuts are the deepest are of no use to Scotland, and it does us no good to have a spat about who can best manage the decline of the UK economy. Scotland needs a vision for the future. It is not enough to demand uncoded changes to the budget, or to argue for one or two capital projects. This is a time to think beyond narrow political advantage. It is a time for political vision and courage. As the cuts begin to bite, there will be no option but to pass them on.

As a Parliament and politicians, we should also be thinking seriously about how changes to public spending will affect the economic and social outlook of our country. We must face reality and, like every family in this country that faces straitened circumstances in the recession, we have to make serious decisions about what we should spend our money on. We will be able to manage those eye-wateringly tight budgets in the future only if every party is realistic and argues its case while listening to the arguments of others.

Each and every one of us will have to be clear about which policy outcomes we consider to be in Scotland's interests and why. Policy should drive budgets, rather than budgets driving policy. The purpose and focus of our politics have to be about building a better future.

I believe that Scotland's best days are not behind us—I believe that they are ahead of us and that we should all work to make them happen. It is undeniable that there are challenges.

**Robert Brown (Glasgow) (LD):** Will the member clarify what policy imperative drove the cancellation of the Glasgow airport rail link, one of the top transport projects in Scotland?

**Linda Fabiani:** As has been said many times, the Parliament is open to debate and the cabinet secretary is open to discussion. No viable alternative to the budget has been brought forward by any party in the Parliament that believes that GARL should be reinstated. As I said, it is time to get beyond narrow political advantage and face reality.

**Jeremy Purvis:** Will the member take an intervention?

**Linda Fabiani:** No, thank you.

There are challenges to face. There have been massive increases in public spending in recent years, not least the billions of pounds to bail out the banks, but it has been on the credit card and it is debt that must be repaid by the UK Government. The deficits that the UK is running are truly astronomical. I find it interesting that they are caused by the same people who like to argue that Scotland could not survive as an independent country because we might have to run a small deficit from time to time.

**Andy Kerr:** Will the member give way?

**Linda Fabiani:** Certainly.

**Andy Kerr:** I was just waiting for a reference to the arc of prosperity and a nation such as Ireland, to which the SNP has ascribed great economic joy but which is suffering badly because of its exposure as a small country.

**Linda Fabiani:** I recommend that Andy Kerr looks at the latest Organisation for Economic Co-operation and Development reports and projects to find out what small countries in Europe are capable of.

As far as possible, the budget prepares Scotland to face the challenges ahead and sets the country on the road to recovery. It is not all that we would wish done nor all that should be done, but it is all that can be done within the limited power of a devolved Government. Full control of the levers of economic management would obviously be much more desirable and would afford Scotland the manoeuvrability and flexibility that a nation of 5 million should have. That would allow the Government to do much more to protect the country and set us on the road to recovery, as has happened in those small countries that Mr Kerr can read about in the OECD reports. Until we

have that control, we must all pull together for the good of the nation. An important step in that is to agree the budget.

15:37

**Malcolm Chisholm (Edinburgh North and Leith) (Lab):** One advantage of the budget process is that we can hear a great deal of evidence from a range of stakeholders and experts before we come to the chamber to debate the budget. I am sure that members have surveyed much of the evidence. The key message that comes through from a vast number of people who gave evidence is that the budget is deficient in supporting economic recovery. That is why Labour's key demand is that there should be movement in the economic area.

I could not list all the bodies that put forward that point of view, but they include the Centre for Public Policy for Regions, the Scottish Council for Development and Industry, the Scottish Trades Union Congress and many business organisations. The main areas that are cut in the budget are the capital and revenue areas that are most usually linked to economic development. Perhaps the most surprising point of all is that, although many budget lines contribute to economic activity, none of the budget lines that are directly related to economic development initiatives has risen compared to the 2010-11 plans that were set out in the draft budget for 2009-10. In other words, the budgets that were set more than a year ago have not been increased, despite all the difficult economic developments that have occurred in the past year. It would be difficult to find another Government in Europe that has not changed its budgets in response to the recession.

The Economy, Energy and Tourism Committee encapsulates the evidence in its conclusion, which is on page 44 of volume 2 of the Finance Committee report on the budget. It states:

"based on the near universal evidence we received from business organisations, trade associations, economic commentators and the trades unions, we do not believe that the budget proposed is the right one for the economic challenges ahead."

That was supported by the Labour, Liberal Democrat and Conservative members of the Economy, Energy and Tourism Committee. It is regrettable that the Conservative party has withdrawn from that analysis of the budget today.

**Joe FitzPatrick:** Will the member acknowledge that neither the Economy, Energy and Tourism Committee nor the Finance Committee proposed any amendments to improve the budget? These are difficult times and difficult decisions have been taken, but nobody in the Parliament has been able to offer costed alternatives to the budget.

**Malcolm Chisholm:** The most important speech in this debate will probably be that of Wendy Alexander, because it points a way forward for us in the next two weeks. When I say that Labour's key demand is some movement in the economic area, in practice that means in relation to capital spending.

GARL has been flagged up by colleagues, as it will be by others to come. I will speak briefly about housing, which I am sure Mary Mulligan will also address. Those are the two areas of capital spending in which we are particularly interested. Until we have a clear statement of the timing of capital expenditure, we cannot make proper decisions about it. If we get such a statement in the next two weeks, we will be able to make significant adjustments to the budget that will boost economic recovery. As is well known, housing is an excellent candidate for that because of the strong multiplier effect of housing developments and because, as we all know, it also has an important social impact on individuals and communities. The third reason is to do with timing, which is of the essence when we make decisions about capital expenditure. I am concerned that we should meet the internationally recognised and admired homelessness target for 2012, which is only two years away.

**John Swinney:** Where does Mr Chisholm believe the priority should be in any redirection of capital expenditure in the Government's programme? Is it to the Glasgow airport rail link, to housing or to both?

**Malcolm Chisholm:** We are putting both forward for consideration in the debate today. One of the Finance Committee's recommendations was that we should have a greater connection between outcomes and budget choices. We all want a certain outcome in relation to housing by 2012, so we must make choices about the overall allocation of expenditure and its distribution—if I can casually make my Edinburgh point—in order to achieve that objective.

The Government's other stated objective in the budget, apart from supporting areas that boost economic recovery, was to protect front-line services. Indeed, the cabinet secretary spoke today about investment in education being at the heart of the budget bill. In Edinburgh, to which I return briefly, a 2.5 per cent cut to the education budget is proposed for next year. The cabinet secretary does not have the mechanisms to protect front-line services and he needs to address that question. I am not asking a question about overall allocations to local government although, following what David McLetchie said, I point out that Edinburgh's revenue increase is 1.76 per cent for next year compared with the Scottish average of 2.9 per cent. Half of that 1.76 per cent increase

is for the council tax freeze, so we will have an increase of less than 1 per cent, which is why so many cuts are looming. As finances get tighter, it is even more important that the distribution is looked at as well as the overall amounts.

Supporting economic recovery and protecting front-line services are the right priorities for the budget. It is just unfortunate that the Government's actions do not follow its rhetoric.

15:43

**Robert Brown (Glasgow) (LD):** There is sometimes a phoney war feeling about a stage 1 budget debate. It is preceded by a bit of press furore and gossip in the corridors; there are behind-the-scenes discussions; and the cabinet secretary likes to appear calm, unruffled and confident of success. He gives out vague hints of concessions in this direction and that. The Tories are already signed up, which is all part of this parliamentary stage.

Out there in the real world, however, real people are hurting. People are losing their jobs—my colleague Jeremy Purvis mentioned Globespan and the textile industry. A substantial number of people in construction firms across the land have lost their jobs and teachers and other graduates are unable to get placed. Colleges are turning away many times more applicants than they did a couple of years ago, and school leavers are entering a market with the highest youth unemployment for many years.

Much of that pain has its origins in the banking crisis. To sort it, the world has had to invest capital at a level that, according to some estimates, could have banished poverty across the globe, yet we still have the chief executive of the Royal Bank of Scotland, whose institution has had the benefit of many billions of pounds of public funding, telling a House of Commons committee that he cannot reveal the extent to which the bank is still paying bonuses to its senior staff. There is, to say the least, substantial unfinished business there.

A central facet of the budget has to be getting a grip on the high salary bill for top-paid public sector employees in Scotland by cutting the pay bill at the top to free resources further down and to help to provide more opportunities for young unemployed people. I recommend that the Government re-examine its pet projects on the principle of separating out the desirable, such as free prescriptions or free school meals for those who can afford them, from the essential—the principle that the cabinet secretary claims to have used in cancelling the Glasgow airport rail link.

Following the members' business debate on GARL in November, I wrote to John Swinney to suggest an all-party, round-table discussion with

stakeholders to see how GARL could be taken forward—incidentally, I regard the project as essential, not just desirable. I have received no reply to my letter or to the similar plea that I made in the debate. When I asked the Government, under the Freedom of Information (Scotland) Act 2002, for the review information on GARL to which the minister referred in his speech, Transport Scotland had the nerve to claim that I was not specific enough. Truly, the age of secret documents and unaccountable decisions is alive and well under the SNP Government.

I am genuinely puzzled by the cabinet secretary's approach. He faces what he says is a funding challenge on a project that is described in national planning framework 2 as a key element that is of national and strategic importance to Scotland, which is listed as a priority ahead of the other railway projects that are currently being carried out and which has a positive cost benefit ratio under the Scottish transport appraisal guidance. Linda Fabiani talked earlier about policy driving budgets. The fact that GARL is being cancelled in the context of the budget means that the budget is driving policy. I genuinely fail to understand why a minister in any Government of any party is prepared to talk to no one about this important project—not to Glasgow City Council, not to Glasgow Chamber of Commerce, not to the trade unions, all of which support GARL, and I suspect not even, before the decision, to Stewart Stevenson, the Minister for Transport, Infrastructure and Climate Change, who was here earlier in support of the cabinet secretary.

I know that Mr Swinney has received the excellent report from Bill Forbes of thgRail, which analyses to devastating effect the implications of the cancellation of GARL and proposes what he describes as new GARL as the way forward. Mr Forbes identifies that the cancellation has thrown away the £25 million already spent on GARL and may threaten BAA's plan for a new public transport interchange as part of the airport station.

However, the Government remains committed to the Paisley line improvements at a cost of £170 million, with not a single new passenger planned as a source of revenue from that work. The main use—perhaps the only use—for the new capacity on the Paisley line is to improve services to Ayrshire, but £50 million is already being spent by Transport Scotland to extend station platforms in Ayrshire to take longer trains to tackle that problem. Glasgow Central station has got a bit cut off, as it were. It has lost its excellent pick-up and disabled access facility for platforms that are no longer essential. That is certainly not joined-up thinking by the Government.

Mr Forbes claims that a slight change of route and the redesign of a single bridge, with other

minor changes, could resolve the cost difficulties that are associated with the fuel farm, saving £70 million. Those proposals are at least worth examining publicly. He has a number of suggestions on funding too, some of which are more persuasive than others, which include the suggestion that GARL could be funded using RAB funding, which would be made possible by a slight delay to the original timetable of 2017 for the Edinburgh to Glasgow improvement programme at a total cost of £1 billion. Those knowledgeable suggestions should be closely considered. They meld well with the excellent and thoughtful contribution from Wendy Alexander.

I offer Mr Swinney a genuinely consensual way forward. Does he not agree that the thgRail report provides substantial new information and, more important, a reasonably solid strategy for what might be done to take GARL forward on a basis that meets his concerns? Will he establish a working group of key stakeholders to make urgent recommendations on how best to deliver GARL, recognising the earlier priority that the Government gave the project? Will he recommit the Government to the project, assuming that those proposals stack up reasonably? Incidentally, the project's cancellation loses 1,300 jobs and a spin-off of £300 million.

The Government has played hardball with the project, which is vital to our economy. After so many broken manifesto promises on other matters, it is time for the SNP Government to act as a Government for all the people and to move from easily forgotten promises of consensus and inclusion to something in the budget that is of significance for Scotland.

15:50

**Kenneth Gibson (Cunninghame North) (SNP):** I congratulate Mr Swinney on his constructive and positive budget speech, in what I am sure we all agree are extremely difficult and restrictive financial conditions. The cabinet secretary has burned the midnight oil for weeks trying to produce the best possible budget for Scotland.

I used the words "difficult" and "restrictive" for a good reason. Conditions are difficult not only because we are living through one of the worst financial crises since the great depression but because the UK Labour Government's policies have made producing a budget that ensures the economic and social prosperity of the people of Scotland an uphill struggle.

The Labour Party in Scotland continues to deny it, but the Scottish budget has been cut. It is simply infantile for Labour members to continue to say that the Scottish block grant has not been cut; not even their party in Westminster shares that

view. Despite all the bluster and posturing, I am pretty sure that most Labour MSPs are well aware of the situation.

Back in September, Professor Bell, who was the Finance Committee's adviser, made it clear in a report to all parliamentary conveners and deputy conveners that the UK has the highest fiscal debt as a share of GDP of any western economy—it is higher even than that of Iceland or Ireland. Of course, Norway has a huge fiscal surplus—oh, for a \$400 billion oil fund. The UK's interest payments on debt are among the highest in the world and 1 million jobs throughout these islands have been lost. Inflation is touching 3 per cent and the economy shrank by 5 per cent last year, which is more than the figure in Iceland—a very small country of only 250,000 people. On 12 December, Jim Murphy said that Iceland's economy had totally collapsed. What does that say about the United Kingdom?

Labour is not far off repeating 1976, when the International Monetary Fund had to bail out the UK economy. As with the Labour Government at Westminster then, Gordon Brown's Government will end in a financial crisis. In the next four years, UK debt is projected to increase by £578 billion to an astronomical £1,370 billion.

What do some of the cuts mean for Scotland? The chancellor has failed to provide Scotland with £350 million of accelerated capital for the next financial year. Despite Labour Party claims that the Scottish budget has increased, the chancellor's so-called efficiency savings mean that the figure is £500 million less than the Scottish Government was promised in the 2007 comprehensive spending review. That money had already been allocated. Independent figures from SPICe confirm that the result is a reduction of £814.4 million in the Scottish budget, which is the equivalent of 13,000 jobs.

Of course, we all know that worse is to come. As a written answer to me revealed just last week, from April 2011 the public sector in Scotland will pay millions of pounds to fund the chancellor's 1 per cent increase in employer's national insurance contributions. The estimated additional cost to the public sector in Scotland of that tax on jobs will be £36.3 million for the NHS, £57 million for local government, £10 million for police forces and fire brigades and £1 million for the Scottish Government. That will place an additional pressure on Scottish budgets from 2011-12 of an estimated £104.3 million in that year and subsequent years. For my area of Ayrshire, that will mean a cut of £6.3 million from front-line NHS and local authority services. That money will go straight to the Treasury; Labour politicians should argue for that money to be restored to Scotland.

We can add to that the fact that the UK Government plans to scrap attendance allowance and elements of housing benefit and disability living allowance, while hammering motorists with increased fuel duty at the pumps. Fuel in Scotland is the second cheapest in the European Union before tax is added, but after tax it becomes the most expensive. It is increasingly difficult to see what Labour is doing to benefit anyone in this country.

**Andy Kerr:** Like Ms Fabiani, Mr Gibson refers to the SNP's strategy of independence. Will he explain how an SNP Government in an independent Scotland would have dealt with the economic crisis and particularly with its effect on our banks in Scotland?

**Kenneth Gibson:** We have seen how Norway managed to deal with the economic crisis—it has a 9.6 per cent fiscal surplus, through having its oil fund. I say to Mr Kerr, who appears to be trying to make a career out of talking down Scotland, that we believe in the Scottish people's ability to run their own affairs. Information that came out on Monday, for example, showed that if Scotland had been an independent state during the past 10 years, its debt burden would be £33 billion less than its current share of the UK's debt burden. We have faith in the Scottish people.

On Wendy Alexander's point about whether we are arguing for more money for capital spending, the Scottish National Party wants all aspects of the Scottish economy to be under Scottish control.

Let us consider how the chancellor has wasted money. Some £100 billion has gone into Trident, £26 billion has been squandered on botched information technology projects and billions of pounds have been wasted on the Iraq war and the identity cards fiasco. Surely it would make much more sense if the chancellor looked closer to home when he made efficiency savings, instead of jeopardising the Scottish Government by slashing our budget.

Members want to talk about the GARL project, so let us talk about why the cut, which I do not think any member wanted, had to be made. A major issue with which the cabinet secretary had to cope was the impact of the £129 million cut in the capital allocation to the NHS, as a result of Barnett consequentials. We had to put that £129 million back into the NHS. Some of us think that money that is allocated to health boards the length and breadth of Scotland for capital projects is money better spent than money spent on GARL, which many experts think would have secured less of an economic boost than was prophesied.

The budget can deliver for Scotland in a recession as best as it can do, given the powers

that we have. I hope that all members will support it.

15:56

**Mary Mulligan (Linlithgow) (Lab):** I welcome the opportunity to take part in the debate and I support what Labour members have said.

I start by stating a fact. The SNP Government's revenue budget for 2010-11 will increase by £943 million in cash terms. It is clear that we are still coming out of recession and difficult decisions about spending will need to be made, but people in Scotland who have looked at the budget proposals can have little confidence that the SNP Government will make the correct choices.

There is a budget cut that is important to my constituency. I want to say how disappointed I am that the town centre regeneration fund will not be continued. The cabinet secretary, who is not in the chamber, visited Bathgate to see the work that is going on through the business improvement district to regenerate the town. I know that he was impressed. Regeneration sometimes needs a helping hand, and the town centre regeneration fund could provide help. We need only consider how heavily oversubscribed the fund was to understand how many towns throughout Scotland need support. The SNP budget has ignored another opportunity to support jobs.

As Andy Kerr and Malcolm Chisholm said, the SNP should be using the budget to invest in housing. It is often said that house building took us out of the recession of the 1990s, which might be true. Currently, house building is not happening. According to the Scottish Building Federation, firms remain pessimistic about the future. Even before the recession, the supply of housing in the public sector was not keeping up with demand, but the huge number of houses that were being built in the private sector was taking the edge off demand. That is not happening now; the private sector has collapsed.

It is estimated that 142,000 families are on council house waiting lists. Even if there is some double counting, we are talking about a lot of people. An increasing number of people are homeless, which, as Malcolm Chisholm said, is putting at risk the possibility of our meeting the internationally acclaimed 2012 homelessness target. The target was agreed to by all parties in the Parliament.

Let us consider the figures. The SNP budget proposes £471 million for the affordable housing investment programme for 2010-11, which is £204 million less than was committed in 2009-10. I know that that is a result of paying back capital that was brought forward, but is this the right time to be doing that? I also know that, as Linda

Fabiani pointed out, £1.65 billion has been allocated to housing over three years, as was stated in the spending review in 2007—but that is the point; the allocation was made in 2007, pre-recession. The SNP appears to be unable to change its spending plans to address the current situation.

**Linda Fabiani:** Does Mary Mulligan accept that, if the chancellor had allowed further acceleration of capital budgets, as requested across the Parliament, we might not have been in this position and might have been able to boost the housing market further?

**Mary Mulligan:** Earlier, Linda Fabiani mentioned that Iain Gray supported that bid. He did, but with an added clause: that the SNP must spend that money wisely. Unfortunately, it did not necessarily spend wisely the £120 million that it brought forward previously. Only a third of it went on providing new housing, so we can understand the response from Westminster.

What are the advantages of investing in housing, apart from the obvious one of providing a home? First, £650 million spent on housing would sustain 16,000 jobs in construction and supply industries. We could expect 5 per cent of those jobs to be apprenticeships—800 apprenticeships. For every £64 of public money spent by housing associations, £36 of private money is brought in.

As we know, the AHIP budget also supports work on improving housing. Many people live in housing that is not as good as it should be and, if we are to achieve the Scottish housing quality standard by the target date of 2015, we need to invest now. Such investment would also sustain jobs.

**Tricia Marwick (Central Fife) (SNP):** Will the member give way?

**Mary Mulligan:** Not at this moment.

I have frequently raised with ministers the need for investment in infrastructure to support housing developments. I have always had a sympathetic response but nothing concrete has happened. Will the cabinet secretary say whether there are plans to establish an infrastructure fund, as unanimously proposed by the Local Government and Communities Committee in response to the budget? Such a fund would stimulate public and private sector house building.

We have a demand for affordable houses, infrastructure and jobs, but we cannot see how the SNP budget responds to that.

**Tricia Marwick:** Will the member give way?

**Mary Mulligan:** I do not have time, I am afraid.

The cabinet secretary needs to show that he can be flexible to respond to changing financial

circumstances and that he can govern, not only administer. If, as the SNP plans, the housing budget decreases in 2010-11, fewer houses will be built and there will be fewer jobs in construction. How will the cabinet secretary respond to that?

16:02

**Patrick Harvie (Glasgow) (Green):** I was going to say that, despite regular, repeated and early attempts at constructive engagement with Mr Swinney over the budgets, I am the only member in the chamber who has never yet voted to approve an SNP budget, but I have just been joined by the other such member.

That leaves me wondering why it has been so hard to find agreement with the SNP Government on its budget. Perhaps it is because, although I can find individual policy issues in common with every other political party in the Parliament, my party has a radically different set of priorities. That shows itself in the number of members who have asked whether the budget is fit for the current economic circumstances. No one yet has asked whether it is a budget that could have been written before the passage of the Climate Change (Scotland) Act 2009.

It is absurd to argue that we can achieve the radical transformation towards a low-carbon economy without changing the way in which we spend money in the public sector. It is sad that repeated budgets—not only under the current Administration but under the previous one as well—have locked in future emissions, particularly in the transport sector, without even serving social justice aspirations.

As we have faced that situation, my party has sought to make urgent changes in every Scottish budget. We have achieved some changes: we have abolished aviation subsidies, supported the climate challenge fund, which funds schemes throughout Scotland, and achieved a limited increase in the small amount of support for public transport.

Last year, we wanted to move on from there and consider the transformation of our housing stock. There is an urgent need for low-carbon solutions. That is not only a public good but an urgent need. A lot of work has been done on domestic energy issues with fuel poverty as the principal policy driver. That must not end, but it must be built on. As WWF showed in its recent research, which was circulated to members, and as it restated in its briefing today, a universal, non-means-tested approach to that work will secure the greatest public benefit through efficiencies of scale, a higher uptake level and an end to the everlasting target-and-miss approach. In means-tested

targeting, we miss anything up to two thirds of those who are in fuel poverty. We must achieve rapid progress towards public policy goals and the continued use of carbon emissions reductions target money from the energy companies. In short, the greatest public good can be achieved from the public money being spent.

WWF has also argued for a radical increase in scale, with which we agree. The Scottish Government's figures back up that analysis of the scale of the challenge. We could not reach agreement with the Scottish Government last year on the issues of scale and methodology. We need to see clear indications of progress on both those issues from the cabinet secretary.

On the other side of the energy equation is electricity generation. Every MSP is aware of Scotland's potential in the marine energy sector. The Scottish Government was eventually willing to take a controversial decision on the vital Beaulieu to Denny line, but we must do more than that; it should be about energy, not pylons. I have repeatedly made the case that the companies that could be pioneers and world leaders in marine renewable energy in the decades to come must be offered support by Government. Such support was given previously, and it must be restored.

A representative of Aquamarine Power Ltd has argued that

"WATES2 funding would enable developers ... to leverage millions of pounds of private sector investment and put full-scale commercial devices in the water within the next few years ... Without public sector support, that future is much less certain."

Palamis Wave Power Ltd has argued that

"the current position which Scotland finds itself with regards to marine energy is one which can be lost to other nations who are also committed to securing the wider social and economic benefits of marine energy ... now is the time for Scotland to continue"

supporting the sector.

I hope that the whole chamber will welcome the cabinet secretary's statements on progress towards restoring support for the industry. We will, of course, push him to go further. The wave and tidal energy scheme made more money available than he suggested earlier, and it was recommended that it be increased. However, the cabinet secretary's announcement is a huge improvement on yet another press release on the saltire prize.

In the years to come, our difficulty in reaching agreement with the SNP Government will get worse, if continued support is given to ridiculous and unnecessary spending on projects such as the additional Forth road bridge. There are other, longer-term issues as well. The lessons of minority government are not being learned. Coalition

partnership agreements risked a lack of financial coherence; minority government compounds that risk. If we are not willing to reform the process, future Governments may come to regret that. In her speech, Wendy Alexander made similarly important points about the long term. I suspect that John Swinney could have made the same speech if he had been in the Opposition seats facing a Labour minority Administration—one day he might be, so he would do well to listen to this argument.

Again, I welcome the statement on increased investment for the marine energy sector. On home insulation, however, the cabinet secretary must indicate that, on scale and universality, there is scope in this year's budget to move matters on substantially from where we were a year ago.

16:08

**Shirley-Anne Somerville (Lothians) (SNP):** As the cabinet secretary and various other speakers have said, these are exceptionally difficult economic times. Labour and the Conservatives can argue, as they have done again today, about the cause of the recession, but the truth is that there is a world economic downturn, although the recession has been exacerbated by the mismanagement of the public finances at UK Government level.

Future budgets will be even harder to construct. With a general election looming, we remain under threat of an emergency budget or further public spending cuts in the future, which would have consequences for Scotland. However, we know already that, as Professor Bell stated in his report to the Finance Committee, 2010-11 is effectively a turning point, whereby Scotland will pass from a benign public spending environment to one that will be as tough as any experienced during the 1970s or 1980s.

None of that is news to the people and families up and down this country who have been affected by recession and unemployment. Our task is as nothing compared to that faced by struggling families who are attempting to perform their own household budget miracles in a time of rising unemployment. We must keep those families in mind as we go about setting the budget today.

On the other hand, it would be wrong to delude ourselves that this institution on its own has the powers to steer Scotland safely through the downturn. This Government—or this Parliament—is trying to fight a recession with one hand tied behind its back. To illustrate that point, I cite the example of accelerated capital expenditure. At this time last year, all parties agreed that such acceleration was vital and the Westminster Government's agreement to our proposal was

widely welcomed. Again this year, as the country makes some faltering steps towards recovery, accelerating capital expenditure is seen by anyone with any economic understanding as a necessary tool for pushing us towards growth. Therefore, I welcome the Labour Party's support for a repeat of that process as part of this year's budget. If accelerating capital expenditure was the correct thing to do last year as the country went into recession, it is most certainly the correct thing to do as we drag ourselves back out of that same recession. The Westminster Government's refusal to sanction such a reprofiling is a blow to recovery plans and a stark illustration of the constraints under which the cabinet secretary and the Scottish Government are currently required to work.

That refusal is a particular setback for the housing sector, given the Scottish Government's commitment to use the money to prioritise the building of additional social housing. Only yesterday, City of Edinburgh Council published a report showing that, over the past 10 years, the average house price in this city rose by a remarkable 129 per cent, while the average pay of a single full-time worker rose by only 50 per cent. Meanwhile, the council receives on average 139 bids for every council property that becomes available to rent. Although I very much welcome the funding that the Government has given to City of Edinburgh Council to begin council home building once again in this city, I can only wonder how many more families might be helped if accelerated capital expenditure were made available again this year.

Members are fully aware that the Scottish Government works to a fixed budget. Whether on social housing, the boiler scrappage scheme, the town centre regeneration fund or any other of the countless projects—including GARL—that Opposition members have mentioned during today's debate, we cannot spend money that we do not have. No one doubts that GARL is a desirable project, but committing to a non-essential project, the funding to complete which could not be guaranteed in forthcoming years, would be folly in the extreme.

The Opposition parties got it wrong on the Edinburgh trams. The decision was wrong at the time and, in hindsight, looks even worse now when the city is paying for the funding shortfall. The trams might have something to do with the problems that City of Edinburgh Council talked about at the briefing that David McLetchie attended on Monday.

**Derek Brownlee:** Does the member accept that, although the Parliament indeed voted for a motion not to cancel the trams project, the decision was non-binding? Does she accept that the decision to

go ahead with the trams was taken by the Government, of which she is a firm supporter?

**Shirley-Anne Somerville:** It does not surprise me whatsoever that Opposition members such as Derek Brownlee, who voted for the trams, should now try to excuse themselves from that decision. The voters of Edinburgh do not have a short memory.

Let us not make the same mistake again when starting a project whose budget predictions show that we will not be able to afford to complete it in future years without cutting other projects. We have still to hear from the Labour Party how it would pay for that funding shortfall. We should remember that Labour does not have a good track record on proposing cuts. We can only breathe a sigh of relief that its proposal to take £10 million from the winter roads budget was ignored.

**Mr Frank McAveety (Glasgow Shettleston) (Lab):** Will the member give way?

**Shirley-Anne Somerville:** I am sorry, but I have run out of time.

However, we have heard from others how GARL might be paid for. For example, CBI Scotland has suggested selling Scottish Water and Highlands and Islands Airports Ltd. Politics is all about choices and, given such a list of alternatives, I think that this Government has made the right choice.

Against a background of recession, turmoil in the UK public finances and the limited powers that are available to the Scottish Government, the cabinet secretary has no doubt faced a challenging year in putting the budget together. However, this budget builds on the Scottish Government's recovery plan and on the solid foundations that were laid by previous budgets. Given the tight financial settlement, the cabinet secretary has had to make difficult choices, but in doing so he has protected vital public services such as health and education. That will be welcomed by hard-pressed families across Edinburgh, Lothians and the rest of Scotland.

16:14

**Margo MacDonald (Lothians) (Ind):** These are unreal times. We meet to debate and vote on a budget that is not a budget, but which, structurally, legally and politically, is a Scottish Government spending programme that cannot be delivered as planned—the circumstances that will pertain following the Westminster election will see to that. The budget is Mr Swinney's wish list, which was written with the same honest, modest hope in his heart as guided his hand when he used to write to Santa. Our good and trusting finance minister



would be as well writing to the agony aunt of his choice—

**John Swinney:** Is that an offer?

**Margo MacDonald:** You write to me often, but I do not think of myself as being an agony aunt.

The spending promises that the minister makes will be amended as a direct consequence of decisions that will be made by a Government—which is most unlikely to be supported by Scots—that will have no choice other than to cut public spending to avoid economic disaster. If it does not do so, the UK's credit rating, along with the pound, will go through the floor. We know the story. Some of us—Mr Chisholm and I—are old enough to have been here before.

Given that we are shackled to the British economy—the strong economy of Great Britain—Mr Swinney can do little to soften the blow without our having the sovereign powers that are needed to allow us to customise a recovery programme that is suited to our needs, as other economies have done. Despite being smaller and less generously resourced than Scotland, some of those countries are now out of the recession in which we will remain mired for anything between five and 10 years, so it ill behoves any member of this Parliament to be nasty about little Iceland and the Icelanders, and to say that the First Minister is wrong to compare the success that Ireland enjoyed with the success that we in Scotland might enjoy if we could customise our own policies.

I am old enough to remember Ireland being used by the Labour Party to suggest that we should not have independence, because if we did so, we would end up as poor as the Irish. It is inevitable that we look to countries around us, whose people look very much like us and who have the same dreams and aspirations that we have, to find out how they managed to achieve more than we did. As Mr McLetchie admitted, we in Scotland must always anticipate there being an achievement gap between the Scottish economy and the economy of the rest of the UK.

I am not prepared to hide from the realities that are resulting in unemployment for the constituents whom Shirley-Anne Somerville and I represent, increasing numbers of whom are having to cope with the cuts in public spending. A very high percentage of the population of Edinburgh and its travel-to-work area in the Lothians and Fife are employed in the public sector. That fact alone makes a nonsense of the think tank report that was published a few days ago that claimed to have research data that showed that Edinburgh—the only Scottish city in the group of cities that was identified—would lead the UK out of recession. That is absolute bunkum. We do not know how

high unemployment in Edinburgh will be until the cuts are made in public spending. The result will be unemployment, underemployment and part-time employment, which means part-time wages.

What ails the Scottish economy, and the part that is played in its stimulation by our capital city, cannot be cured by optimism alone, even if it comes wrapped in Mr McLetchie's union flag. However, at this juncture in our pre-sovereign state, a number of low-cost initiatives might help to mitigate unemployment and add value to our human and built resources and our skills base. To that end, I urge the cabinet secretary to read carefully Wendy Alexander's speech in the *Official Report*, because she made some excellent points that resonated right across the chamber.

I hope that in my pre-budget discussions with the cabinet secretary I have persuaded him to set aside a modest sum for a pilot project that will draw on the experience of a scheme administered by Historic Scotland that has instigated a small number of stonemasonry apprenticeships for young people. The skills entailed in working with stone are in danger of being lost. None of Scotland's cities, historic burghs or monuments can endure without those skills being on hand to maintain our built heritage. Apprenticeships in the stonework crafts should lead to jobs for life and the preservation of the distinctiveness of our towns and cities. Spending money on a pilot scheme in the capital and Lothian region would be a sound investment at this time.

Like many local authorities, the City of Edinburgh Council is concerned that its capital budget will be knocked sideways because of a number of factors. Mr McLetchie referred to our meeting with councillors earlier this week. The damage that has been done to our roads by the current severe weather comes to mind.

One capital spend project that must, of necessity, come in on time is the refurbishment of the royal Commonwealth pool, which is a Commonwealth games venue in 2014 and is currently closed for a complete refurbishment. The diving pool must be brought up to the required international standard, and that costs money. I appreciate that some £5 million has already been spent, but observing the standards and specifications that are dictated by the building's listed status costs a bit more, and I think that the costs will continue to rise as the project goes on. The cabinet secretary knows that the council, the capital's council tax payers and I hope that he will accept such special-case pleading for a modest financial contribution from him for exceptional one-off expenditure on a Commonwealth games venue. I apologise if that sounds a wee bit like pork-barrel politics, but it is just a little of what I might be able to do.

16:21

**Lewis Macdonald (Aberdeen Central) (Lab):**

The current Administration has declared that its overriding purpose is

"To focus our resources on creating a more successful country with opportunities for all of Scotland to flourish, through increasing sustainable economic growth".

Not many MSPs would dissent from that being an objective for Scotland's devolved Government. Ministers would therefore not have been surprised that the Economy, Energy and Tourism Committee considered the budget in the context of that commitment, and, of course, they know that we concluded:

"we do not believe that the budget proposed is the right one for the economic challenges ahead."

That was the view of almost every witness from outwith the Government from whom we heard, and it was the conclusion of the majority of the members of the committee. As Malcolm Chisholm said, we found that almost all the budget lines that were relevant to the economy had been reduced both in absolute terms and relative to the trends in the budget as a whole. We found that the draft budget was simply not fit for purpose.

Not only that, the committee heard concerns about the efforts that ministers had made to deploy accelerated capital spending. The construction industry told the committee that too much of the accelerated housing money had been used in buying up land and acquiring houses that had already been built and that not enough had been invested in new build. Representatives of business in general expressed their concerns about the lack of progress that had been made with the Scottish Futures Trust and the resulting lack of action in commissioning new public sector projects over two and a half years. In October, the chief executive of the Scottish Chambers of Commerce, Liz Cameron, said that the budget

"does not suggest the government's first priority is to grow the Scottish economy."

There was particular reference to the cuts in the budgets of the enterprise agencies. The committee heard plenty of evidence that there was a critical need for

"a government-endorsed public/private procurement model in the marketplace",

and most members agreed with that view in the end. That deficiency has still not been addressed.

I refer to the statement that was made last week on the Aberdeen western peripheral route, which is one of the public sector projects for which ministers intend to seek private sector funding. In answering questions on his statement, the cabinet secretary was clear that that project will be procured using the non-profit distributing model of

private-public partnership—I presume that it is to be delivered through the Scottish Futures Trust.

The NPD model has, of course, already been used in Aberdeen to procure the school replacement and refurbishment programme, for which public sector funding was put in place by a previous Administration, in 2002. Perhaps the difficulties that lie ahead for the AWPR are indicated by the experience of the Aberdeen schools programme. An Icelandic bank was the initial funder. That bank went into administration and was then nationalised as a consequence of the meltdown of Icelandic financial services. Aberdeen City Council did its best, but it was unable to secure an alternative private funder, and that vital £120 million public-private project has been able to move forward only thanks to guarantees backed by the Icelandic Government and supported by loans from the council.

We do not yet know what ministers believe the final cost of the AWPR will be, but it is certain to be several times greater than the cost of the Aberdeen schools project. That is why I raised concerns last week about the difficulty of finding a private sector partner and sourcing private sector funding for a project as large as the AWPR.

The project is also a very good example of the risks and costs that arise from delay in putting a credible model of public-private partnership into place. Mr Swinney and his colleagues inherited a timetable for the AWPR that could have seen the project completed by 2011 had an existing funding mechanism been employed and had the timetable that was set by the previous Administration been adhered to, yet last week Mr Swinney invited us all to welcome his announcement that construction of the AWPR would not begin until 2011.

**John Swinney:** That analysis ignores the fact that, because there were thousands of objections to the project, a public local inquiry was needed. That rather undermines Mr Macdonald's analysis.

**Lewis Macdonald:** There were many objections, there was an inquiry and ministers responded to it, but they took a good deal longer to respond to that inquiry than they did to respond to the one regarding the golf course in Aberdeenshire, which was also a useful project but which was expedited at a different pace from the AWPR.

We can only wonder whether the AWPR might have been moved forward a lot more quickly had ministers either proceeded on the basis of existing PPP models or put their plans for a Scottish Futures Trust into place immediately rather than eventually. We can only wonder, too, whether capital spending headroom has been created by ministers in postponing the start of the AWPR and, if so, how much. The figures that the permanent

secretary gave last week still envisaged a completion date in 2012-13, yet we can reasonably expect at least a three-year construction programme. If that is what is required, a completion date of 2013 is clearly not going to be met.

There are still opportunities for ministers to address the issues that have been raised today; to manage the capital budget in ways that support vital infrastructure projects across Scotland; to boost affordable housing and energy efficiency; and to support economic recovery. There are opportunities, too, to recognise the particular issues that young people face in entering the labour market by building on the investment in apprenticeships that ministers agreed to make this time last year. We need a budget for jobs, housing and economic recovery, but we do not yet have it. I hope that, in the next few days, ministers will engage to create a budget that is fit for purpose.

16:27

**Bob Doris (Glasgow) (SNP):** I am grateful for the opportunity to speak in the debate and I am conscious of the responsibility that all members who speak in it have to face up to the stark reality of the brutal budgetary shrink that Scotland faces. As a Glasgow MSP, I will focus on what has become the most controversial part of the budget process—the cancellation of the Glasgow airport rail link.

When the Cabinet Secretary for Finance and Sustainable Growth first announced the cancellation of GARL, I was disappointed. That was one of the toughest calls that I have known since I became an MSP in 2007. I did not want such a significant capital project to be cancelled—none of us did. I remember walking down the stairs outside the chamber to the garden lobby immediately after the statement and having a discussion with Margaret Curran about GARL. During that conversation, she asked me whether I would join a cross-party initiative to get GARL reinstated, and I said that I would be happy to do so. However, my condition was that we would campaign together on two fronts, making representations to both Westminster and Holyrood. My offer to Margaret Curran, which was genuine, was rejected.

With a reduction in Scotland's capital budget from 2010-11 onwards, and with as yet unknown cuts from 2011-12 onwards, it was unrealistic to expect that Scotland's capital investment programme could remain intact without the co-operation of the UK Government—co-operation that was not forthcoming. That gives the lie to Wendy Alexander's slippage statements, which deny the fact that the capital budget is shrinking. All indicators point to deeper cuts to the Scottish

budget in future years, and there is no sign of Scotland being afforded borrowing powers to allow the Scottish Parliament—if we chose to do so—to borrow to invest in the capital projects that are now under threat. In that context, I see no way of reinstating GARL without the axe falling somewhere else. That is how things currently stand.

That being so, why was GARL being cancelled such a tough call for me as a Glasgow MSP? It was tough because, as an MSP, many factors influence me. Primarily, I am here to represent my constituents, which means that I fight for them and stand up for them. That core responsibility of an MSP means that we all have to decide whether to try to get the best deal for our constituents or a fair deal for our constituents, which can present us with a moral dilemma. I believe that Glasgow gets a fair deal from the Scottish Government. Other members in this Parliament must also decide whether to fight for a fair deal for their area or the best deal. If they fight for the best deal, they will rob vulnerable people elsewhere in the country of money that they also need.

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

**Bob Doris:** I hope that fellow politicians in this chamber will agree with me that no one should pitch parts of Scotland against each other. In that context, I must compliment the Glasgow *Evening Times* on its campaign to have GARL reinstated, even if I reject its logic and conclusions. However, I caution some Labour MSPs against irresponsibly pretending that there will be no consequences as a result of the UK Government's huge public spending cuts that are heading our way.

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

**The Deputy Presiding Officer (Trish Godman):** The member is just finishing, Mr McAveety.

**Bob Doris:** I will give one example of what I am talking about. In the health capital budget, £550 million is available. Labour today could have taken £60 million from it and put it towards GARL, but it has done nothing. I respect those who want to reinstate GARL, but I treat with contempt those who pretend that they wish to reinstate GARL and do nothing to attempt to achieve that.

I agree with the general principles of the budget, and I hope that members will vote for it at decision time.

**Mr McAveety:** He does not want to answer my question.

**The Deputy Presiding Officer:** Mr McAveety.

We move to wind up speeches. Mr Purvis, you have six minutes.

16:31

**Jeremy Purvis:** I note that you do not sing my name, Presiding Officer.

Margo MacDonald was right about one thing: we are discussing spending plans. They are plans that will be delivered by the SNP—at least for another year.

Among other SNP members, Joe FitzPatrick indicated that this is a fixed budget and that it is fully committed. In fact, he said that there is no money for anything else, no matter how important the issue. I can understand that argument, but I was wondering why it does not apply to the referendum. As we all know, the referendum bill should have been presented to the Presiding Officers two and a half weeks ago—

**The Minister for Transport, Infrastructure and Climate Change (Stewart Stevenson):** No.

**Jeremy Purvis:** The transport minister says that that is not the case, but it would have been if the Government's aim, as it had indicated, was to present the bill on an auspicious day at the end of January—I am not sure what that day might be, but I think that we can guess. If the proper protocols had been followed, the financial memorandum to the referendum bill would have been included in our discussions on this budget process. It is purely a coincidence that the Government has not presented the bill and its financial memorandum so that we can consider where a £9 million bill for the referendum would fit into Joe FitzPatrick's fully committed, fixed budget. Of course, that is for him to explain when we come to scrutinise that process.

Other SNP members have responded to issues around GARL, as did Wendy Alexander. I apologise for missing part of Wendy Alexander's speech, but—if I understood her correctly—she, like Robert Brown and others, has been engaged in assessing mechanisms by which the process can carry on. In the Finance Committee, I argued that a case had not been made for the cancellation of GARL because further consideration was in order. It was disappointing that that motion, which was opposed by the Conservative and SNP members, fell, on the casting vote of the convener. There remain issues around the use of the regulated asset base and the same funding formula that is being used for the Borders railway. The question also remains as to why, if it was as easy to reprofile last year's budget to fund the town centre regeneration scheme as the Cabinet Secretary for Finance and Sustainable Growth explained that it was to the Finance Committee and in response to my parliamentary questions, it is so difficult to reprofile this year's budget to fund one of the key transport projects in Scotland. Perhaps the transport minister could tell us.

**Stewart Stevenson:** Can the member help us a little bit? The Office of Rail Regulation provided a determination that accounts for all the spending of the regulated asset base up to 2014. Therefore, as with every other budget, if he wishes to transfer money, it is about cancelling something. If he used the RAB, which part of the current rail programme would he cancel to fund GARL?

**Jeremy Purvis:** The transport minister did not, of course, respond to my point, which was about whether there is to be an opportunity to debate these issues in Parliament. That would allow Parliament to scrutinise the position of the Government—instead of new information being introduced in interventions on other members' speeches—and provide an opportunity for all work to be considered with regards to changing GARL from a capital to a revenue scheme. A debate would also allow us to consider why the entire capital budget could be reprofiled for a £16 million town centre regeneration fund, but not for another transport scheme.

Linda Fabiani and other SNP members argued that, if Scotland had been independent, we would have fared much better during the banking crisis and would not necessarily have been in the position of considering budget constraints. The arguments that she and Kenny Gibson made are incredible. The Royal Bank of Scotland's exposure was more than £300 billion, which an independent Scottish Government would have had to cover. That would not have been possible. It is a scale issue. It is not a question, as has been said, of Scotland running a modest deficit; it is a question of not having the capacity to provide £300 billion cover—that is three times the size of the entire Scottish GDP. The scale is the issue. Those banks were not only too big to fail: if there had been an independent Scotland, they would have been too big to save.

**Linda Fabiani:** Will the member give way?

**Jeremy Purvis:** I am afraid that I do not have enough time.

I understand the points that Derek Brownlee made for the Conservatives about how we progress, although they were not made last year, when he and his colleagues were trampling over other people to claim £0.25 billion extra expenditure in the Scottish budget—including the town centre regeneration project, which I have been reminded about—as a result of his lobbying for additional expenditure.

We must look closely at how we make the elements of the Scottish budget more sustainable. That is why we have argued that reducing the budget for the top 1 per cent of the public sector in Scotland—and the pay bill, which is £600 million—

is the right place to start in focusing on a resource to help the people most in need in Scotland.

16:38

**Gavin Brown (Lothians) (Con):** From tax cuts to pay cuts in 12 easy months, by Jeremy Purvis and the Liberal Democrat finance team.

This year's budget requires a different approach to relate to very different circumstances. We need to focus not only on 2010-11, but the medium and longer term. That point was well made by Derek Brownlee and reiterated by David McLetchie, who made specific reference to a meeting that he had attended at the City of Edinburgh Council, which showed that, even at council level, it is assuming 4 per cent year-on-year cuts for the next four, five, or possibly six years. We urge the Scottish Government to take a similar approach.

The cabinet secretary's tone suggests that he is prepared to face up to these cuts and accepts the reality of the position, but his tone today is at odds with what the First Minister has said in the chamber week-in, week-out for the past 12 months. It was no accident that my colleague Derek Brownlee asked whether the SNP leader faces up to these challenges. The question remained a little unanswered.

This budget is different and we have to tackle things in a totally different way because of the dire circumstances in which we find ourselves, thanks to Labour's recession. The position that it has taken on growth, on jobs and on the public finances has resulted in a worrying situation. Growth in 2009 was -5 per cent and unemployment has reached almost 2.5 million. As we heard, we will borrow £170 billion this year alone and we have the largest deficit of any OECD country. So it was rich to hear Andy Kerr talk about how prudent he had been when he was in government. It is a pity that his message did not reach south of the border.

**Andy Kerr:** What is rich is hearing a Tory dismiss the Thatcher years of a recession that was deliberately created by her, and the value-free zone that led to more repossession, more unemployment and more businesses going bust. By contrast, Labour is resolving and solving those matters.

**Gavin Brown:** I say two things to Mr Kerr. First, clearly, I have no control over what happened in the 1970s, 1980s or 1990s and cannot affect it in any meaningful way. Secondly, and I ask him to take this point seriously, we are not out of the woods yet. The positions on negative growth, unemployment and the public finances are dire, but we might not be at the worst point yet. There is every possibility that growth will slip again. Despite today's UK figures, there is every possibility that

unemployment will increase and there is every possibility that the public finances will get worse.

Inflation at 2.9 per cent was announced this week. If that remains in place, it is almost inevitable that interest rates will start to creep up, possibly fairly quickly. What impact will that have on householders and companies the length and breadth of Scotland? The other reason why it is critical not to become complacent—a point that was well made by Margo MacDonald—is that it is vital that the country keeps its triple-A credit rating. Otherwise, the £60 billion in annual interest payments that we will have to make by 2012 will increase dramatically, and £60 billion will not seem a lot of money compared with what we will have to pay if we lose that status.

This year, the Scottish Conservatives' approach has been different. In previous years, we have had successes with extra police, the town centre regeneration fund and the ending of business rates for more than 100,000 small businesses. This year, we are looking for different things. First, we are looking for a change of culture in Government so that we take a longer term approach, but also so that we reward money-saving ideas that civil servants come up with. We want to align the incentives of civil servants with the incentives of the Government and the country.

**Jeremy Purvis:** Will the member take an intervention?

**Gavin Brown:** In a moment.

Secondly, we want the Government to publish online details of all spending of more than £25,000 so that we introduce a strong element of transparency to Government. By mixing incentives with transparency, we hope to change the culture of Government.

I am happy to give way to Jeremy Purvis.

**The Deputy Presiding Officer:** Very briefly, Mr Purvis.

**Jeremy Purvis:** Given that 60 per cent of the budget is spent on staff, is the member proposing that an itemised list of every member of staff in the public sector who earns more than £25,000 should be published on the Government's website?

**Gavin Brown:** Clearly, the Government is not going to put the salary of each individual person, named, on the website. I am sure that that would conflict with a number of laws. However, the principle is clear. There are any number of items of spend of well over £25,000 that we simply do not know about on a case-by-case basis. As a principle, providing that information will create a culture of transparency.

**Ms Alexander:** Will the member take an intervention?

**Gavin Brown:** I am in my last 30 seconds, so I am afraid that I cannot.

We are also pushing for an independent budget review group. We called for that a year ago. The group would look at where savings can be made, at what is truly essential as opposed to what is truly non-essential, and, just as important, at the long-term impact of spending decisions that are taken today. Rather than just looking at the impact on the current year's budget, the group would look at the impact on next year's budget and the budgets of the following years. That is the approach that we are taking, and that is why we will support the budget at stage 1.

16:44

**David Whitton (Strathkelvin and Bearsden) (Lab):** Much has been said and written about the SNP's budget for 2010-11. Indeed, we heard from the SNP again today all the excuses to justify the actions of the Cabinet Secretary for Finance and Sustainable Growth. We also heard the usual lame excuses from the Tories as to why they will, yet again, supinely support the SNP budget. Labour, however, has not yet been convinced by the cabinet secretary's claim that his budget contributes to the single stated purpose of sustained economic growth. We on this side of the chamber do not believe that the budget is fit for purpose, but no doubt the SNP will claim that no matter what it did we would say that anyway.

**Kenneth Gibson:** Yup.

**David Whitton:** I thank the member for endorsing my point.

However, the subject committees were asked, in their scrutiny of the budget, to consider carefully how changes to the original 2010-11 plans were being managed and whether the plans take appropriate account of the strategic context, and to examine how decisions were contributing to the budget's sustainability in subsequent years. What was their verdict? According to the Economy, Energy and Tourism Committee's budget adviser, most observers would accept that spending designed to foster economic growth

"requires, in combination, increases in skills, ... in entrepreneurship, development of business and management techniques, application of technology and accumulation of capital (including infrastructure)",

the last of which I will say more about in a moment. After hearing evidence from business organisations that they did not consider that the draft budget displayed the long-term prioritisation necessary for economic growth, the committee concluded that, as proposed, the draft budget did not prioritise the promotion of sustainable economic growth.

Although the Education, Lifelong Learning and Culture Committee supported the Government's commitment to prioritise funding on activities to boost economic recovery, it was concerned by the fact that it was not possible to trace Scottish Government spending on those programmes through the budget documents and, therefore, that it was not possible to assess the extent to which the draft budget fulfilled that objective. As Malcolm Chisholm has pointed out, the CPPR—the ministers' favourite think-tank—stated that the main areas cut in the budget were the capital and revenue areas most usually linked to economic development and added that although many budget lines contribute to economic activity none of those directly related to economic development initiatives has risen compared to the 2010-11 plans set out in last year's draft budget.

In its report on the draft budget, which was debated just before Christmas, the Finance Committee stated that it was not clear how supporting economic growth could be demonstrated by allocations to different budget lines when, according to the cabinet secretary, all areas of the budget contribute to economic growth. It was also noted that, after examining the issue in some detail, all the subject committees had found it difficult to understand how the budget plans corresponded to those priorities.

The Finance Committee requested from the Government a detailed explanation of how it approached prioritising either services or support for economic growth and asked for any analysis that had been undertaken of the budget decisions that would contribute most effectively to the Government's objective of economic growth. In his response to the Finance Committee's report, the cabinet secretary said:

"one of our primary aims for 2010-11 has been to manage the Chancellor's cuts".

Ever since that comment, rhetoric about "the Chancellor's cuts" has littered SNP outpourings about the budget, notably in this debate in the speeches of Mr FitzPatrick and Mr Kenneth Gibson.

However, as has been stated, the truth is that the Scottish Government has more than £35 billion to spend and that in this year's budget there has been not a decrease but an increase of £943 million. Even the Government's director of finance had to admit to the Finance Committee that there had been a real-terms increase of 1.3 per cent, and no amount of shouting by the First Minister or any of his most loyal back-bench sycophants can disguise those facts. *[Interruption.]* Oh dear. Perhaps Mr Swinney would prefer to be called a front-bench sycophant.

We have heard much today about Mr Swinney's decision to cancel the Glasgow airport rail link, which he said was "desirable rather than essential". However, despite many requests from the Transport, Infrastructure and Climate Change Committee, my colleague Mr Kerr and a whole host of organisations appalled by the decision, the draft budget still contains no specific information to explain why GARL, above other transport or, for that matter, capital projects was chosen for the chop.

**Joe FitzPatrick:** Will the member take an intervention?

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

**David Whitton:** I will take an intervention from my colleague, Mr McAveety. [*Interruption.*]

**The Deputy Presiding Officer:** Order. Order.

**Mr McAveety:** I cannot hear above the sycophancy. Will Mr Whitton help me out with the concerns raised by many members across the chamber, including Bob Doris and others in their own version of parliamentary "Moral Maze"? Why are SNP members unwilling to support the call to publish the slippage figures for existing capital projects? Why would a finance minister in a minority Government not want to work across the Parliament to enable a decision to be made with the full facts available?

**David Whitton:** Perhaps Mr FitzPatrick would like to tell us, if he still wants to make an intervention.

**Joe FitzPatrick:** If GARL is essential, as opposed to just desirable, what budget lines would the member cut to put it back in the budget? Why have we not seen the member's amendments? Why were no committees able to suggest amendments?

**David Whitton:** I thank Mr FitzPatrick for his intervention. GARL was in last year's budget and that was a decision of the Parliament. It is not for us to tell the Government what it should replace; it is for the Government to tell us why it has been dropped. Wendy Alexander's speech discussed capital slippage in some detail. I hope that Mr Swinney was listening carefully, because many members have referred to her speech. She pointed out that in four major programmes, costing £1.2 billion, there is slippage of up to two years. How much room for manoeuvre does that give? I hope that Mr Swinney can now provide that detailed information, so that we can see whether his choice to axe GARL was right and whether it can go back into the budget, even at this late stage. To Mr FitzPatrick's demand for us to justify putting GARL back into the budget I say that the SNP has to justify taking GARL out of it.

David McLetchie and Linda Fabiani praised Ireland. Mr McLetchie seems to want the savage Government and spending cuts that they have had in Ireland, and Ms Fabiani seems to be supporting him.

Although the budget bill is being debated at stage 1 this afternoon, there is still time for Mr Swinney to see sense and make some changes. I strongly urge him not to listen to the siren voices of the Tories, especially their demands for a pay freeze for anyone who earns more than £18,000. Their leader, Annabel Goldie, calls for all parties to work together, while girning on about Labour's debt crisis. Indeed, Mr Brownlee was going on about it again. Their position shows a complete failure to understand the scale of the global problem.

To those Tory, Liberal and SNP members from the west of Scotland, I commend today's editorial in the *Evening Times*, which says that Glasgow should have 17 MSPs telling Mr Swinney to put GARL back in the budget, not battling with each other.

The budget ran into trouble last year because Mr Swinney thought that Tory support would see him through. Labour will not support it tonight. I hope that he is still listening and that we can get some agreement at stages 2 and 3.

16:52

**John Swinney:** Mr Whitton makes a curious point when he says that we can somehow make progress on the budget at stage 2 while he is arguing for Parliament to vote against the budget at stage 1. By its nature and logical sequence, we cannot go to stage 2 if we do not get past stage 1. I am terribly sorry, but that is a piece of elementary parliamentary procedure that I would have thought a distinguished parliamentarian such as Mr Whitton might have understood at this stage.

Margo MacDonald said that I would be as well writing to my agony aunt, and Jeremy Purvis and I debated whether I should do that or whether Margo MacDonald has, over the years, caused me an endless amount of agony. I assure her that I will certainly consider the issues that she has raised during today's budget discussions but, as she said herself, the Commonwealth pool project has already received a commitment to the tune of £5 million, which was agreed with the City of Edinburgh Council to support investment for the Commonwealth games.

Much of Mr Whitton's speech related to Wendy Alexander's speech. Her analysis of the capital programme was correct to the extent that there is slippage on capital projects. Parliament might not believe this, but there is also a requirement to put more money into some capital projects up front

because of swifter progress on delivery. I will give a practical example of that: the Government has had to accelerate payments on the M74 construction because it has performed so well and faster than anticipated. Slippage in other projects has allowed us to do that and to encourage that process.

A management process is undertaken. There is a review every week by the director of finance and every month by me as the cabinet secretary. I review more frequently as we get towards the end of the financial year. Wendy Alexander's analysis would have substance were it not for the fact that, in the past financial year, the Government spent its capital budget to within £5 million of the £3.7 billion total that was at our disposal. Her analysis is somewhat flawed by the fact that the Government has been able to spend the capital budget and to deal with projects that move faster and those that do not make as much progress as envisaged.

**Robert Brown:** Will the cabinet secretary share with the Parliament the full details of the analysis that he has just described in outline?

**John Swinney:** That is shared with Parliament in the Scottish Government's annual reports that demonstrate our performance on spending capital budgets. The Government delivers that annually to the Parliament.

**Ms Alexander:** Last week, the permanent secretary told a committee of the Parliament that, since 1 July last year, the Southern general hospital has been put back two years, the Borders railway one year, the national arena for the Commonwealth games one year and the Gartcosh crime campus one year. Surely Parliament has a right to see the consequences for capital spending of the underspending in those four projects. There is also the Aberdeen western peripheral route, which has been delayed since December.

**John Swinney:** The projects that Wendy Alexander mentions, such as the Southern general hospital and the Gartcosh crime campus, are all factored into the 2010-11 budget that the Government has produced as part of its capital programme.

My final point on GARL is that the Government has to look at the capital programme. Any analysis of the information that is coming from the UK Government demonstrates that there will be a tremendous squeeze on capital expenditure in the years to come, and we have no alternative but to identify ways in which to constrain the capital programme. Robert Brown, to his credit, said that we could have delayed the improvements to the Edinburgh to Glasgow rail line. The reason why we did not do so, and are not prepared to do so, is that it is a strategic project that will improve

connectivity across the heart of Scotland. Therefore, that is the correct decision and we have attached the correct priority to the project.

Members have made a range of contributions. Patrick Harvie continues to pursue the argument on extending the scale of the home insulation scheme and changing the methodology to introduce universality. I will of course give consideration to those points, particularly the evidence that was recently submitted in the WWF Scotland report on home insulation.

Jeremy Purvis articulated issues in relation to the constraining of senior pay and senior salaries. I am considering the issues to determine what measures the Government can take. I simply caution that, in some cases, there will be a need for up-front expenditure to reduce the overall salary bill, particularly if we are reducing head count. However, notwithstanding that comment, I will consider carefully the points that Mr Purvis has raised.

Derek Brownlee and Gavin Brown asserted the need for an independent external analysis of public finances in the context of the challenges that lie ahead. Again, I will give consideration to their points to determine whether they will contribute to the forward planning on public spending in Scotland.

I welcomed the approach that Mr Kerr took at the outset of his speech that we need to focus at further stages in the budget process on how we can find common ground on key issues. I give Parliament the assurance that I will engage constructively in those discussions.

The Scottish Government's budget is set against a backdrop of deterioration in the public finances. The Government has taken very difficult decisions, but they are decisions to deliver within the fixed financial envelope in which we must operate. That is the challenge that faces the Government and the Parliament of Scotland, and that is exactly what we will deliver through the budget.



## Business Motions

17:00

**The Presiding Officer (Alex Fergusson):** The next item of business is consideration of business motion S3M-5565, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, setting out a business programme.

*Motion moved,*

That the Parliament agrees the following programme of business—

Wednesday 27 January 2010

2.30 pm Time for Reflection

*followed by* Parliamentary Bureau Motions

*followed by* Stage 3 Proceedings: Tobacco and Primary Medical Services (Scotland) Bill

*followed by* Business Motion

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Thursday 28 January 2010

9.15 am Parliamentary Bureau Motions

*followed by* Scottish Labour Party Business

11.40 am General Question Time

12 noon First Minister's Question Time

2.15 pm Themed Question Time  
Finance and Sustainable Growth

2.55 pm Scottish Government Debate: Skills Strategy

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Wednesday 3 February 2010

2.30 pm Time for Reflection

*followed by* Parliamentary Bureau Motions

*followed by* Stage 3 Proceedings: Budget (Scotland) (No.4) Bill

*followed by* Business Motion

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Thursday 4 February 2010

9.15 am Parliamentary Bureau Motions

*followed by* Stage 3 Proceedings: Marine (Scotland) Bill

11.40 am General Question Time

12 noon First Minister's Question Time

2.15 pm

Themed Question Time  
Europe, External Affairs and Culture;  
Education and Lifelong Learning

2.55 pm

Continuation of Stage 3  
Proceedings: Marine (Scotland) Bill

*followed by*

Parliamentary Bureau Motions

5.00 pm

Decision Time

*followed by*  
*Crawford.]*

Members' Business—[*Bruce*

*Motion agreed to.*

**The Presiding Officer:** The next item of business is consideration of business motion S3M-5566, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, setting out an extension to the stage 1 timetable for the Control of Dogs (Scotland) Bill.

*Motion moved,*

That the Parliament agrees that consideration of the Control of Dogs (Scotland) Bill at Stage 1 be extended to 12 February 2010.—[*Bruce Crawford.]*

*Motion agreed to.*

## Parliamentary Bureau Motion

17:01

**The Presiding Officer (Alex Fergusson):** The next item of business is consideration of a Parliamentary Bureau motion. I ask Bruce Crawford to move motion S3M-5567, on the approval of a Scottish statutory instrument.

*Motion moved,*

That the Parliament agrees that the draft Adoption and Children (Scotland) Act 2007 (Modification of Enactments) Order 2010 be approved.—[*Bruce Crawford.*]

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

## Decision Time

17:01

**The Presiding Officer (Alex Fergusson):** There are two questions to be put as a result of today's business.

The first question is, that motion S3M-5541, in the name of John Swinney, on the Budget (Scotland) (No 4) Bill, be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

**FOR**

Adam, Brian (Aberdeen North) (SNP)  
 Aitken, Bill (Glasgow) (Con)  
 Allan, Alasdair (Western Isles) (SNP)  
 Brocklebank, Ted (Mid Scotland and Fife) (Con)  
 Brown, Gavin (Lothians) (Con)  
 Brown, Keith (Ochil) (SNP)  
 Brownlee, Derek (South of Scotland) (Con)  
 Campbell, Aileen (South of Scotland) (SNP)  
 Carlaw, Jackson (West of Scotland) (Con)  
 Coffey, Willie (Kilmarnock and Loudoun) (SNP)  
 Constance, Angela (Livingston) (SNP)  
 Crawford, Bruce (Stirling) (SNP)  
 Cunningham, Roseanna (Perth) (SNP)  
 Don, Nigel (North East Scotland) (SNP)  
 Doris, Bob (Glasgow) (SNP)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Fabiani, Linda (Central Scotland) (SNP)  
 FitzPatrick, Joe (Dundee West) (SNP)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Goldie, Annabel (West of Scotland) (Con)  
 Grahame, Christine (South of Scotland) (SNP)  
 Harvie, Christopher (Mid Scotland and Fife) (SNP)  
 Hepburn, Jamie (Central Scotland) (SNP)  
 Hyslop, Fiona (Lothians) (SNP)  
 Ingram, Adam (South of Scotland) (SNP)  
 Johnstone, Alex (North East Scotland) (Con)  
 Kidd, Bill (Glasgow) (SNP)  
 Lamont, John (Roxburgh and Berwickshire) (Con)  
 Lochhead, Richard (Moray) (SNP)  
 MacAskill, Kenny (Edinburgh East and Musselburgh) (SNP)  
 MacDonald, Margo (Lothians) (Ind)  
 Marwick, Tricia (Central Fife) (SNP)  
 Mather, Jim (Argyll and Bute) (SNP)  
 Matheson, Michael (Falkirk West) (SNP)  
 Maxwell, Stewart (West of Scotland) (SNP)  
 McGrigor, Jamie (Highlands and Islands) (Con)  
 McKee, Ian (Lothians) (SNP)  
 McKelvie, Christina (Central Scotland) (SNP)  
 McLaughlin, Anne (Glasgow) (SNP)  
 McLetchie, David (Edinburgh Pentlands) (Con)  
 McMillan, Stuart (West of Scotland) (SNP)  
 Milne, Nanette (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Morgan, Alasdair (South of Scotland) (SNP)  
 Neil, Alex (Central Scotland) (SNP)  
 Paterson, Gil (West of Scotland) (SNP)  
 Robison, Shona (Dundee East) (SNP)  
 Russell, Michael (South of Scotland) (SNP)  
 Salmond, Alex (Gordon) (SNP)  
 Scanlon, Mary (Highlands and Islands) (Con)

Scott, John (Ayr) (Con)  
 Smith, Elizabeth (Mid Scotland and Fife) (Con)  
 Somerville, Shirley-Anne (Lothians) (SNP)  
 Stevenson, Stewart (Banff and Buchan) (SNP)  
 Sturgeon, Nicola (Glasgow Govan) (SNP)  
 Swinney, John (North Tayside) (SNP)  
 Thompson, Dave (Highlands and Islands) (SNP)  
 Watt, Maureen (North East Scotland) (SNP)  
 Welsh, Andrew (Angus) (SNP)  
 White, Sandra (Glasgow) (SNP)  
 Wilson, Bill (West of Scotland) (SNP)  
 Wilson, John (Central Scotland) (SNP)

#### AGAINST

Alexander, Ms Wendy (Paisley North) (Lab)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Baker, Richard (North East Scotland) (Lab)  
 Boyack, Sarah (Edinburgh Central) (Lab)  
 Brankin, Rhona (Midlothian) (Lab)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Curran, Margaret (Glasgow Baillieston) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Foulkes, George (Lothians) (Lab)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, Marlyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Gordon, Charlie (Glasgow Cathcart) (Lab)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Henry, Hugh (Paisley South) (Lab)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Kelly, James (Glasgow Rutherglen) (Lab)  
 Kerr, Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Macintosh, Ken (Eastwood) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McCabe, Tom (Hamilton South) (Lab)  
 McConnell, Jack (Motherwell and Wishaw) (Lab)  
 McMahon, Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Duncan (Greenock and Inverclyde) (Lab)  
 McNeill, Pauline (Glasgow Kelvin) (Lab)  
 McNulty, Des (Clydebank and Milngavie) (Lab)  
 Mulligan, Mary (Linlithgow) (Lab)  
 Murray, Elaine (Dumfries) (Lab)  
 Oldfather, Irene (Cunninghame South) (Lab)  
 Park, John (Mid Scotland and Fife) (Lab)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Stewart, David (Highlands and Islands) (Lab)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Whitton, David (Strathkelvin and Bearsden) (Lab)

#### ABSTENTIONS

Brown, Robert (Glasgow) (LD)  
 Finnie, Ross (West of Scotland) (LD)  
 Harper, Robin (Lothians) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 Hume, Jim (South of Scotland) (LD)  
 McArthur, Liam (Orkney) (LD)  
 McInnes, Alison (North East Scotland) (LD)  
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)

O'Donnell, Hugh (Central Scotland) (LD)  
 Pringle, Mike (Edinburgh South) (LD)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Scott, Tavish (Shetland) (LD)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stone, Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Tolson, Jim (Dunfermline West) (LD)

**The Presiding Officer:** The result of the division is: For 64, Against 46, Abstentions 18.

#### *Motion agreed to,*

That the Parliament agrees to the general principles of the Budget (Scotland) (No.4) Bill.

**The Presiding Officer:** The second question is, that motion S3M-5567, in the name of Bruce Crawford, on approval of a Scottish statutory instrument, be agreed to.

#### *Motion agreed to,*

That the Parliament agrees that the draft Adoption and Children (Scotland) Act 2007 (Modification of Enactments) Order 2010 be approved.

## Community Hospitals (Dumfries and Galloway)

**The Deputy Presiding Officer (Alasdair Morgan):** The final item of business is a members' business debate on motion S3M-5289, in the name of Jim Hume, on community hospitals in Dumfries and Galloway.

*Motion debated,*

That the Parliament notes the contents of NHS Dumfries and Galloway's consultation document, *Your NHS - Your Future Care*; believes that the preferred option, which would result in the closure of Moffat, Langholm, Kirkcudbright, Lochmaben and Thornhill community hospitals, is widely unpopular with the respective local communities and fundamentally disregards the rural remoteness of parts of the region and the invaluable and high quality of care provided by these facilities; would welcome the involvement of other statutory bodies, private providers and voluntary organisations where necessary in the redevelopment of these hospitals, and hopes that NHS Dumfries and Galloway's preferred option for closures does not go ahead and, instead, that these vital, locally delivered community NHS services are redeveloped.

17:04

**Jim Hume (South of Scotland) (LD):** Tonight's debate is hugely important for the communities in Dumfries and Galloway that are affected by the health board's proposals, which will, if they are approved by the Cabinet Secretary for Health and Wellbeing, mean the loss of five community hospitals. I pay tribute to the local action groups and campaigners who have eloquently expressed the need to retain their hospitals.

I welcome the news that the cabinet secretary will meet Kirkcudbright action group members, but I believe that she should visit each of the communities that will be affected to speak to key people at first hand. I have invited her to Langholm and extend an invitation for her to meet action groups in Lochmaben, Moffat and Thornhill.

I have met patients, relatives and staff over the past few months. It is clear that community hospitals provide a vital link between the patient, the relative and a truly local, high-quality health service of which these communities are rightly very proud. However, I want to make it clear from the outset that this is not about misguided, emotional attachment to an out-of-date arm of the national health service; it is about the real prospect of losing invaluable, well-used, high-quality, face-to-face human care that many fear will simply not be replicated in the home.

Elderly and palliative care is second to none in these hospitals: it provides comfort not only to patients at the end of their lives but to the relatives. The hospitals also provide other primary services. As a general practitioner-led service

attached to the local health centre, Kirkcudbright hospital treats patients of all ages. Provision includes physiotherapy, chest and limb X-rays, podiatry, palliative care, surgical pre-assessments, blood transfusions and rehabilitation. It has a minor injuries casualty unit and is very well equipped to deliver all those services. Crucially, the medical centre with GPs, nurses and community care staff is in the same building, which provides a direct link between staff and patients to ensure good co-ordination of all aspects of patient care.

Kirkcudbright is a good example of how community hospitals can be used for other services to maximise staff skills and to create a one-stop shop with multiple uses. I welcome the health board's wish to invest in the area but I would urge the health board, instead of building new facilities at the expense of other buildings, to rethink its plans and to think hard about reinvesting in the existing community hospitals. With some creative thinking, can these hospitals not become multifunctioning centres of excellence in each community, with integrated services to serve the whole population?

The health board talks about a dwindling workforce, but having high-quality, multiple-provision hospitals on one's doorstep is exactly one reason to stay and work in one's community as a health professional. Yes, people will retire, but let us give those entering the NHS a chance to work in their own communities. For example, could the health board not work with the local college to ensure a safer supply of staff? Let us not remove local employment opportunities.

These hospitals are crucial in ensuring that people get access to health care. If they are removed, there will be consequences for visiting relatives who cannot get to their loved ones because of lack of public transport. The logistics mean that visiting will just not be feasible for someone who does not have access to a car. That, together with a proposed cut in south west of Scotland transport partnership funding of £230,000, does not bode well for relatives who want to visit, which could have knock-on consequences for patient recovery.

Funding for the new builds is unclear. The health board has not secured the finance for the new builds that would replace the five hospitals, and it will have to make a business case to ministers. I cannot see how such a long-term project can be planned on the basis of bidding for money at different stages. If any part-funding bid fails, will we end up with a mix of services that ultimately costs more money because it is neither one thing nor the other? Will there be a loss of service provision in the transition from one state to the next? Those are all questions that constituents

have asked me but which I cannot answer—I share their concerns. I wish to be clear that I and others welcome the health board's wish to invest in services but that money could surely be invested in existing buildings to maximise their potential.

On community care, there is no 100 per cent assurance that the local authority has the resources to cope with elderly care services that are transferred to it as a result of closures. How would the funding work for that part of the proposals, and can we be given a guarantee that elderly patients would receive the same quality of care in their home as in the community hospitals? There is no guarantee that a private sector provider could fulfil the staff requirements to take care of elderly people in the home.

I am glad that the NHS has reacted to my request to extend the on-going consultation, but I urge NHS officials to overhaul their plans radically and think creatively about investment in existing facilities. I ask the Cabinet Secretary for Health and Wellbeing and the Minister for Public Health and Sport to come to these communities to meet key local people and to consider the bigger picture before reaching any decision—the social impact on patients and relatives, the employment opportunities that community hospitals provide to local people and the need for and benefits of investment in these facilities, rather than a blanket closure approach.

The cabinet secretary gave geography as one reason to save the Monklands and Ayr accident and emergency wards. I ask her to consider carefully the expansive geography of Dumfries and Galloway. On Ayr and Monklands, the cabinet secretary stated at the time:

“the ... boards did not in my view give sufficient weight to the concerns expressed by local people”.

People in Dumfries and Galloway are concerned. They fear a loss of service and I share that concern. Removing community hospitals from that rural and remote area will be a backward step in the delivery of integrated health care across the region. I hope that the cabinet secretary in her deliberations will listen to those communities, too.

17:10

**Elaine Murray (Dumfries) (Lab):** I congratulate Jim Hume on securing this debate on an extremely important issue.

It is important to acknowledge that NHS Dumfries and Galloway's proposals are not a cost-cutting exercise. The health board is attempting to respond to demographic change, medical advances and the need to bring Dumfries and Galloway royal infirmary and other community

facilities up to the standards that are expected in the 21<sup>st</sup> century.

Five options were originally considered, and the number was then reduced to three. Option A involves the least change, but would still result in the closure of Moffat and Kirkcudbright community hospitals to in-patient care, which would require capital investment of £144 million and revenue investment of £5.9 million.

Under option B, the number of beds at Dumfries and Galloway royal infirmary would be reduced, more care would be provided by community hospitals and one hospital in each locality would operate as a community rehabilitation unit. That would require capital investment of £144 million and revenue investment would increase to £7.4 million.

The health board prefers option C, which is the most radical. It would involve the closure of five community hospitals, the creation of four larger community rehabilitation units and the development of enhanced community teams to support patients in their homes. It would require capital investment of £160 million and revenue investment of £7.8 million per annum, so it is the most expensive of the three options. The board believes that that option would give it the greatest flexibility in service provision and the most modern and flexible facilities.

It is important that the board's position be understood, but for several reasons Dumfries and Galloway's geography makes option C unrealistic, as well as unpopular and possibly unworkable. All the community hospitals provide in-patient assessment of adults, rehabilitation of people after they leave DGRI and palliative care. Lochmaben community hospital also provides an eight-bed ward for treatment of dementia and mental health problems in elderly patients.

The size of the local communities' responses to the proposals in option C shows how much those community hospitals are valued by the people whom they serve. For example, 400 people struggled through Arctic conditions to attend a meeting in Langholm two weeks ago.

The health board is a member of the south-west of Scotland transport partnership, but the problems of travel to the new facilities, which Jim Hume described, have not been considered adequately. For example, under option C a stroke victim from Moffat or Langholm would be treated in the new facility in Annan. Moffat is 29 miles from Annan and Langholm is 20 miles from Annan along a minor route. Both journeys are a 40-minute drive by car. If friends and relatives rely on public transport, they have one direct bus from Langholm to Annan at 5 to 9 in the morning and one return bus at 20 minutes past 12. From

Moffat, one direct bus to Annan leaves at quarter to 12, but no direct service comes back.

Mental state—happiness and wellbeing—is important to recovery and rehabilitation, which are not just about treatment. Patients whom friends, relatives and loved ones visit in hospital are happier than those who are not visited. The ability to be visited is probably even more important for those who are at the end of their lives and who are receiving palliative care, which is currently offered in community hospitals.

My other concern about option C is that it depends on recruiting appropriately qualified specialists. Sadly, we do not have a particularly happy record on that—we have had shortages of medical specialists. I worry that that makes option C unworkable in practice.

Two weeks ago, the Cabinet Secretary for Health and Wellbeing assured me that she would listen to local people's views, as she did in Ayr and Monklands. I hope that she will come down to meet protesters. I thank my colleague Jackie Baillie for agreeing to meet protesters in my constituency and to meet—I hope—the health board to discuss our concerns. I hope that the cabinet secretary or the Minister for Public Health and Sport will be able to do the same.

17:14

**Derek Brownlee (South of Scotland) (Con):** I, too, pay tribute to the action groups across the region that have done much in the past few months to raise awareness of the practical problems that would arise from the health board's proposals. Elaine Murray has talked eloquently about some of those problems. A journey that might look reasonable on a map becomes a very different prospect when it is attempted by car and certainly when it is attempted by public transport.

I have an awful feeling that we are witnessing a depressing rehash of the debate about the continuing devaluation of community hospitals. The debate seems similar to the one that we had about Jedburgh and Coldstream during the previous session of the Parliament, in which the same issues were raised about a community's desire to retain a local service and about the apparent desire of a health board—and, in that case, the Government—to centralise services, for reasons that seemed on the face of it to be reasonable, but which went completely against the needs and wishes of the community.

There are particular problems with our debating the matter at this time. All members understand that ministers, in particular, are constrained in what they can say in such a debate, which I know is frustrating to the community. We have all tried to explain how the formal process works. I hope that

the Minister for Public Health and Sport will be as forthright as she can be when she sums up, although I acknowledge the constraints that she is under.

Dumfries and Galloway is a special case for two reasons. First, it is one of the areas that will lose out under the new funding formula for health—in general, rural areas tend to lose out. Secondly, and which is perhaps more immediately important in the context of this debate, NHS Dumfries and Galloway is one of the test beds for health board elections. When elections to health boards were debated, concern was expressed about whether people would be interested in the issues and prepared to stand for election. In Dumfries and Galloway there is massive public engagement on the issue and people are looking in great depth at obscure health publications from various Government agencies.

There is no doubt that people in Dumfries and Galloway think that a decision has been made and that the health board is going through the motions—no one ever admits that, but they wouldn't, would they? The easiest solution to part of the problem is to say that there is about to be a significant experiment in Dumfries and Galloway, in the form of pilot health board elections, which will present an opportunity for people in the area to have their say.

It would be an outrage if there were the prospect of a substantive decision being taken prior to the health board elections, because if we are to engage the public on difficult decisions to do with health care provision via health board elections, we must allow people to debate and influence the decisions that will affect their lives. The forthcoming pilot presents an opportunity to marry the challenges of demographics and health care provision throughout Dumfries and Galloway with the challenge of bringing broader democratic accountability into the NHS.

It is not that people do not want change; I think that people accept that there must always be change and development in the health service. Perhaps what people want was most eloquently put in a document that members might have received last night from the Kirkcudbright hospital action group, in which the group simply said that people want

“a decision taken with us and not for us”.

I do not think that the health service should stand still, but I also do not think that the public are so naive that they cannot understand sophisticated arguments about the need for change. The public should have a strong role in shaping their local health service, and if the public in Dumfries and Galloway take a view that is

different from that of the health board, the public's view should prevail.

17:18

**Jackie Baillie (Dumbarton) (Lab):** I congratulate Jim Hume on securing this important debate.

We have heard from local members about NHS Dumfries and Galloway's consultation on three options for service change, which would lead to varying degrees of change on the ground. I will concentrate on the board's preferred option—option C—not least because it is the most radical and involves the closure of five community hospitals. Option C also involves the creation of four community rehabilitation units, but the proposal is not gaining widespread support in communities in Dumfries and Galloway.

I appreciate that the decision is ultimately for the cabinet secretary and the minister and that, therefore, the minister's ability to comment is severely constrained. However, the Government has stated its intention to keep service delivery as local as possible, so I have no doubt that members will seek to test that commitment against the proposals that emerge from Dumfries and Galloway.

It is important for us to take a step back and to consider the context in which the cabinet secretary will operate. We have a current strategy for development, not closure, of community hospitals—"Developing Community Hospitals: A Strategy for Scotland", which the previous Scottish Executive published in 2006. It envisaged a new model for community hospitals, which were to fit into the vision of much more community-focused health services, as laid out in "Delivering for Health". That vision of "Delivering for Health" was based on the Kerr report, which talked about reconfiguration of services and helpfully tried to provide a sensible framework for service change that—if my memory is correct—the whole Parliament accepted.

In addition to that, the current Scottish Government produced a valuable report called "Delivering for Remote and Rural Healthcare: The Final Report of the Remote and Rural Workstream". It was published in May 2008 and specifically built on the agenda and model for community hospitals, but recognised the challenges of delivering health care in a rural setting.

We need to set what NHS Dumfries and Galloway proposes within that robust framework in considering how we move forward. Does its proposal sit comfortably in the policy context that we created? The jury is certainly out on that and local communities are possibly arriving at

decisions about people's intentions in Dumfries and Galloway.

I value the work that the independent scrutiny panel did. I will raise three issues that it highlighted. It was sad that the panel had to remind the health board that it needed to set out a compelling vision for the changes that it wished to make. I would have thought that the first thing that the health board would do would be to set out that vision—to understand what it was trying to achieve and then follow through on it.

The other issues were transport in the context of geography and the financial assumptions. I will focus on them. I understand absolutely that the area is rural and that transport connections are challenging; the independent scrutiny panel also recognised that. From my experience at the Vale of Leven, I understand that sometimes—as Derek Brownlee said—a hospital's appearing to be geographically close takes no account of transport connections. Not everybody these days has a car, so some people rely on public transport. I am clear about the need to resolve such issues well in advance, otherwise we will find that people will not travel for hospital appointments, which is not what members would want.

I am also genuinely concerned about the financial assumptions.

**The Deputy Presiding Officer:** The member is on a four-minute speech. I hope that she remembers that.

**Jackie Baillie:** Indeed. I will be quick.

There are significant challenges in the NHS capital budgets. My understanding is—I would appreciate the minister's response on this—that funding for projects is being approved only when the business case has been finalised and there are no commitments to anything else, so I am curious as to how NHS Dumfries and Galloway intends to fund its proposal.

I am sure that there will be a very good turn-out in the health board election pilots in Dumfries and Galloway and I will be happy to visit the area to hear first hand from the board and, particularly, the local community how they want health services to be provided in their area.

17:23

**Aileen Campbell (South of Scotland) (SNP):** I also congratulate Jim Hume on securing the debate, and have enjoyed listening to what members have had to say. I thought that I would return the favour that Jim Hume did me when he spoke in my members' business debate last week.

I will keep my comments brief and declare an interest, as a member of my family is an employee of NHS Dumfries and Galloway.

I understand, from my South of Scotland colleague Mike Russell, that there has been a strong community campaign on the matter. I congratulate all those who have been involved, as, I am sure, would Mike Russell.

We all agree that local services need to stay local. Indeed, it is when such local services are under threat that communities come together and look to retain the local focus. They quickly become informed and involved in the decision-making processes.

In any situation like this, it is important that people are listened to; they need to be confident that the NHS is for them and is responsive to them. I know that that is fundamental for the Cabinet Secretary for Health and Wellbeing and the Minister for Public Health and Sport in how they approach their brief. It is important as well, however, that issues are discussed up front with local people so that they are informed and made part of the decision-making process.

Rural areas are very important to Scotland and we need to look after them. Post offices and transport links have gone from rural areas, schools in such areas are often closed and other services are often quick to leave rural areas or are considered surplus to requirements. We all agree that rural areas need our support, as do the people who live in them and make those areas vibrant.

I congratulate Jim Hume on securing the debate and I congratulate the campaigners who have been so important in involving local people in their campaign to ensure that services remain local and focused on their area.

17:25

**The Minister for Public Health and Sport (Shona Robison):** I, too, thank Jim Hume for bringing this issue before Parliament. The debate has been very constructive. Having chaired the NHS Dumfries and Galloway annual review meeting on 14 December, I am fully aware of the strength of local feeling about the board's clinical strategy proposals and how they may affect the configuration of local health care services. Before, during and after the annual review meeting, I took time to listen to the views of local people throughout the region about the proposals. I have heard some of those concerns again, in constructive tones, in members' speeches in the debate.

I should, first, be clear about the protocol in such matters, to which Derek Brownlee referred. As

members will be aware, proposals for major service change in the NHS are subject to ministerial agreement. As the clinical strategy in Dumfries and Galloway is still subject to formal public consultation, I hope members will understand that it would be inappropriate for me to comment in any detail on the health board's service options. However, I can give members the assurance that I gave local people who gathered in Dumfries in December—that in coming to a final decision on the clinical strategy proposals, ministers will ultimately take into account all the available information, including of course issues of frameworks and policy contexts, and representations.

This Government has a proud history of putting patients' interests first when it comes to major service change in the NHS: it introduced a presumption against the centralisation of NHS services and, last year, put an end to a decade of damaging uncertainty by safeguarding the future of the Vale of Leven hospital. We also recognised the concern of communities throughout Scotland about how NHS boards managed the process of service change and how they engaged with and consulted local stakeholders on proposed changes.

The original service reviews failed to address the very real concerns of a significant proportion of local populations that the centralisation of services would not deliver clear benefits for patients. The Monklands and Ayr accident and emergency proposals are an example of that. There is little doubt that the original consultations in Ayrshire and Lanarkshire and the subsequent decisions that the boards and the previous Administration made compromised the trust, faith and confidence that local people had in their NHS. It was therefore a priority for this Government to rebuild confidence and embed trust in the NHS, not least in the major service change process.

We recognise that boards have to respond to many pressures and changes, and must plan effectively to maintain high-quality services in the future, but they also bear the responsibility to engage meaningfully with local stakeholders at the earliest opportunity. Local people rightly expect major service change plans to be robust, evidence based, patient centred and consistent with clinical best practice and national policy. We understood that, in certain cases, to build confidence in the process, the plans should be critically assessed and that that work should be done by an independent panel of experts. That is why we introduced the process of independent scrutiny.

Members will be aware that the cabinet secretary instructed that NHS Dumfries and Galloway's clinical strategy plans should be subject to independent scrutiny ahead of public



consultation to give local people confidence that the board's planning assumptions were appropriate. That panel, the fourth that has been convened since we took office, was chaired by Professor Frank Clark, who was supported by Professor Gordon Peterkin and Professor Jane Farmer. The panel reported in August last year.

Time does not allow me to go into the detail of the ISP report, but members should be aware that the report is published in full on the independent scrutiny panel's website, as are the notes of the panel's meetings. NHS Dumfries and Galloway has assured ministers that it took full account of the ISP report in agreeing its proposals for public consultation.

I also welcome the board's decision to extend the current public consultation period until the end of February. That seems the right thing to do, given the recent extreme weather conditions. For example, I am aware that a public meeting in Thornhill had to be cancelled on public safety grounds. The extension offers local communities further opportunity to register their views on those important proposals—which is quite right and proper—and I certainly encourage local people to do that.

Following the conclusion of the public consultation process, the board will carefully consider all the evidence and representations and come to a view on the service options. The board will then submit its proposal to ministers for a final decision. In doing so, the board will be expected to demonstrate how it has taken account of the ISP's findings and of representations from local stakeholders that were made during the consultation. Ministers will receive a separate report from the Scottish health council on the adequacy of the public consultation process.

Ministers will continue to receive representations from members of the public and their representatives. Indeed, as Jim Hume knows, the Cabinet Secretary for Health and Wellbeing has already agreed to meet representatives of local groups to hear their views following the conclusion of the current consultation process. Obviously, that can take place only after the formal public consultation, not before it.

The final decision in this and in every other case of major service change in the NHS will be made by ministers, who will carefully consider all the evidence, information and representations and endorse only those decisions that are consistent with national policy. Boards must make the case that the proposed change is in the best interests of patients and local people. Indeed, should ministers ultimately consider that a board has not done that or failed to undertake material work or provide robust evidence to inform its recommendations, it is open to ministers to refuse approval and to

instruct that that part of the public consultation—or, indeed, all of it—be carried out again.

I hope that, within the limits of what I have been able to say tonight, I have been able to assure members and local people that we take such matters very seriously indeed. There is a process to follow and ministers are part of that process. I hope that tonight's debate has been of use to members.

*Meeting closed at 17:32.*



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