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Official Report

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Thursday 9 June 2011

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Scottish Parliament

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[The Presiding Officer *opened the meeting at 09:15*]

Caring for Scotland's Older People

The Presiding Officer (Tricia Marwick): Good morning. The first item of business is a debate on motion S4M-00234, in the name of Jackie Baillie, on caring for Scotland's older people.

09:15

Jackie Baillie (Dumbarton) (Lab): I welcome the opportunity to open this debate on caring for Scotland's older people. I can think of nothing more important that deserves the Parliament's urgent attention.

We often remark that a society is judged by how it treats its young people, older people and most vulnerable people. Given the events of the past few weeks, I am afraid that we have been found wanting in the case of caring for our older people. Although much of the debate will focus on the challenges that we face, we must not lose sight of the fact that there are some really good care homes and excellent care providers across Scotland. However, it is a matter of considerable regret that some are just not fit for purpose.

In the past fortnight we have witnessed shockingly poor standards of care at the Elsie Inglis nursing home, the case of the most appalling treatment of Mrs V at Ninewells hospital in Dundee and the potential that Southern Cross Healthcare will go into administration, which threatens continuity of care for 4,700 of its elderly residents. There has been one problem after another. It appears from my mailbox that those are not isolated incidents, and that concerns about standards of care are emerging in different parts of Scotland.

Elsie Inglis nursing home is but a stone's throw from Parliament. The poor standards of care there have resulted in two residents dying and six being admitted to hospital. There have been distressing reports of residents sleeping on stained and ripped mattresses and being forced to eat food with their hands, and of open wounds and sores being evident. In 2010 alone, there were 20 separate recorded outbreaks of infection affecting 72 residents. Yet, just a year earlier, the Scottish Commission for the Regulation of Care inspected the home and gave it a good report. Relatives of old people studied those reports before securing places in the home for them, believing that it would

provide their loved ones with a good standard of care. They have little confidence in those reports now.

How could something go wrong so quickly? What will happen in the future under the new risk-based approach to assessment? The care commission joined with the Social Work Inspection Agency on 1 April to create a new body: Social Care and Social Work Improvement Scotland—otherwise known as SCSWIS. It is not exactly the most user-friendly title, but I believe that it is right to bring together inspection and improvement in seeking to raise the standards of care across the sector and the country. What was not right was to start the new organisation off with an overall budget cut of almost 25 per cent and, by the end of this year, a staff reduction of just under 20 per cent—that is a recipe for trouble.

Let us remember that the new care inspectorate is not responsible for inspection only of care homes for older people, but that it also inspects a range of children's services and other adult services. So, the new organisation is starting out with a huge range of responsibilities but fewer resources to deal with them effectively. We have moved to a position in which the new care inspectorate will base its inspection regime on a system of online self-assessments, with targeted unannounced inspections of a smaller number of care homes. There is to be a greater maximum period between inspections for better-performing services and more focus on poorly performing services. We are therefore moving from a position in which there were twice-yearly inspections to much less frequent inspections in cases of good-performing homes.

Although that may, on the face of it, seem to be entirely reasonable, it is less than clear what would trigger more attention from the inspectorate. How is risk determined? I would hate to think that there could be a scenario in which people who are skilled at filling in self-assessment forms could escape inspection for longer periods but may not operate to the standards of care that we would deem acceptable.

Might I offer a little observation on self-assessment more generally? It was a system of self-assessment that was in place for health boards to report on their activities in relation to hospital-acquired infections and it was a system of self-assessment that underpinned infection control in NHS Greater Glasgow and Clyde and which operated in the Vale of Leven hospital, which witnessed the worst outbreak of *Clostridium difficile* in the United Kingdom, so members will forgive me if I am slightly cautious about self-assessment systems.

I will go back to the care centres and take the Elsie Inglis care home as an example. It had a

good report; there were no problems a year ago. The first intervention of the inspectorate appeared to be in April, but I know from relatives who have e-mailed me that there were concerns in October last year. Was the care commission aware of that? Could it have acted sooner? Would the new risk-based assessment approach have helped or hindered the process? If problems were identified more than six months ago, it is unforgivable that action to close the home was taken only in the past fortnight.

If we are serious about inspecting and improving standards of care, we need to ensure that the new inspectorate has the resources to do so. It cannot start life with one hand already tied behind its back. I welcome the cabinet secretary's personal commitment to making care of the elderly a priority. I had hoped that that would have been the case during the past four years of the Parliament, but I welcome the renewed focus. However, I would be grateful if she would outline what that "personal commitment" will mean. What differences will be made to policy? What resources will be in place? How can the cabinet secretary ensure that the standards of care remain the highest possible? I respectfully suggest that a welcome sign of her intent would be to reverse the budget cut to the new care inspectorate, but from her amendment I see that she is unlikely to do so, and that is truly disappointing.

In the context of the recent news about Southern Cross care homes, will the cabinet secretary consider giving the care inspectorate responsibility for addressing the financial viability of care providers as a condition of continued registration? The situation at Southern Cross is serious. The possibility of the company going into administration has been known for some months now. With 98 care homes and 4,700 residents, Southern Cross is the largest private care provider in Scotland. There were more than 3,000 staff in Scotland, but after yesterday's announcement of job losses, there will be 400 fewer, which will have a direct impact on the quality of care. Frankly, Southern Cross is putting its shareholders' interests before the care needs of its elderly residents. That is shocking and should be condemned by all parties in the chamber. It is becoming increasingly likely that Southern Cross will go into administration and our paramount consideration should be the continuity of care for the elderly residents.

The scale of that challenge is such that it cannot be left to 32 individual local authorities; it must be for the Scottish Government to develop the contingency plan. I know that some local authorities have done little in the way of contingency planning, while others openly acknowledge that they will be unable to cope with relocating all the elderly residents because they

lack local capacity. Others have said that they will need to use hospital beds, which will take our policy on care for the elderly back decades.

Local authorities also point out that they have powers to take over the running of care homes in emergencies, although few can afford to do so. That might not be required for every Southern Cross care home, but it might apply to a few where there is no local capacity. In those cases, will the Scottish Government make emergency resources available, should that be necessary in the short term?

Last week, the First Minister said that the cabinet secretary was in "daily" contact about Southern Cross, but we have discovered that, by that point, only two meetings had taken place: one in March and one in April, and those were with Scottish Government officials. That information came from a written answer to my colleague Neil Findlay on 2 June, which was the very same day that the First Minister said that contact was "daily". There is a real need for urgency in the Scottish Government's approach. Sitting on the sidelines waiting to see what will happen is not the proactive approach that I expect the Government to take in ensuring that our older people are protected and cared for.

I will comment briefly on the case of Mrs V at Ninewells hospital. She suffered from dementia and died in hospital at the age of 80. The indignity of her treatment was quite extraordinary. Mrs V was not given any food orally and when she became distressed at that, the response was to medicate her. In the space of 16 days, she was administered with 95 separate doses of sedative. Her care and treatment were described by the Mental Welfare Commission for Scotland as

"degrading, unnecessary, and may have breached her human rights".

I welcome the new dementia care standards, but we must ensure that those standards are the norm across every health board and in every hospital and care home, so that what happened to Mrs V does not happen to any other older person.

For me, what all those cases have exposed is that older people and their relatives feel quite powerless and confused in navigating our care systems. They place their loved ones in homes after following all the advice, reading all the inspection reports and even visiting the homes themselves, but that still does not offer comfort. They complain but feel that nothing is done and are not convinced that lessons are learned more widely across the system. They need someone who is very much on their side—someone who is independent of Government and who can look across care and hospital services and give voice to the wider concerns of older people more

generally. In short, they need an older people's champion. By working with all levels of government, voluntary organisations such as Age Scotland and older people themselves, such a person could help to drive fundamental change. I hope that the Government will give that proposal serious consideration, and I will be happy to discuss it further with the cabinet secretary.

I turn to prevention and resources. In many areas of Scotland, local authorities are struggling. For the first time, they are making cuts to care services and introducing charges, which is resulting in some older people cancelling services such as community alarms. Different approaches to charging are being adopted by neighbouring local authorities—a service that costs £30 in one area can cost £300 in the area next door. I first raised that issue two years ago, but those differences still exist.

The national eligibility framework for determining who should receive care sets out priorities. Understandably, those who are in the most acute and critical need are top of the list, but there are swathes of people with lower-level needs who will not be provided with a service because budgets are just too tight. I hope that the Government will ensure that local authorities collect data so that we can capture and identify the scale of the unmet need. That approach flies in the face of everything that we in this Parliament and the Government have said about prevention. We all know that prevention is the real prize. Even though prevention is cost effective, and it is much better for the individual to be sustained in their community without the need for more formal care, cuts are being made to some community-based services that do not cost a lot of money, and which have the potential to save in the long term. It is a matter of regret that prevention on the basis of what is happening on the ground remains an aspiration rather than a reality.

Many of the organisations that are involved in the provision of care at local level are leading the way in preventative work, but they are being squeezed, too. The terms and conditions of staff who work in the voluntary sector are being substantially diminished. Some care staff are being asked to take a wage cut from £17,000 a year to £13,000 a year, while others are being asked to work on zero-hours contracts—they are being asked to do more, but they are being paid less. Worryingly, there is evidence of the emergence of cuts to training budgets, with the result that care staff are being forced to do their own training in their own time and to fund it themselves. It is inevitable that that will have an impact on the quality of the care service that is provided, so there is an urgent need for us to look again at procurement policies and to put in place

minimum standards that seek to protect the quality of care.

I turn to the challenge ahead. Before the debate is over, we will all have swapped figures to illustrate the scale of the demographic change that we face. Whether we cite the statistic that there will be 75 per cent more 75-year-olds in about 15 years or the one that the number of people over 60 will rise to 50 per cent of the population by 2033, what is clear is that the status quo is not an option. Scotland's population is getting older and we are living longer.

However, not all of our older people need care. About 90 per cent of them are sustained in their own homes and communities with very limited input from care services, so we should think about older people not in the context of their care but in the context of what they offer our communities: experience, time and knowledge. Many of them are the volunteers who make our communities strong, but they need to know that should the time come when they need care, it will be there for them.

Labour believes that we will cope with that demographic change only by integrating health and social care and by having a local service with local accountability that is based on reformed community health partnerships and involves general practitioners, but which has one clear priority, which is to focus on the care of older people. The issue is not about structural change; it is about a better vision for the care of our older people, and I am happy to co-operate with the Government on that.

I move,

That the Parliament welcomes the Scottish Government's new focus on the care for older people; further welcomes the commitment given by the First Minister that vulnerable residents in Southern Cross homes will not be compromised as a result of Southern Cross's business model; notes with concern the report by the Mental Welfare Commission regarding the appalling treatment of Mrs V at Ninewells Hospital and the recent disturbing events at the Elsie Inglis Nursing Home in Edinburgh where standards of care were totally inadequate; further notes that one in 10 of the city's care homes have been criticised and deemed weak or unsatisfactory in at least one area of assessment in the past year; believes that the 25% cut to the budget of Social Care and Social Work Improvement Scotland (SCSWIS), charged with the inspection and improvement of care standards, should be reversed; agrees that radical reform of community health partnerships is urgently required following the serious failings identified in a recent Audit Scotland report; recognises that funding prevention work will delay services for older people requiring formal care; believes that the care and safety of Scotland's older and vulnerable people must be a major priority for the Scottish Government, and therefore calls on it to come forward urgently with plans to integrate health and social care so that Scotland's older people and their families can have full confidence that they will receive the best possible standard of care when they need it.

09:30

The Deputy First Minister and Cabinet Secretary for Health, Wellbeing and Cities Strategy (Nicola Sturgeon): I begin by doing what I failed to do yesterday when I spoke, which was to welcome Michael Matheson to his new role and to say how much I am looking forward to working with him.

I really welcome this morning's debate on caring for Scotland's older people—an issue that has been so prominent in the media of late. The issues that we will discuss today are of huge concern to older people and their families, so I welcome the opportunity to address some of those concerns and to exchange ideas on how we provide the quality compassionate care that our older people deserve, in a way that protects their dignity and independence and meets what I consider—I am sure that we all consider—to be our sacred duty as a civilised society. The issue is so important. Although scrutiny is absolutely vital, and notwithstanding the tone of the opening speech, I hope that we can all strive to keep party politics to one side and to work together to focus on the solutions that we need to find.

I largely accept the sentiments in the Labour motion. I lodged an amendment that I hope will be accepted because it attempts to reflect what I believe is the broad consensus around the need to improve care for older people and to provide a system that works in all cases.

Let me set out my stall clearly: I consider improving care for older people to be a personal priority. The responsibility for older people's services now lies directly with me as health secretary, and that includes ministerial oversight of the inspection agency. Jackie Baillie asked legitimately: what is the substance of that personal commitment? I simply point out that the last time I said that about a specific issue was in the wake of the Vale of Leven hospital situation. In the period since, we have seen a 70 per cent reduction in *Clostridium difficile* cases. In caring for older people, we need that same focus on working with those on the front line.

Several issues about how we care for our most vulnerable people have hit the headlines recently. They are not connected, but they have added up to give the impression that all is not well in our care system. On the whole, we provide care generally well, but doing it generally well is not good enough. We must do well by every older person on every occasion in every setting.

It will come as no surprise to members that the first issue that I want to address this morning is the Southern Cross situation. As members are aware, Southern Cross has more than 90 homes in Scotland, housing between them more than 4,000

people. Clearly, the financial situation of a company such as Southern Cross is not within the control of Government. However, as members would expect, we are monitoring the situation closely with regular dialogue between my officials, the company and the Department of Health in England.

Although the finances of Southern Cross may not be the direct responsibility of Government, I make it clear that what is undoubtedly the responsibility of both national and local government is to ensure the quality and continuity of care for any affected older person. I realise that concerns about both of those aspects of care, as well as staff concerns about job security, will have been intensified by yesterday's restructuring announcement by the company.

On Tuesday, I met the regional director of Southern Cross in Scotland to be updated on the latest situation and the attempts that the company will make over the summer to stabilise the situation. I sought his personal assurance that care quality in Southern Cross homes will not suffer as a result of the difficulties that the company faces. That assurance was forthcoming, but make no mistake—we expect it to be honoured.

Yesterday, I met the Convention of Scottish Local Authorities to discuss the contingency planning that is being undertaken by local authorities and to stress, as Jackie Baillie was right to point out, the partnership approach to the situation that we are determined to take. I agreed with COSLA that we would formalise the national contingency planning group for adult care services. It will now report directly to me and to Councillor Douglas Yates, COSLA's health and wellbeing spokesperson. The job of national and central Government, working together, is to ensure that whatever the final outcome for Southern Cross—which none of us can know at this time—we have plans in place to ensure the appropriate quality on-going care for all its residents.

I will keep members updated.

Murdo Fraser (Mid Scotland and Fife) (Con): I am very grateful to Nicola Sturgeon for giving way. One of the major concerns for residents is the future of the homes. Has the cabinet secretary had any discussions with other independent providers that might be interested in taking over the running of Southern Cross homes, should that company go into administration?

Nicola Sturgeon: A variety of discussions of that nature are taking place, as the member would expect. I am sure that landlords of the homes will be having discussions with a range of different people. The clear preference is to ensure, in whatever way, continuity of care in the homes that

older people are in. That presumption underpins all the contingency planning that is being done.

Michael McMahon (Uddingston and Bellshill) (Lab): I welcome the fact that the cabinet secretary has spoken directly to COSLA and that discussions are continuing. Have the cabinet secretary's officials been talking to the 32 individual local authorities, too, or are all the discussions being held directly with COSLA? Are officials relying on COSLA to pass the information to the local authorities?

Nicola Sturgeon: The Government has a direct interest not only in ensuring that plans are in place overall but in ensuring that arrangements are in place authority by authority and, if necessary, care home by care home. The arrangements that we formalised yesterday will allow all the 32 local authorities to feed into the national contingency planning arrangements, which are reported directly to me and to Councillor Yates.

Neil Findlay (Lothian) (Lab): Will the cabinet secretary take an intervention?

Nicola Sturgeon: I will take one more intervention on Southern Cross, but I have to make progress.

Neil Findlay: Thank you. West Lothian Council advises me that its contingency plans include seeking placements for residents with other local authorities, suspending respite places, moving placements from care homes to housing with care, ceasing hospital discharge purchases, and using hospital beds for care home patients. The chief executive has advised me that those actions would not achieve the number of places that will be required. What other options are being looked at?

Nicola Sturgeon: I have already said, in response to an earlier intervention, that the presumption that underpins our contingency arrangements is that older people will not be moved. Clearly, a range of contingency arrangements has to be put in place. I have seen an e-mail that I believe the leader of West Lothian Council sent to Jackie Baillie, which makes it clear that when the e-mail to which Neil Findlay referred is taken in its full context, it shows that the council regards the options that he has just outlined as not being the desirable options. It is important to put that on record.

Jackie Baillie: Will the cabinet secretary take an intervention?

Nicola Sturgeon: I have a lot of material to get through, but if the Presiding Officer will bear with me, I will take an intervention.

Jackie Baillie: It is really just to correct what the cabinet secretary said. For the record, I have received no such e-mail.

Nicola Sturgeon: I have a copy of it here, so I am sure that Jackie Baillie will take it up with the leader of West Lothian Council. I am holding a copy of an e-mail to Ms Baillie.

I want to end this part of my speech by saying that I will keep members fully updated. I have agreed to meet the Opposition spokespeople this afternoon to brief them in more detail. I know that this is an issue of concern and that members will want to ensure that they get full details of it as developments take their course.

I hope that the Presiding Officer will give me a wee bit of latitude, because I have a number of other issues to get through.

I turn to the Elsie Inglis care home. I cannot comment on all the specifics, given the on-going police investigation. However, we expect the highest standards of care from all who provide it in Scotland. The national care standards set out clearly the responsibilities for those who provide care. It is their duty to deliver those standards. We have a robust and a risk-based system of inspection, which was enshrined in the Public Services Reform (Scotland) Act 2010 and was supported in the previous session of Parliament. Its job is to ensure that where failures occur they are identified and rectified and, where necessary—if it is in the interests of vulnerable people—services cease to operate. Indeed, Elsie Inglis care home has ceased to operate.

Jackie Baillie mentioned budgets. In the interests of accuracy, I point out that SCSWIS did not start with a 25 per cent budget cut; that is a budget reduction over a number of years to reflect the fact that SCSWIS is three organisations merged into one. I give members the clear assurance that we will do whatever is necessary to ensure the highest standards of care in our care homes.

I will briefly address the Mental Welfare Commission for Scotland's report into the care of Mrs V. The report is not generally representative of care in our hospitals, but we know that hospitals are a setting in which care for dementia patients must improve. That is why they are one of the two key areas that are mentioned in the national dementia strategy. The standards that were published on Monday seek to improve standards of dementia care in all settings, but I have specifically asked the chief nursing officer to oversee their implementation in hospital settings and I have asked Healthcare Improvement Scotland to carry out a programme of inspections to ensure that our hospitals are living up to the clinical standards for older people in acute care, which were first published in 2002. All our older people, whether or not they have dementia, have a right to expect the highest standards of care and compassion from the NHS.

The Presiding Officer is beginning to look threateningly at me, so I will end with reference to the future and the agenda of integration. We need to provide better and more consistent services with better outcomes over the next few years for more people using resources that will be under pressure for some time. The report that Audit Scotland published last week made it clear that a voluntary approach to integration has not delivered fast or far enough. We must find a way of releasing and reinvesting the £1.4 billion that we currently spend on unplanned admissions, and we need to accelerate progress in shifting the balance of care. We established the change fund to begin that process, but we must go further. I am glad that there is political consensus on the need for integration. I accept the differences around how we should do that, which is why we are examining a range of options, and I intend to seek to build maximum consensus around the issue in the coming months.

I look forward to hearing the exchange of views and ideas in the debate. I want to leave the chamber in no doubt at all that this area of policy and practice is of the highest priority for me and for the Government.

I move amendment S4M-00234.3, to leave out from “further notes” to end and insert:

“considers that these cases demonstrate the need for a robust system of regulation and inspection that provides protection for older people irrespective of where they receive their care and treatment and that listens to the views of people who use services and their carers; believes that the care and safety of Scotland’s older and vulnerable people must be a major priority for the Scottish Government, and welcomes the fact that there is a consensus across the Parliament to improve the integration of health and social care so that Scotland’s older people and their families can have full confidence that they will receive the best possible standard of care when they need it.”

09:41

Mary Scanlon (Highlands and Islands) (Con):

I thank the Labour Party for using its time to debate this topic and I commend Jackie Baillie for her well-considered and measured speech.

An estimated £4.5 billion—14 per cent of the Scottish budget—is currently spent every year on care for older people. With a projected increase of 84 per cent in the number of people aged over 75 in the period to 2033, that figure is likely almost to double. We therefore need to plan services and support for older people in a much more co-ordinated and proactive way than the current system, which tends more towards crisis management. As Jim Eadie said in his maiden speech yesterday, the starting point must be the £1.4 billion—a third of that budget—that is spent

on emergency admissions to acute hospitals at an average cost of £3,349 per week.

The 943 care homes in Scotland provide more than 39,000 places, but there can regularly be up to 5,000 empty places in them. Each place costs around £500 a week to the public purse, which is £2,800 cheaper than an acute bed. Given the fact that those care homes are able to provide the appropriate care, tailored to the person’s needs following hospital treatment, surely that resource could be more fully utilised to benefit patients and taxpayers. In talking about care homes and SCSWIS, we should remember that there are good and bad providers in both the private and public sectors. The old days of “public good, private bad” are long gone—one has only to read the care commission’s reports to see that. I hope that the fact that 85 per cent of care homes are in the independent and voluntary sectors will not present an ideological barrier to placing elderly people in high-quality appropriate care. For years, we have heard that elderly people become more dependent and less mobile the longer they stay in hospital and, as we all know, they often fall into the delayed-discharge category.

Care homes could also provide more day care, respite care and home care. They have the knowledge and the management skills as well as the facilities to do so. Now that the cabinet secretary has personally taken charge of elderly care—which I welcome—I ask her to investigate the fees that are paid by councils for placing people in council homes, which can be up to 80 per cent more than the fees that are paid in the voluntary and independent sectors, despite the fact that all care homes must meet the same quality standards that have been set by the care commission.

Although we can criticise care homes and care at home, many elderly people are cared for in our NHS. I found it very worrying—I found it very upsetting, actually—to read “Starved of care”, the Mental Welfare Commission’s investigation into the care and treatment of Mrs V at Ninewells hospital in Dundee. It begs the question of who inspects and monitors care and treatment in our hospitals. Yesterday, Joe FitzPatrick seemed to think that because we have a dementia strategy everything is going to be all right. Surely we do not need strategies, actions plans and legislation to get nurses to feed patients. That is all that the woman needed.

It is also alarming that the case was only brought to the attention of the Mental Welfare Commission two months after the death of Mrs V, by an independent doctor who was a psychiatrist. That doctor thought that the Mental Welfare Commission had received information about his concerns, yet following the tribunal hearing it had

no record of any contact. It was only when the independent doctor took action to send his report to the Mental Welfare Commission in March 2009—to register his concern that Mrs V had experienced distress and agitation as a result of being prevented from eating—that the investigation took place. The response to her agitation and distress at being starved was, instead of giving her nutrition, to give her sedation. This is our national health service. If this lady could be so badly treated and the case could come to light only due to one independent doctor's diligence and conscience, how many more elderly people are starved of care and nutrition in our national health service? How do we all know that our parents—indeed, ourselves, one day—will be cared for, fed and treated with respect and dignity not only in the care home sector, but in our national health service?

One of the main problems for older people is loneliness, with families being dispersed and older people being unable to go out alone. That is why I cannot understand why when councils—in particular, Highland Council—look for cuts, the first place they go to is day centres, which are a lifeline for many people.

Regarding the motion and amendments, we will support the Government's amendment, but we will not support Labour's motion. We all supported the merger of the Social Work Inspection Agency and the care commission under the Public Services Reform (Scotland) Act 2010 because we knew that there would be efficiency savings. I do not know whether the 25 per cent is a reduction in duplication, and that is why we will not support Labour's motion.

I move amendment S4M-00234.1, to leave out from first "believes" to end and insert:

"notes the criticisms of the community health partnerships identified in the Audit Scotland report, and calls on the Scottish Government to bring forward a comprehensive strategy to support older people that will include plans for the integration of health and social care and proposals for better utilisation of existing care home capacity in the independent sector."

The Presiding Officer: We move to the open debate. I remind members that they have six minutes in which to speak. We have a wee bit of time in hand, so if you take interventions we will allow you a wee bit more time beyond your six minutes.

09:48

Claire Baker (Mid Scotland and Fife) (Lab): Today's debate addresses a significant issue that is facing the new Scottish Government. Scotland has an ageing population. People are living longer but not necessarily more healthily, and they often have increasingly complex needs in later life. The

elderly population of the 21st century is much more diverse in terms of income, mobility and health than those in previous generations, so our response needs to be more sophisticated. We must face up to the realities of a changing Scotland, and the services that we provide, whether through public, private or third sector delivery, must reflect a caring and mature society.

I will concentrate on a few issues from my personal experience and my experience as an MSP for Mid Scotland and Fife. Relatives who take on the role of caring for an older person are often lauded by politicians. It is a huge task. I know that from my family's own experience when my grandfather moved into my parents' home. That is the way in which we all used to look after our elderly. I was at university at the time and I was not particularly aware of, or appreciative of, the commitment that was given by my parents. It can be very hard work and it is not the answer for everyone, but if families are in a position to provide that level of care, they must be properly supported through the benefits and social care system. I am sure that we will reflect more on that area during the forthcoming carers week.

While caring for an elderly parent or spouse at home, relatives aim to make that person's life more comfortable and familiar and to retain them in a home environment. When a family pass complete care to another provider, they look for a level of care for their loved one that meets those hopes. We know from recent shocking incidents that the system can—tragically—fail a family's trust. Of course, many care homes have good assessments. We are right to rely on such measures as an indicator of quality but, even with them, it is often the intangible and difficult-to-measure human qualities that provide families with confidence in a care setting.

That is relevant to the care home situation in Fife and the campaign that families of care home residents there are running. Fife Council has decided to close all the local authority-run care homes and replace them with private provision. I have had meetings with care home residents' relatives, who believe that their loved ones receive a high quality of care in local authority homes and that such care is better than that in the private sector.

Fife Council is undoubtedly making an unpopular decision—more than 70 per cent of respondents to a consultation that was held in November did not agree with it. The care commission has reported that the current buildings need improvement—en suite bathrooms are the major issue—but residents' relatives overwhelmingly argue that such facilities are not what makes a good care home; it is the level of

care and the dedication of staff that make a good care home.

Local authority care home staff feel so strongly about the decision that they are prepared to consider their terms and conditions and to change working practices to save resources. Eroding staff terms and conditions is not the best way forward in improving elderly care, but we could be looking at a staff-led, co-operative model of care that provides an alternative solution not just in Fife but across the country, where other authorities face similar challenges.

As the Scottish Government will increasingly discover, it is difficult to always make popular decisions and we should not expect decision makers to always be popular. Sometimes, they must make the case for a difficult decision and build a consensus. Of course Fife Council faces a challenge—how do we ensure that older people live in high-quality accommodation that fully meets their needs and where they are properly cared for? However, the council's proposed solution—a wholesale move to the private sector—is increasingly being questioned.

The care home sector benefits from mixed provision. Public sector provision has considerable merits, but—realistically—we could not deliver a service without a contribution from the private sector. The private sector has good-quality care homes and some excellent care homes, although we as a Parliament are highlighting today serious concerns about what happens when the system fails, regardless of the sector. We can add to that mix the growing number of third sector or partnership-led homes. For example, Abbeyfield runs a co-operative model in Kirkcaldy, and many charities are involved in care delivery, although—as Mary Scanlon highlighted—the economics of the sector can make it difficult for them to survive. Mixed provision helps to raise standards in care homes not just for residents but for staff.

Care home staff are often undervalued and underpaid. We should aim to raise the value of care staff, whether those they look after are young or old. Access to training and skills supports a more motivated and professional workforce and, overall, the public sector has a better record on that than the private sector does.

Southern Cross's current financial difficulties should cause a rethink of Fife Council's decision. Unison suggests that other major companies also face financial problems. The difference between the home care fees that local authorities pay the private sector and those that they pay the public sector has long been a social care financing issue that has been raised with MSPs, but it is dwarfed by the problem that we face of large social care companies that are run for shareholders' profits

and now face financial collapse. Many are concerned that this is the tip of the iceberg.

Last week, the First Minister said:

"Given the difficulties that arise when a private company is on the brink of administration and given the position in which that leaves vulnerable people in social care or the health service, the current situation should be a cautionary note for those who seem to think that private intervention is a solution in the health service or in the social care service."—[*Official Report*, 2 June 2011; c 299.]

We are all concerned about the future security of healthcare. The cabinet secretary must continue dialogue with Southern Cross and be alert to concerns about other companies.

In the current environment, Fife Council should hear that cautionary note and reconsider its decision. There are alternatives—Abbeyfield in Kirkcaldy should be proof of that—and the council should commit to exploring them. The Scottish Government could take a lead in exploring and promoting alternative models to maintain mixed provision if local authorities step away from direct delivery. It should not take crises—whether financial or in social care delivery—to force an examination of the sector, but we must all be confident that the care models that operate in Scotland can meet our future needs and reflect our society's values.

09:55

Fiona McLeod (Strathkelvin and Bearsden) (SNP): As a returning MSP, I have to say that it is a great privilege to make my first speech in what, to me, is a new Parliament. It is also an honour and a responsibility to do so as constituency member for my home area of Strathkelvin and Bearsden. In keeping with previous speeches, I wish my predecessor, David Whitton, well in his life outside Parliament.

First of all, I must declare an interest: for many years now, I have been the carer for my elderly and infirm mother, and I was an employee of Carers Link East Dunbartonshire. In those capacities, I want to thank the cabinet secretary for her personal commitment to the future planning for care of the elderly in Scotland.

Members have talked about demographics and mentioned various figures. The issue is particularly important in Strathkelvin and Bearsden and, indeed, across East Dunbartonshire, which has the fastest growing elderly population in Scotland. From a base in 2001, by 2016 the number of over-65s will have increased by 22 per cent and the number of over-85s will have increased by an astonishing 101 per cent. Although that is testament to the health, vigour and vitality of many of my older neighbours, for every one person like my father-in-law, who will be 99 in three weeks'

time and still goes swimming twice a week, there are five older people like my mum, who need help with long-term chronic conditions.

I am delighted to hear the cross-party support for the emphasis on care in the community. It is what our older folk want and, as a health librarian, I know that the evidence says that it is the best approach. However, as a carer and having worked for Carers Link, I must stress the amount of planning and thought that needs to go into all of this. At the moment, the theory is great but the practice is not always ideal, and the crux to ensuring that practice becomes as good as the theory is the integration of social and health services.

For example, we have been talking a lot about nutrition. People who live at home can have their dinner made for them, but that means that someone will visit them for 15 minutes, stick a meal in the microwave and leave them to eat it and clean up. That is simply not good enough if we are talking about supporting older folk and ensuring community spirit; indeed, all it is good for is ensuring huge profits for Marks and Spencer, as that is where we go to buy microwaveable food for our older people.

There are also what are known as tuck calls, when someone comes any time from half past 6 to half past 10 at night to put people to bed.

Neil Findlay: Perhaps the people in Strathkelvin and Bearsden buy food for their older people in M and S, but where I come from many certainly do not.

Fiona McLeod: I apologise—I was probably being a bit flippant. All I was trying to say was that older people in such situations tend to eat something in a plastic microwaveable pack, not good home-cooked meals.

The reality is that we will have to give this matter a lot more care and attention. After all, we want our older folk to be independent. As a Labour member has already pointed out, independence must mean that they are supported in their care, not left isolated in their own homes.

Some of the current problems with care in the community are leading many service users to move in the direction of direct payments, so that they can get their needs assessed and buy in what they need. However, the approach has huge limitations. Many of those who are looking for direct payments need support in completing the process and actually getting a personal assistant. We need to spend a lot of time looking at that area. One quite technical issue that I have come across and which I will take up later with ministers is the way in which the Protection of Vulnerable Groups (Scotland) Act 2007 works with regard to personal assistants.

One in eight of us in Scotland is a carer, and we save the Government approximately £6 billion per annum. I very much want us to be seen as true partners in the care of the elderly people whom we look after when the integration of social and health care is being looked at. Please involve us in the planning and listen to those of us who support folk.

If I may talk about another place, I note that while carers are saving Scotland £6 billion per annum, the Westminster Government is giving people £59 a week for a 35-hour week in a caring role. That has to be considered at Westminster.

Last week, I raised an issue with the minister for housing, whose reply I am delighted with. A long-term strategy will be considered to ensure that we have housing that is fit for elderly folk to stay in. Adapting someone's current home is often not the safe answer to ensuring that they can remain at home.

On benefits and Westminster, finances are a big thing for old folk who live in their own home. The winter fuel allowance is welcome, but we have to make the point to Westminster that although everyone gets the same winter fuel allowance, it costs 20 per cent more to heat a house in Glasgow or Strathkelvin and Bearsden than it costs to heat a house on the south coast of England.

When I was outside Parliament, I was pleased to be part of the getting it right for every child programme. Perhaps we now need to look at getting it right for every older person in Scotland.

We have talked about dignity and choice. It is true that our older people need dignity and choice in life. I remind members that they also need dignity and choice at the end of life.

The Deputy Presiding Officer (Elaine Smith): I call John Finnie, to be followed by Alex Johnstone. John Finnie is making his first speech in the chamber.

10:01

John Finnie (Highlands and Islands) (SNP): Care of our older people has always been a priority, and older people were the major beneficiaries of the achievements of the previous Government, which delivered the lowest-ever waiting times, a fall in hospital infections and more nurses than ever.

Of course, there are aspects of caring for Scotland's older people over which, in the meantime, we have no control. The full implications of the United Kingdom coalition's benefits changes may not yet be clear, but our older folk will not escape the attack on the vulnerable, and they will not, of course, be spared the fuel poverty that continues to blight

communities in our energy-rich nation while the energy companies make obscene profits. Scottish Power's 19 per cent price rise is a case in point.

I am proud to represent the Highlands and Islands and am very aware of the challenges that its geography poses for the delivery of public services, not least health and social care services. The First Minister's assurance of continuity of care for Southern Cross residents has been welcomed in the Highlands, where the company has four homes and the local authority is a key customer. Last year, one of Southern Cross's Highland homes was completely destroyed by fire—thankfully, the 59 residents were unharmed. That home is not to be rebuilt, which perhaps reflects the flawed business model. It was, of course, Highland Council that arranged continuity of care for the residents after the fire.

It has been said many times in the debate—and I have no doubt that it will be said again—that a society is judged by how it treats its older people. I welcome the increased scrutiny that is being placed on those who provide care, not least the unannounced inspections of care homes and the valuable unofficial monitoring role that is undertaken by the various friends-of groups and, in my area, the excellent Highland Senior Citizens Network.

Scotland has an ageing population, and we have a statutory requirement and, more important, a moral obligation to provide high-quality, publicly funded health and social care for them. There is no doubt that that will prove challenging in the face of unprecedented cuts from London. The largest portion of the NHS's £3 billion-plus spend on older people is on emergency admissions, which no one wants. That compares with 7 per cent of the older people's budget that is directed to care at home, which everyone wants.

Care at home and care homes are part of our so-called mixed economy, but I am uncomfortable about profit being associated with care and would welcome greater public sector provision in both areas. I hope that local authorities' risk registers recognise that, unlike the reassuring words of our First Minister, the market gives no guarantee of continuity of care for residents whom authorities place in private care homes.

That mixed care economy works only where there is volume, of course. There was no shortage of bidders for Highland's care at home contract for the 20-minute home visits in the towns and villages around the Moray Firth, but it is, of course, the council that continues to deal with the person with complex needs who lives miles up a glen that is accessed by a single-track road. Any public sector comparator for future work looks ridiculously expensive when compared with the apparently efficient private sector folk. I regret that

care of our older folk is dealt with like grass-cutting or information technology contracts. Let no one be in any doubt that those companies' primary statutory obligation is to maximise profit for their shareholders.

The statutory obligation in relation to care rests with the local authority. Although those who become dissatisfied with the level of profit—invariably, they are the same folk who seek light-touch regulation—might come and go, the public sector must and will be there to care. In some of our remote communities, there are examples of not-for-profit models of community care working and delivering the quality care at home that reduces emergency admissions. If somebody has to be taken into hospital, any discharge is accelerated by virtue of the additional support at home.

Welcome, too, are the telehealth advances, which respect people's privacy and reduce the need for human interventions. However, although the technology has its place, social contact is vital for our older people. Lunch clubs and social groups, which are often run by volunteers, must continue to enjoy public funding. Their benefits are significant and their closure is devastating to users and to their friends and families. The social mobility that concessionary travel has given our older folk is another positive example of support.

There is no disputing that we must work to move moneys from dealing with unnecessary emergency admissions to providing quality care at home, in houses that are suitable for our older people. There are good examples of that across the Highlands and Islands where, thanks to funding from the previous Government, the first council houses in a generation have been built, with more to follow. I commend the work that Highland Council and NHS Highland have done on the lead commissioning model and the support that the Government has given that project. However, it is vital that any such major change enjoys the support of staff and their unions. It is fair to report that there might be some way to go with that yet.

Reassurance is key to caring. The Government cares dearly about the NHS. If the public sector focuses on agreed outcomes, any perceived barriers to integrating social care and healthcare will be avoided. I believe that the results that we should focus on will not be found in the share listing of those who are engaged in profiting from care; instead, they will be found in ensuring that person-centred, safe and efficient care is delivered to our older people, regardless of their location.

10:07

Alex Johnstone (North East Scotland) (Con):

I congratulate John Finnie on his maiden speech and I welcome the fact that he raised a number of constructive issues that we will need to deal with in the debate and in the five years of this session of Parliament.

I welcome back to the Parliament Fiona McLeod, who made her first speech since she was a member in the first session. She will remember that she and I were members of the Parliament that approved the principle of free personal care for the elderly, which has been a defining feature of the way in which the Parliament has dealt with the care of elderly people in the intervening time. However, I must point out that, on the day on which we finally approved that policy, my colleague Mary Scanlon made it clear that, although we in the Conservatives fully supported the ideas that lay behind free personal care, we believed that the Government of the day had vastly underestimated the costs. The terms of today's debate indicate that Mary Scanlon was exactly right that the costs had been underestimated and that the long-term consequences would come home.

Jackie Baillie: Does the member acknowledge that the overall spending on social care, particularly for older people, runs to billions of pounds and that free personal care is but a small part of that?

Alex Johnstone: Indeed, but I believe that it is indicative of the problem that our commitment to such things will always be more expensive than we hoped it would be.

I want to talk about funding and how we deal with the current crisis. Many members will want to blame somebody for the fact that there is less money around than there was before or might otherwise have been had the situation been different. The fact is that we have a large number of people who rely on funding in their later years and who will potentially suffer because there is less money around. That is why anyone who makes a special plea for a particular budget increase in an area must accept that equivalent budget cuts might be necessary to achieve it. I am the first to argue that we need to follow the approach that the Government appears to be taking of finding efficiency in systems to ensure that cuts, where they are made, are small and evenly balanced and do not ultimately target individual groups or, for that matter, individuals, who might suffer as a result.

That is why I will always argue for the idea that we need competition in the provision of care for the elderly and that we need to incorporate the idea as a key element of how we achieve not only

good value for money in public expenditure but good-quality care across the board for the maximum number of people who require it.

It worries me to hear so many members' maiden speeches—I return perhaps to John Finnie—in which they seem to say that they believe fundamentally that the public sector is good and the private sector is bad. They seem to have an aversion to profit, perhaps in this area and perhaps in others, but they do not realise that if we do not have wealth creation in our economy we will have no public expenditure at all.

Mark McDonald (North East Scotland) (SNP):

Does the member accept the point that the private sector is good in some areas but there are other areas in which profit-driven motivation is neither required nor beneficial?

Alex Johnstone: I do not believe that there is any evidence to support the idea that the public sector is somehow intrinsically better than the private sector, and I do not believe that the quality of care in the private sector is governed by profit or loss. Our discussion today indicates that the regulatory system that is in place is sound, and we need to ensure that it improves.

Let me move on to a couple of specific issues. One area that has given me some concern is the reducing budget for wardens in sheltered housing—in Aberdeenshire at least. I picked up on the issue during the election campaign, when a number of people chose to raise it with me. I am concerned that there appears to be a trend in local authorities to prioritising cutting the cost of the services while not necessarily taking into account how best value can be achieved for the limited expenditure that is possible.

The specific case that I came across is a proposal to share warden services between two areas of sheltered accommodation that are 16 miles apart. The point of any such decision is, of course, to allow the providers to cut the number of staff or hours, but the effect is that transport will have to be provided, sometimes in emergencies or poor weather conditions, between the two sites.

It strikes me that there is an inconsistency in the way that budget cuts are being applied. Is the cabinet secretary in a position to express an opinion on how efficiencies are best achieved in areas such as sheltered housing? It is my intention to discuss the issue in significantly greater detail with council officials and some of the residents who may be affected.

We are in a difficult position. There have been a number of horrifying incidents, not least the case of Mrs V in Dundee. The issue has been put back on our agenda at a time when we must treat budgetary efficiency as a key element of how we ensure that good-quality and evenly spread public

services are provided. If we do not, we could find ourselves with more such cases, not fewer. As Mary Scanlon said, we will therefore support the SNP Government's amendment, and we hope that by going down that route we get value for money and good-quality public services and do not end up with more horrifying individual cases.

The Deputy Presiding Officer: I call Bill Walker, who is making his first speech.

10:13

Bill Walker (Dunfermline) (SNP): Thank you, Presiding Officer. I am proud to be the first Scottish National Party MSP for the Dunfermline constituency, which comprises both the city of Dunfermline and a number of surrounding west Fife villages.

Dunfermline is, of course, the home of Bruce and Carnegie. After a difficult period and the decline of a number of traditional industries, the area now is undergoing a modern renaissance that extends from the technical advances promised by clean coal technology at Longannet power station to the impressive regeneration and restoration work taking root in Scotland's ancient capital of Dunfermline.

The events of 5 and 6 May seem a long time off, but I do not wish to let these dramatic days pass without recognising my political opponents in the election. The sitting MSP was Lib Dem Jim Tolson, who worked hard during the campaign. We crossed swords several times, with courtesy on both sides—at least, he was always a gentleman.

Alex Rowley followed John Park as the Labour candidate and was the bookies' favourite; those fellows seldom get things wrong. Labour put huge effort into regaining the seat, but there was no mistaking Alex's shattered demeanour when the result was announced. Nevertheless, his congratulations, which I now formally acknowledge, were whole-hearted. Our Tory opponent was James Reekie, a fine young speaker. He will, I hope, successfully complete his law degree studies before throwing his hat into the political ring again.

Turning to Jackie Baillie's motion, I appreciate the welcome that it gives to the Scottish Government's moves to improve the focus on care for older people, and to the First Minister's commitment on vulnerable residents in Southern Cross homes. Several colleagues have taken up, and others will take up, a number of detailed points in the motion. I will refer to the lessons that can be learned from my experience with Labour in the SNP-led council on which I still serve.

I fundamentally disagree with Claire Baker's analysis of the Fife survey's findings. Social care needs disproportionately affect the elderly. In order to focus help on the most needy, over the past couple of years Fife Council has introduced a simple form of means test to ensure that financial help in these increasingly tough times goes where it is most needed, and not to those clients who could afford to contribute something on a sliding scale of charges.

Labour vociferously opposed that policy, which I regard as socially equitable, and in doing so caused great alarm among some of the elderly by quoting the extreme end of the charging regime as if it was the norm. Needless to say, that was not the case. Fundamentally, it is best in stringent financial times to concentrate resources on those who are most in need.

Residential care homes for the elderly, to which Claire Baker referred, are an increasing but necessary cost for Fife Council and throughout Scotland. In Fife only around 12 per cent of care residents live in council homes, with the balance living in the private and voluntary sectors. I do not care ideologically where the care comes from as long as it is the best that is achievable. In general, Fife Council's stock of homes is ageing, with—for example—few en suite toilets in homes, whereas, in general, the opposite is the case in the private and voluntary sectors, contrary to what Claire Baker implied.

Earlier this year, in the teeth of furious Labour opposition, Fife Council took the decision to go out to the private and voluntary sectors to invite offers to build and run replacement homes, as the first three homes of the remaining stock—two of which are in my Dunfermline constituency—came to the end of their practical lives.

I can only guess at why Labour in opposition decided to oppose so noisily, especially as the last occasion on which council homes were closed was under a Labour administration, and many private and voluntary sector facilities have been built since then. Those sectors can source capital more easily, and can operate new and better homes more efficiently and less expensively, than the council can. However, expressions such as “selling off council homes”, “privatisation of homes” and even “turning people out into the street” were soon being thrown around, which caused alarm in some quarters.

I hope that we can now leave those fallacious arguments behind. The Scottish Government and councils throughout Scotland are trying to do more with less, which in practice means prioritising and focusing spending for some time to come while being as efficient as possible. I hope that the Labour Opposition will join a consensus, as Jackie Baillie implied. Otherwise, I shall feel free to

remind others that the reason why these hard social and financial decisions must be made lies in the failed economic management policies of a recent former resident of both 10 and 11 Downing Street, the consequences of which we shall be living with for a good number of years.

Over the next five years I shall do my utmost further to recognise how best to observe, listen to and represent the people of Dunfermline and Scotland.

The Deputy Presiding Officer: I ask members to keep strictly to their six minutes, as time is beginning to run away with us.

10:20

Hugh Henry (Renfrewshire South) (Lab): I share Mary Scanlon's observation about Jackie Baillie's speech, which was measured, thoughtful and constructive. I hope that the cabinet secretary, who is not here at the moment, will take time to reflect on her comment about the tone of Jackie Baillie's speech. If we cannot make robust, sturdy comments about something as fundamental as the care of the elderly in our country, we are failing ourselves and the people whom we represent.

It is undoubtedly the case that, in recent years, we have seen a significant improvement in the quality of care that is provided. I can reflect back on the early 1980s, when my late aunt—God rest her—was a resident in what was euphemistically termed a care home in Shettleston. Two or three elderly women were living in the same room, with no en suite facilities, up the stairs, with no disabled access. Frankly, the place was totally inadequate. It was also a bit of a death trap, if we consider what modern fire regulations require. There is no doubt but that we have seen improvements.

There is a dilemma with regard to how we get the investment that is needed to modernise this country's care home infrastructure. Alex Johnstone and Bill Walker reflected on that to some extent in their comments. Equally, we should take a bit of time to reflect on and, perhaps, worry about what the current system means. Bill Walker took a sideswipe at what happened in the financial crisis. Actually, the collapse of financial markets both in this country and across the world happened as a result of corporate greed and reckless decision making, not by the Prime Minister of the United Kingdom but by bankers in America, here and elsewhere. When we look at the pattern of development of care homes, we see private equity companies buying in, selling on, taking over other concerns and playing with profits, money and people's lives.

John Finnie was right to reflect and comment on some of the dangers that are associated with that type of behaviour. It is farcical for us to be told that

private business is the driver of wealth creation and wellbeing in this country but for the taxpayer to have to bail it out when it collapses, as we have seen with the banks. We are in danger of seeing a similar pattern develop with care homes. Speculation may drive them in a direction that requires taxpayers to step in to bail them out. That is why the issue of regulation, planning and standards is fundamental to everything that we require.

In her excellent speech, Mary Scanlon spoke about some of the issues that arise in both hospitals and care homes, including issues relating to the feeding of elderly residents. It quite upset me to listen to some of her speech, because it took me back to the time when both my mother and my father were in hospital and some of the things that I saw then. To some extent, it makes me ashamed that I may not have shouted loudly enough at that time, although my family and I did complain. Things that I saw and which my family experienced are still happening. My mother and father were not fed properly and had to rely on family members going up to feed them.

Such things are still happening. People who are slumped in their beds are told that it is not the job of the staff to move them up into a more comfortable position. We cannot allow people who have done so much for us personally, and who have done so much for us as a society, to suffer the indignity of the treatment that many of them still face. This is a cross-party crusade—or initiative, or however we want to describe it—and we need to put aside our differences, because if we fail those people who have done so much for us, it will be to our lasting shame.

There is a need to consider what reductions in services and higher charges mean. I am not alone in having received some very upsetting examples of what is happening to many people in their homes. We need to reflect on the integration and sharing of services. I recall from when I became Deputy Minister for Health and Community Care in 2001—Malcolm Chisholm might reflect on this, too—that those were among the issues that we were talking about 10 years ago, when we were considering the development of care in the community. We discussed the integration of budgets and the sharing of services then, and it is still not happening.

In the health service, and indeed in public services generally, we have a bureaucracy the like of which would scare us, yet we are still failing individual people in their time of need. That is not acceptable; it cannot go on. We need to work together to rectify that.

10:26

George Adam (Paisley) (SNP): Members are about to hear something that they will not have heard from me before in 20 years of knowing Hugh Henry: I agree with Hugh Henry. In particular, I agree with his point that we do ourselves a disservice if we cannot agree on this important issue. However, I believe that the cabinet secretary was not having a sideswipe at Jackie Baillie; she was merely responding to some of the points of view that she had put across at the start of the debate.

There is a first for us all, anyway: I have agreed with Hugh Henry at the start of the debate. The amendment in the cabinet secretary's name ensures that this welcome, important and valuable debate is more focused and concerned with the actual delivery of services and with the quality of service for our older people. We are dealing with people's lives, and Hugh Henry put it aptly. We are dealing with families and with older people—we are dealing with people whom we know in our communities.

The current situation with Southern Cross Healthcare is concerning to me. In Renfrewshire, more than 300 individuals use the company's services, and it has a problem. I am glad to hear that the cabinet secretary is working with COSLA and other partner organisations to find a solution. The priority is quality and continuity of care, and I have an interest in that.

This is one of the most important debates that we will have. Care for older people is one of the biggest challenges, because of the changing demography that has been mentioned a number of times in the debate. In 2031, 38 per cent of Scotland's population will be over 65. When I first became a councillor in Paisley and Renfrewshire, at the beginning of the term, our scrutiny and petitions board considered how we could deliver services for an ageing population. We had to consider the matter proactively in order to move forward.

Jackie Baillie is correct: how we look after society's vulnerable members defines how civilised a society we are. We all agree on that. How we get there and deliver the services is the subject of debate, but we are all agreed about how we must look after our older people.

We live in difficult economic times, and sustainability and delivery are the important things. It is not all about money. In Renfrewshire, we had success by taking a small fund of money that had been used for something else for older people to alleviate the problem with delayed discharge. That worked out. We should be talking about how we can make differences in that way, rather than just throwing money at the problems.

This is not a blame game. Too often, the public get fed up with us all for sabre-rattling and falling out with one another over issues such as this. It is a matter of delivering service—locally in particular. The people in social work departments in councils know how to deal with social care, and they can deliver the service best. It is a matter of working in such a way as to make CHPs and other organisations deliver. It is not about reinventing the wheel; it is about working with what we have and making it work for our older people.

During the election campaign, I heard from the Labour candidate in Paisley about the proposed national care service, but it was unfortunate that Labour provided no guarantees or detailed proposals on integration and costs. I have to say to Jackie Baillie that it almost seemed as if Labour was sitting on the sidelines on the issue—

Jackie Baillie: Will the member take an intervention?

George Adam: I was expecting that.

Jackie Baillie: If the member reflects at all on history, he will know that it was Labour that led the debate about the integration of social care. I am, of course, happy to co-operate with the Government and share our detailed plan for a national care service.

George Adam: I appreciate that. It will be good to see how things progress. I was pointing out only that, in the debate during the election campaign, we heard no concrete proposals.

Scotland spends £4.5 billion every year on older people's services. The cabinet secretary was correct to say that it is not about throwing money at various projects and that it is about intervening at an early stage. Such an approach to delivering services is not only cheaper but a better way of keeping older people in their communities, with their families and neighbours.

In my council ward in Renfrewshire there are high flats at Rowan Court, which are occupied by older people. There is a public area to which residents can come down, so that they can meet their neighbours in their community and not become isolated. The approach works well. Last year, we had a very bad winter. When we talk about services for older people, we must be careful to commend social work departments throughout Scotland. During three weeks of the worst weather in decades, members of Renfrewshire Council's social work department made 25,000 visits. Council employees were willing to deliver a service that was above and beyond the call of duty, and we should never forget that.

As I said, caring for Scotland's older people is one of the biggest challenges that we will face in

the coming years. I am thankful that the Scottish Government and the Parliament have a good track record on care of the elderly and many other social care issues. The challenge should bring us together, rather than divide us. I will put it bluntly: we are dealing with people's lives. The delivery of services is more important than any member's attempt at one-upmanship. It is about the individuals whom we serve.

10:32

Alison McInnes (North East Scotland) (LD): It is clear that we all agree that caring for Scotland's older people is the key challenge for public services, which must deal with the increasing demands that result from our having an ageing population and ensure that services are of a consistently high quality throughout the country.

It is regrettable that high-quality care is not always available to the most vulnerable people. The recent, shocking cases that involved Ninewells hospital and the Elsie Inglis nursing home raised serious concerns about the care of elderly patients. For too long there have been different levels of support in Scotland. The problem needs to be remedied urgently and providers who fail the vulnerable individuals who are in their care must be shut down. The cabinet secretary's recent pledge to make the issue a personal priority is welcome. The recent cases, along with Audit Scotland's recent findings, illustrate the scale of the challenge that she faces, but I do not doubt that she will strive to meet the challenge.

Liberal Democrats think that healthcare should be delivered as locally as possible and that better joint working is vital if we are to bridge the gap between health and social care. Earlier this year, NHS Grampian's medical director warned that unless we change how health services, local authorities and individuals work together,

"the way things are now, every year from now, Scotland will have to build a new hospital with around 600 beds to be able to cope. Every single person leaving school will have to find a job within the NHS to be able to provide enough care for the elderly."

Audit Scotland, in its highly critical report, "Review of Community Health Partnerships", also expressed serious doubts about the drive for greater integration of health and social care—although it has been clear in this morning's debate that that is what we must strive for. Audit Scotland found that there is a chaotic and "cluttered partnership landscape" and it called for a "fundamental review" of CHPs, which are failing to have a positive impact on local people's quality of life.

Delayed discharges are rising again, so more people are waiting longer to be discharged from

hospital. Given that a week in hospital costs £3,349 on average, breakdowns in local co-operation are hugely costly as well as bad for patients. It is also clear that people are not receiving the support that they need if they are to stay out of hospital and in the community. Multiple emergency admissions of older people are increasing, as Mary Scanlon said, and there has been mixed progress on reducing emergency admissions for people with long-term conditions such as angina.

The British Medical Association has called the CHPs "bureaucratic monoliths", and in many areas general practitioners have completely disengaged from them. We need to see proper joined-up working between local partners, and GPs must be brought back to the heart of those local partnerships. However, work to integrate health and social care must reflect local circumstances, and we would oppose any efforts to centralise services or to impose a one-size-fits-all approach. The Government has been quiet about transferring 38,000 local authority social services staff into the NHS since it mentioned it in February; the proposals were met with anger from COSLA, which branded them incompetent. The Government's evidence review found that a one-size-fits-all approach does not work. We will therefore continue to oppose any moves towards centralising services in a national body. The issue surely cries out for a local solution and not a centralised organisation with little local accountability and enormous costs and bureaucracy.

Better partnership working must be backed up by a genuine shift in the balance of care into the community. However, Audit Scotland reported that there has been no large-scale shift in the balance of care. We can all see that locally and know that it has not yet happened. Social care remains focused on institutional settings. More than 60 per cent of Scottish Government spending on care for older people is on care in hospitals and care homes, and almost one third is on emergency or unelected hospital admissions, amounting to around £1.4 billion a year. Only 6.7 per cent of the budget is allocated to providing care at home.

Liberal Democrats are committed to enabling older and disabled people to live independently and with dignity in their own homes for as long as possible. We will protect free personal care, which is a proud achievement of our time in government. As well as being better for the individual, supporting an older person to retain their independence is much cheaper. Care homes cost around £600 a week per individual, while the average weekly cost of a personal care package can be less than £120. When we scale that up to a rapidly growing population of older people, we are

talking about significant savings to public spending.

Dr Richard Simpson (Mid Scotland and Fife) (Lab): Does the member accept that the Audit Scotland reports have been clear that all local authorities are moving the care that they provide to the much more intense end and that we are losing exactly what she is trying to promote?

Alison McInnes: I accept that point.

An expansion of telehealth is needed to allow easier access for patients, especially those who live in rural areas, and to avoid unnecessary hospital visits. As well as having the potential to improve healthcare, the expansion of telehealth will save money, as demonstrated by the cardiopod project in Argyll, which led to a significant reduction in emergency admissions for patients with chronic cardiac conditions. Despite widespread recognition of the benefits of telehealth—committee reports have demonstrated that—there has been limited roll-out of initiatives, and successful pilot schemes are not leading to the mainstreaming of those approaches. I would like the minister to be involved in moving telehealth from being an additional extra to being a mainstream option.

I welcome the new dementia care standards and the skills framework for staff that were published this week. I ask the cabinet secretary to ensure that those are fully implemented to ensure that people with dementia are treated as individuals and with respect. In 2009, the shocking report “Remember, I’m still me” revealed disturbing shortcomings in care homes, particularly around the use of drugs and sedatives. Sadly, the recent cases show that serious problems persist. There must be no hiding place for care homes that do not meet high standards. Strict regulation must result in severe penalties for those that are in breach of the standards.

Every speaker in the debate has acknowledged that without the valuable contribution of Scotland’s carers, the health and social care system would be unsustainable. We must therefore value carers and find new ways of supporting them so that they can continue in their vital role.

10:38

Dennis Robertson (Aberdeenshire West) (SNP): I declare an interest in the debate, in that I worked in the social care sector for just over 30 years, and my mother-in-law is currently in a Southern Cross residential home.

I want to consider prevention and the resources that are available. Prevention is by far the most important aspect for me. If we can prevent many of the things that happen to our older people—for

example, trips and falls within their home and accidents immediately outside it—we can prevent them from going into hospital, which is indeed very expensive. However, the cause of such things is often neglected.

Many of our older people are supported by their carers, and we often leave it to the carers to provide that continual support. That is wrong and it should not continue, because our carers themselves require our support and care if they are not to become the ones who require care. Carers’ health and wellbeing is extremely important to those whom they care for and we should ensure that we manage that appropriately.

Prevention is about basic things such as being aware, and that is where training is vital. We must ensure that every member of staff who works in the social care sector and cares for our older people in the community and residential and hospital settings has the appropriate training. That training can be very basic. It is about being aware. Has the person’s mood changed? Are they doing things that they do not normally do? Have they got stains on their clothes? Are they not hearing as well as they did? Are they getting disorientated in their home or out in the community? Those issues can flag up some basic problems. The older person might not be aware that they have picked up and are wearing the wrong spectacles and that that is causing them confusion. Someone who is not hearing particularly well might need to go to the district nurse and have their ears syringed. Those are the real problems that people can have, but they are often not picked up by the carers and the family and certainly not by our social care system. We need to focus on such elements in training, because they can prevent a great deal of harm from coming to our older people, and we can reduce the risks involved.

During the 30 years that I worked in social care, the bar was always being raised for the criteria for making interventions and putting in place the support that people need. Free personal care was a fantastic innovation in some respects and the concept was widely applauded. The cross-party consensus and support on that still exist and they are to be welcomed. However, it does not solve the whole problem. People face increased costs—for example, increased fuel costs—in staying in their own homes. For many people, it is heat or eat syndrome—we need to consider that and ensure that people are not left vulnerable.

Our social care system needs to reflect on that, too. If people need benefits to stay at home, we must ensure that they are given every opportunity to succeed in getting the benefits to which they are entitled. That is why we must support organisations such as the Scottish Council for Voluntary Organisations, which was in Parliament

for a reception the other night. I was delighted to hear the Cabinet Secretary for Finance, Employment and Sustainable Growth giving his endorsement to SCVO and expressing his hope to work with it in the future. That is incredibly important for the wellbeing of our older people.

We have heard today that one size does not fit all, and that is true. My Aberdeenshire West constituency is very rural in many aspects, and the approach to the rural sector needs to be a bit different from that which is taken in the cities. A lot of additional costs are incurred in rural areas. Getting to people can often mean a longer journey, and it can take a whole day for an older person to get to and from hospital. Often, people's nutrition is not taken into cognisance when they are away from home for a whole day; that is especially important for people who have diabetes.

When we are looking at care for our older people, we need to ensure that we take a joined-up approach. I welcome the Government's joined-up approach to the strategies that it is taking forward.

Dementia is on the increase and I welcome the reports that are coming out. I applaud Alzheimer's Scotland for its proposed strategies and I look forward to working with that organisation in my constituency.

For the health and wellbeing of the older people in our community, we must ensure that we focus on the carers and those in the voluntary sector who provide care for older people in our communities. I would welcome a discussion with the cabinet secretary on how we proceed with that.

The Deputy Presiding Officer: I am afraid that interventions must now be confined to within the six-minute speeches.

10:44

Chic Brodie (South Scotland) (SNP): First, I compliment the Labour Party on bringing the motion to the chamber. It is an important motion and, although I might not question its intent, I question some of its content. For example, I do not believe that there is a new focus by the Government on care for the elderly. There has always been a focus on care for the elderly. That focus is not new; it is being refreshed, and that refreshment is healthy.

Although we must never diminish the seriousness of situations such as those involving the Elsie Inglis care home, Southern Cross and Ninewells, we must be very careful that we do not throw the baby out with the bathwater. I will give two examples of why that is the case. First, for the past eight years, following the massive stroke that

my partner Mary's mum had, I have had the privilege—it has been a privilege—of pushing her in a wheelchair up and down Ayr High Street nearly every Saturday afternoon. I risk an intervention when I say that she knows the price of clothes at Marks and Spencer. She is declining mentally, but she is healthy, generally happy, feisty, at times very independent mentally, and clean and tidy, and her wellbeing is a tribute to the carers in the council-run South Lodge residential home in Ayr and its partnership with the local health service and health providers.

Secondly, last Friday, we were invited to a dance at the Royal Air Forces Association Club in Prestwick, where we met a lady—she was a lady—who was 92 years old and who, as a singer, had entertained the troops in the second world war. She was vibrant and bright, and she danced most of the night away. Although I accept that that might not be a usual circumstance, it highlights the need for us to—indeed, it demands that we—keep refreshing our thoughts on the elderly and the care that they require. In my book, looking after them is not all about organisation, reorganisation, process or cost, although it is partly about that; it is about creating and attaining or achieving a cultural shift and a change in attitude to the elderly—and not just in the Parliament—and extending their independence for as long as and as effectively as we can.

When care is needed, the client—not recurring reorganisation—must be the core, the purpose and the reason for good health and care service delivery. The creation of some form of integrated national or community-based organisation that is centralised, bureaucratic and remote has little bearing on establishing a client-based service and determining where that service is needed and should be delivered.

The national challenge of demographic change is that we continue to eschew calls for full integration and organisation of services, and that we continue to refresh and develop further efficient local commissioning partnerships that involve equal input and responsibility on the part of councils, health boards and health and care providers—partnerships that are built on trust and strong leadership. There is a clear distinction between integrating services and budgets and integrating organisations, as some have suggested. It is clear that, in such partnerships, it is critical that whichever organisation is determined to be the lead organisation—whether the health board, the council or whatever—that is the organisation that leads and which is solely responsible for the delivery of the service that is needed. It must be local, accountable and measurable.

We face a huge ageing and demographic explosion over the next 20 years, and I am afraid to say that I am a lot closer to that explosion than most. I have mentioned the need for a national attitudinal and cultural change in promoting health improvement and independence of mind and body of the elderly, but that process must be an evolution. There must not be a rush to change or to provide a catch-all solution that may not be needed urgently or, indeed, everywhere. We need change that provides meaningful local health and care partnerships to deliver the services, at the centre of which is the elderly client. That is why I applaud the Government's £70 million change fund, which will help to effect that change.

Given that we are dealing with the sensitive community of the elderly and their carers and health support, change must not be dramatic. As a consequence, the integrity and capability of private sector social care providers—as they, too, embrace change—must be subject to the most detailed financial scrutiny and management. There must be on-going, targeted, random—as mentioned by Jackie Baillie—regular, focused and rigorous inspection of social care providers, especially those in the private sector.

We must think of the elderly not just as the elderly but as our mums and dads, our grannies and granddads. We are here because they were there. There is a recurring debt that we owe and must pay.

10:50

Mary Fee (West Scotland) (Lab): I am happy to take part in the debate, because caring for the elderly is a personal issue for me, as I am sure it is for most members in the chamber. I was a carer for my aunt, who had dementia. Over several years, I dealt with her deterioration and decline daily. I therefore know how families across Scotland feel, and how services can, and should, be improved.

Dementia is a serious issue, which the Government has been working on through the dementia strategy and charter of rights. I welcome the moves that the Government has taken until now, but it must do more. It must do more on the integration of health and social care services, and it must act on the failings of CHPs that Audit Scotland pointed out.

In Scotland, 82,000 people currently have dementia, and that number is expected to rise to more than 150,000 in 20 years' time. The increase is due to the fact that the number of people aged over 65 will sit at 50 per cent in 20 years' time. As we see life expectancy rise, we are not seeing healthy life expectancy follow. Many social and economic factors contribute to that. The elderly will

spend longer in poor health, and they will not lead the independent and fulfilling lives that they deserve to.

As I have stated, the Government has taken action on care of the elderly, but more must be done. Over the past decade, we have seen a rise in the number of people diagnosed with dementia. That is because early signs of dementia have been recognised and acted on more quickly. The stigma attached to many mental illnesses has also been removed. However, the services available to patients after diagnosis are suffering as a result of cuts to local authorities and cuts to NHS budgets—the greatest cuts since devolution.

Continuity of care must be addressed. People suffering from dementia do not react well to seeing a new face on each visit by a healthcare professional, and there is no dignity in a 15-minute visit to a patient's home.

In the previous session of Parliament, former MSP Irene Oldfather was a well-known champion of dementia issues. In a letter to *The Herald*, she said:

"People with Alzheimer's and dementia are at particular risk because of their communication difficulties. We rightly accept the importance of protecting children in our society. We have yet to place the same value on old people with dementia."

Irene's letter was in response to the recent exposures relating to the care of the elderly in homes, and also in response to a report by the Mental Welfare Commission for Scotland. The recent scandals over care homes in Scotland are no doubt shocking, but they are known only thanks to one doctor who had the courage to alert the authorities. What happened in the Elsie Inglis care home was not a one-off; a report by SCSWIS on the Eastleigh care centre in Aberdeen criticised the care provided as weak and less than desired. Much more must be done to protect our older population.

The care authority regulator also pointed out that, because of cuts to the inspectorate budget of around 25 per cent, the frequency of unannounced inspections has fallen to as low as one every two years. We cannot allow inspections of care homes to fall to such low levels, at the same time as we are cutting budgets to care homes. That will only leave the residents in poorer care and in a situation where untold damage can be done.

I call on the Scottish Government to work more closely with the third sector, where the vast majority of services are provided and where budgets are also being cut. We cannot expect lower-paid workers to continue to care for the elderly when they are facing wage cuts themselves, such as those affecting charities such as Quarriers.

In the Scottish Labour manifesto we promised that we would create a national care service to integrate healthcare from NHS Scotland and social care from social work departments. Unfortunately, we did not win the election, but I call on the Scottish Government to consider creating a national care service, because the SNP must do more to improve the care of the elderly in Scotland. That would provide a high quality of care to the elderly and rid us of the postcode lottery.

We face massive inequalities in how care is provided to the Scottish people, which need to be addressed urgently. The inequalities in care have only worsened since 2007, due to the failure of CHPs to have a positive impact on life quality. GPs, nurses and social workers believe CHPs to be unnecessarily bureaucratic. That is why Scotland needs a national care service to improve the integration of health and social care authorities and to provide a better level of care for our elderly.

On average, 92 per cent of our over-65s stay in their own homes. In some parts of Scotland, that figure sits at 96 per cent. If the national average sat at 96 per cent, we would see massive savings to NHS budgets. Increasing that figure would allow the elderly to improve their quality of life and their wellbeing simply by staying in the comfort of their own homes.

I congratulate the Scottish Government on its efforts in improving the care of our elderly to date, but I encourage it to do more. I am happy to work with members throughout the chamber on that.

The Deputy Presiding Officer (John Scott): Mr Dornan, you have a tight six minutes.

10:56

James Dornan (Glasgow Cathcart) (SNP): Hubert Humphrey, Vice President to Lyndon B Johnson and defeated presidential candidate in 1968, once said:

“the moral test of government is how that government treats those who are in the dawn of life; the children; those who are in the twilight of life, the elderly; those who are in the shadows of life; the sick, the needy and the handicapped.”

The debate focuses on just one part of that moral test, but it is an incredibly important part. How we treat our elderly is a mark of what kind of society we are. High-quality and compassionate care that protects their dignity is a must if we are to call ourselves a civilised society and a progressive nation. Although I recognise the horrific recent events that have been mentioned and I share the concerns that have been raised, I am proud of the fact that the Parliament has always risen to the occasion.

When Scotland introduced free personal care for the elderly, it was something that the previous

Liberal-Labour Administration could justifiably be proud of—indeed, the whole Parliament could be proud of it—while the whole country could delight in the fact that we clearly recognised the debt owed to those born before us. However, the introduction of free personal care was not just about doing the right thing and ensuring that older people received the care that they deserve; it was about demonstrating to others the values that we hold dear. A decade on, more than 77,000 older people across Scotland are benefiting from receiving personal care services free of charge.

As has been said, one of the biggest challenges that we face as a nation is planning for the increase in our older population over the coming years. Clearly, doing nothing is not an option. Given that, as many members have said, there will be a 38 per cent increase in the over-65 population in the next 20 years, and given that at present we spend £4.5 billion on services for the elderly, it is clear that new ways have to be found to deliver such services.

As a councillor on Glasgow City Council, I was a member of a community health and care partnership before the sad demise of such partnerships, which, in my view, was brought about by the unwillingness of senior personnel at the council—both politicians and officers—and the NHS to devolve responsibilities to the local level, to share accountability for and control of services and, sometimes, to hand over control to the other partner of what they perceived to be their service.

Dr Simpson: One of the reasons why we proposed a national care service was that attempts to form CHPs have repeatedly led to situations similar to that in Glasgow, to which the member quite rightly referred. Because partnerships are voluntary, they fall apart when the personnel do not agree.

James Dornan: As I will go on to say, the principle is sound. There is no reason to do things at a national level; they could quite easily be done at a local level. The partnerships could have worked at a Glasgow level, but that did not happen because of the intransigence of people within the organisations involved.

Those on the ground did a magnificent job in ensuring that the number of delayed discharges was drastically reduced, that adequate care packages were in place when required and that the elderly who were treated by social work and health board staff were given the respect, care and attention that they deserved. I was extremely sorry to see the demise of Glasgow's CHCPs and I whole-heartedly support the proposal by the Government to integrate health and social care. It was never the principle that was wrong, just the inability of some to let go of control. I hope that councillors of all parties in Glasgow and managers

in the NHS will engage with the process positively and constructively to put in place a fit-for-purpose care system to replace the one that was sadly lost.

The Government's plan to integrate health and social care for adults will give people quicker access to care as well as continuing to reduce the number of delayed discharges, and it was backed by Lord Sutherland in his report. I am delighted to see the establishment of a new lead commissioning integration fund that is backed by £2 million of funding to support integration. It is right that the focus should shift to the needs of people and away from the basis of who used to do it traditionally. Cutting through red tape and improving joined-up working can only be a good thing. The pilot work that has been taking place across the country has been making progress over the past 18 months and I look forward to its extension nationwide.

Labour's proposal to introduce a national care service may have some merit but, as George Adam has said, the truth is that we just do not know. It is unclear where the idea has come from other than from the UK Labour Party, as there appears to be limited, if any, public support for it.

Jackie Baillie: Will the member take an intervention?

James Dornan: I do not have time. I am sorry.

The idea that creating a new nationwide bureaucracy will address the poor integration of health boards does not add up at this stage.

I am pleased that the Scottish Government has announced a £70 million change fund in the draft budget to support better integration of older people's services that are delivered by health boards, councils and the third and independent sectors. That money will act as a catalyst for more radical design of services for our older people.

Like others, I want to mention the unsung heroes of our health service—Scotland's army of carers—about whom Fiona McLeod spoke eloquently. As we know, without Scotland's carers our national health service would be crippled and the quality of life of many of our elderly people would be greatly reduced. The care that the carers provide often comes at great cost to themselves financially, physically and emotionally, and they themselves are often elderly. I know of 70-odd-year-olds who are looking after their 90-odd-year-old parents, which is some achievement.

It is clear that the Government recognises and is ready to take on the serious challenge that we all face. That challenge is not one that can be shirked by any of us, and I welcome the recognition across the chamber that change is required. I hope that, on this occasion, we can put party differences aside and unite behind the common cause of

protecting and looking after those who are in the twilight of life, who deserve our respect and our care when required. I am confident that, once again, the Scottish Parliament will rise to the occasion and pass Hubert Humphrey's moral test.

11:02

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): I will raise the issue of the regulation of care homes, specifically in the context of our older people in Scotland. The failures that have been identified from the recent case of the Elsie Inglis nursing home, in addition to the fact that one in 10 care homes in Edinburgh is now identified as being weak, raise serious wider questions over the regulation of care homes in this country and about how we provide the right standard of care for our older people.

First, there is the issue of inspection frequency. Under the new SCSWIS inspection rules, if a care home has previously received good ratings and a regulatory support assessment has deemed it low risk, the maximum frequency of inspection is 24 months. However, 24 months is simply too long. As members will agree, a great deal can change in any establishment in a 24-month period. In October 2010, the Elsie Inglis nursing home received a good rating in the category of quality of care and support so, without complaints, the home might not have been inspected again until October 2012.

More fundamentally, questions must be asked about why it took the death of a 59-year-old woman as a consequence of the care that she received to close the home. Three complaints were made after October, the details of which, plus the details of action that was subsequently taken, I should obtain in due course following a freedom of information request. The First Minister was certainly not right at First Minister's questions to mention only a complaint that was made on 25 March and not two complaints that were made in November. Although action has now been taken regarding the Elsie Inglis nursing home, concerns remain about how a care home could plummet from being rated as good to being the worst in the country in so short a time.

The case raises serious questions about the inspection regime and the dangers of leaving a home that has been labelled good to its own devices. I question how a care home could be rated good in October 2010 yet be rated unsatisfactory across the board six months later, in April 2011. That clearly brings into question the inspection procedures that are employed by SCSWIS.

There are four quality themes according to which each care home is assessed. An inspection

of a service with a low risk assessment score and grades of 4 or more may examine only one theme, so a holistic picture of the care home is not delivered on each inspection. If we look back at the Elsie Inglis reports of last year, we see that several themes were described as not assessed. It seems that, if inspectors do not know that it is bad, they are unable to look, and if they do not look, they do not know that it is bad.

It is imperative that we query the detail of the themes that are being used for inspection. It is wrong that SCSWIS inspections state:

“typically we ... talk to people who use the service”.

It should not be typical; it must be mandatory that inspectors talk to residents. Residents’ views on how they feel about living in a care home must be compiled if actionable lessons are to be learned. Their emotional care and stimulation, and not just their physical care, should be explored. That was a fundamental part of the care standards of which we were all so proud when they were first compiled in the early years of the Parliament. SCSWIS stated that, from April 2011, there would be

“Even greater emphasis on user focus.”

How that is to be implemented needs to be set out in detail.

In the October 2010 inspection of the Elsie Inglis care home, SCSWIS reported that it spoke to three service users, all with communication difficulties. Some information was therefore gained through non-verbal responses such as nodding the head. Moreover, the report states that conversations were to confirm that service users had a care file and were involved in its compilation. That is clearly not evidence of user focus. It is not even evidence of consultation.

There must be transparency in how inspections are conducted. SCSWIS states:

“Unannounced inspections will be the norm. We will announce inspections only when it is necessary to do so for practical reasons.”

What constitutes “practical reasons”? Announced inspections were acceptable when all care homes received two inspections a year, but I believe that all inspections should now be unannounced to ensure a more accurate assessment of the home.

SCSWIS, through its inspections, should be a driving force for change. The challenge is to change the image and culture of care homes so that they focus on holistic quality of life rather than simple physical care.

Another key issue to be raised specifically regarding the Elsie Inglis care home is that it was defined as providing care for older people who fell into the categories of Alzheimer’s or frail elderly.

Why, then, was a 59-year-old woman with learning difficulties residing in that care home? I have asked, in a written question, how many of the residents had learning difficulties and how many were under 60 years of age.

The cuts to the funding of SCSWIS raise questions about the future quality of inspections. Forcing it to make cuts of 7.6 per cent in 2011-12 and a total of 25 per cent in the next four years is putting care home residents at further risk. I hope that the Government will look at that again.

Finally, we must challenge wider societal attitudes towards older people. The voices of older people are generally ignored, and care homes are largely detached from society. Older people are important citizens, though, and it is of fundamental importance that their voices are heard. I therefore urge the Parliament to take rapid action to improve and protect the quality of life of care home residents throughout Scotland and to set an example for the rest of the UK to follow.

11:08

Mark McDonald (North East Scotland) (SNP):

I begin by declaring a number of interests. First, I am a member of Aberdeen City Council and, secondly, my grandmother is a dementia sufferer and my mother is her carer.

I welcome the focus on this vital issue, which has had a great deal of prominence in the media lately due to the high-profile cases that have been mentioned in previous speeches. I want to mention the Mrs V case because Dundee falls within my region, North East Scotland. My colleague Joe FitzPatrick rightly said in yesterday afternoon’s debate that it was a situation that should never have occurred and should never happen again. Every member would echo that.

With that in mind, I very much welcome the publication last year of the national dementia strategy, which addressed many of the points that that case raised, although the case took place a couple of years before the strategy was introduced. I know that many people working in the care sector as unpaid carers and indeed as professionals very much welcome the emphasis that is contained in the strategy.

Aberdeen City Council, on which I serve, has recognised the changing demography and the need to align budget provision accordingly. That is why, at its most recent budget meeting, the council took the decision to put an additional £7 million into the social care budget.

In future years, the council will focus on elderly care, because we recognise that pressures will come from that as a result of the demographic statistics, which Jackie Baillie and my colleague

George Adam highlighted. The point of putting such money into social care services is to transform them early so that they are prepared not only for the demographic challenges but for the financial challenges that will follow. I am sure that members appreciate that what matters is not always the money that is put in but what the service that is in place delivers for people.

I invite members with a keen interest in the integration of health and social care to visit the Rosewell house care home in Aberdeen, which Aberdeen City Council and Grampian NHS Board operate and fund jointly. The home provides respite and rehabilitation beds and is an example of good practice in working together between the health board and the council. Perhaps that could be considered as a model for elsewhere in Scotland.

Several members have touched on unpaid carers, on which I will focus for the remainder of my speech. Next week is carers week, and it is important to recognise the invaluable role that carers play in society. I very much welcome the support for carers in Scotland that the Government, the cabinet secretary and her team have provided in recent times. Much carer support is being provided and that is very much welcomed.

I also welcome the sharing of personal experiences today by my colleague Fiona McLeod and by Mary Fee. That brings it home to us that, across the chamber, we have much personal as well as professional experience of the situations that are faced in our communities.

Fiona McLeod was right to highlight the iniquity of the carers allowance that Westminster provides. It is less than £60 per week, and many carers who receive it do not have the benefit—which my mother has—of having a working partner who can support them beyond that £60 per week. When James Purnell was the Secretary of State for Work and Pensions, my colleague Brian Adam wrote to ask him to look at the allowance with a view to uplifting it. Unfortunately, the response was that the carers allowance is not a wage. I do not dispute that but, to qualify for the allowance, a person's working hours and the amount that they can earn per annum are restricted.

My mother cared for my grandfather when he was alive, so she cared for two elderly people. I know that a number of people care for multiple relatives rather than just one relative. However, such carers are eligible for only one carers allowance payment. With only that payment, it is difficult for many people who have no supplementary income from another family member to provide acceptable care and to deliver other services when caring for more than one relative.

As a Parliament and as the Government, we must lobby Westminster hard to ensure that the carers allowance does not become a Cinderella benefit that is left out of the overall welfare reforms that are being considered. I welcome the fact that the allowance is not being absorbed into the universal credit, but radical and urgent reform is needed to ensure that it provides the assistance that carers require it to provide. Unfortunately, carers in Scotland and across the UK ask for little, which is exactly what Westminster gives them.

11:14

Murdo Fraser (Mid Scotland and Fife) (Con): I congratulate the members who made their maiden speeches in the debate—John Finnie, Bill Walker and Mary Fee. I also thank Fiona McLeod for her speech. I am not sure whether one can be a maiden the second time round so, to avoid discussion of that issue, I will just say that I congratulate her on her return to Parliament.

I also thank the Labour Party for bringing to the chamber a timely debate that has allowed us to discuss various issues with regard to reports that have arisen lately in the media: the future of Southern Cross; the case of Mrs V at Ninewells hospital; the horrendous cases at the Elsie Inglis home in Edinburgh; the change in the inspection regime; the future of community health partnerships as examined in Audit Scotland's recent report; and the proposed integration of health and social care. The debate has been largely consensual; of course, that is only right, given that we are dealing with serious issues on which more joins, than divides us.

Much of the debate has been taken up with discussing current issues that have arisen in care homes. However, in recognising that some of these issues have made the headlines, we should also acknowledge that most care provision, either in care homes or in people's own homes, is excellent and that the cases that have been cited are striking precisely because they are individual occurrences and do not represent the norm. Not recognising that point creates the potential for scaremongering and causing distress both to elderly and perhaps vulnerable people and to their relatives.

We have heard in one or two speeches a slight undercurrent that all the problems are in the private sector and all the blame lies with the profit motive. Mary Scanlon was quite right to make it clear that there is no evidence to support the "public good, private bad" mantra; indeed, if we need proof of that, we have only to look at the Mrs V case in Ninewells. One can only imagine the voices that would have been raised in protest had that happened in a private care home. The point is that we need to get this matter into perspective. I

say as gently as I can to John Finnie that his comments in that respect were perhaps ill advised and stood in marked contrast to the measured remarks made by his new SNP colleague Bill Walker.

Claire Baker rightly referred to the importance of mixed social care provision and made a fair point about the situation in Fife, where the SNP-run council is looking to move the four local authority-run homes into the private or independent sector. I fully understand why it is making that move—after all, many other councils have done the same—but Claire Baker was right to contrast the approach in Fife with the rather unfortunate comments about private sector provision that the First Minister made just a week ago in the chamber. As Alex Johnstone pointed out, the key is an effective regulatory regime with regular inspections across the public, private and voluntary sectors; indeed, Malcolm Chisholm made the same fair point in his excellent speech.

As Mary Scanlon made clear, we are not comfortable with the part of the Labour motion that calls for an immediate reversal of the cut in SCSWIS's funding. In combining organisations, one is right to look for efficiency savings, as is the case across the whole of government. However, although we cannot agree with that element of the motion, it is nevertheless right to keep the matter under review and to revisit it if with time it appears that the budget reduction is impacting adversely on inspections.

Jackie Baillie: I welcome that comment, because the point is critically important. SCSWIS has already lost something like 55 staff and is due by the end of the year to lose another amount, the majority of which will be inspectors.

Murdo Fraser: I do not disagree with Jackie Baillie that we need to keep the matter under close review.

As time is getting on, I want to focus on the Southern Cross situation. There is serious concern about the company's financial situation and, given yesterday's announcement of 3,000 job losses across the UK and the fact that it runs 98 homes in Scotland, all this uncertainty about the future will undoubtedly be causing distress to residents and their families. I very much welcome the cabinet secretary's offer to meet us later today and to keep us updated. It is also important that there is co-operation with the Department of Health. After all, given that Southern Cross is UK-based, the matter affects not only Scotland but the rest of the UK.

As the key to helping in this situation is to avoid any disruption to the residents of these homes, any solution should focus not on finding alternative settings for people but on trying to keep them in

their current situation, where they are familiar with things and feel settled. We should therefore look closely at the offers that I know other independent providers have made to come in and, if necessary, take over the running of the homes.

Nicola Sturgeon: I rise simply to agree with Murdo Fraser's point, as I did earlier. There should be absolute determination to keep people in their own homes. It should be remembered that the care homes that older people are in are their own homes. I wanted to give that reassurance.

Murdo Fraser: I am grateful to the cabinet secretary for that reassurance and look forward to meeting her later to discuss these matters in more detail.

Everybody agrees that delayed discharges are wasteful and inefficient and that they often cause concern and distress to those involved. Good progress has been made in the past but, as Audit Scotland has just pointed out, the trend in delayed discharge numbers is now upwards. The figure for January 2011 that it quoted in a recent report was 30 per cent higher than that for January 2010, and older people's emergency admissions to hospitals are now rising. We need to keep constant pressure on those figures.

There has been a healthy debate, but there is much more work to be done.

I support the amendments in the names of Mary Scanlon and Nicola Sturgeon.

11:20

The Minister for Public Health (Michael Matheson): I congratulate the members who have made their maiden speeches this morning. The debate has been of very good quality, and a number of contributions in it have been informed not only by purely political experience, but by personal experience, which is always a valid part of any such debate.

It is clear that events that have occurred recently—the cases with the Mental Welfare Commission, Elsie Inglis nursing home cases and the Southern Cross situation—have resulted in renewed interest, particularly in the media, in matters to do with the care of older people in Scotland. It is right that members should have an opportunity to reflect on those issues. Obviously, the events have resulted in a focus on the overall quality of care that is provided to older people in Scotland. Are they being treated with the dignity and respect that they deserve when they are being supported and assisted?

Murdo Fraser was entirely correct: the vast majority of care that is provided in institutional and community settings for older people is good quality. I would not like the debate to create the

impression that there is a crisis in how we provide care to older people. The vast majority of care is of a good standard. The important thing is to ensure that all the care that is provided to older people is of a good standard.

Questions have been raised about the oversight system, how we monitor and assess the quality of care that is provided, how organisations such as SCSWIS respond to concerns that have been raised with them, and the inspection regime. It is important that we are assured that organisations such as SCSWIS act in a proportionate and thorough way when they receive complaints about standards of care.

I believe that we have a robust process for inspections of our care homes and care home providers. However, Malcolm Chisholm made an excellent speech in which he made a number of important points about that particular regime. We are happy to consider a number of those issues to see whether there are further ways in which we can enhance the existing system.

Mary Scanlon: When the Social Work Inspection Agency made recommendations to raise standards in councils, it always followed them up a year or two later. The Care Commission made recommendations, but it never followed them up. Will the minister ensure that recommendations are followed up now that those bodies are merged in SCSWIS?

Michael Matheson: I am happy to do that, because it is important that we have confidence in the inspection regime and that it picks up issues and follows them through to ensure that real, concrete improvements are achieved through the system.

Like Mary Scanlon, I was deeply concerned when I read the Mental Welfare Commission's report on the nature of the care that Mrs V received in an NHS establishment. However, I also recognise that that care does not reflect the overall care that patients with dementia receive in our NHS system or the social care sector. That said, it is clear that there is more to be done to ensure that standards are improved. This week, the cabinet secretary outlined the dementia care standards that we will take forward, and we have commissioned the chief nursing officer to look closely at the type of care that is being provided in that area to people in our NHS.

A number of members have referred to the demographic challenges that the country faces in providing care to older people. Those issues carried over from yesterday's debate. *[Interruption.]* It is important that we recognise the significant demographic change that will occur in the next 20 years or so. It is a good thing that old people are living longer, but the future shape of

our care services, at the health and social care levels, must recognise the fact that we have an ageing population.

In the past, there has been too much focus on institutional care. The reshaping of the provision of care must recognise not only the need to move away from the acute sector into the primary sector and the social care sector, but the need to give people more flexibility and more opportunity to shape their care arrangements in a way that is appropriate to them. The Government is committed to taking forward the agenda on self-directed support, which is about giving people an opportunity to manage and direct their care in a way that is appropriate to them. Several members, including Fiona McLeod and Dennis Robertson, argued that, if people want to stay at home, they should have the right to do so and should have the opportunity to make care arrangements to allow it to occur.

Jackie Baillie: I am delighted that the minister has mentioned self-directed support, which currently applies to local authority care services and budgets. Does he see a possibility of extending that into the NHS?

Michael Matheson: It is important that we give people as much flexibility as possible in how they manage their care arrangements. Some people have packages of care that are funded by the local authority and the health service, and we need to ensure that they have the opportunity to shape their care package in a way that is appropriate to them.

Claire Baker talked about the future shape of the way in which we provide care in the community and raised questions about whether it should be provided privately or by local authorities. In the short term, our focus might be largely on Southern Cross, but in the medium to long term we are open to considering whether other models can be utilised to provide care in the community, so there is scope for that. The Government is more than happy to work with members if they have ideas about how that provision can be shaped.

Several members mentioned that the issue of the integration of health and social care has been around for some time. Hugh Henry mentioned that we were having the same debate when he was a health minister some 10 years ago. Well, when I was a young occupational therapist setting out all those years ago in 1991, we were told that the National Health Service and Community Care Act 1990 would result in integration of care, so the debate has been going on for decades. We need momentum and pace to create the necessary change. The Government is determined to ensure that we stop talking the talk and start walking the walk to get real and proper integration of services.

Alison McInnes raised concerns that we might seek to centralise care. She might want to address that point to the Labour Party, given its proposals on a national care agency. We want to ensure that services are joined up in order to improve the quality of care that people receive. That has been required for some time, and we are determined to ensure that it is delivered.

The Government is committed to ensuring that the quality of care that older people in Scotland receive is the best that it can possibly be. We will continue to take forward measures to ensure that that is delivered.

The Deputy Presiding Officer: Before we move to the final speech in the debate, which is from Richard Simpson, I ask all members to check that their mobile phones and BlackBerrys are switched off.

11:29

Dr Richard Simpson (Mid Scotland and Fife) (Lab): Notwithstanding the cabinet secretary's initial comment, the tone of the debate has been exactly right. All members have reflected on the fact that there are excellent care homes out there and that many people are being looked after in an excellent way in the health service and the care home system. Michael Matheson is absolutely right that we do not have a crisis, but I fear that, with the demographic pressures and the austerity measures that are coming in, we could have a crisis if we do not examine the issue closely and stay on top of it. Therefore, I welcome the cabinet secretary's determination to make care for the elderly a personal priority, as she did for healthcare-acquired infections. We will see whether she takes the issue forward and makes greater progress in meeting some of the promises that her deputy made under the previous Government.

Hugh Henry, Claire Baker and a number of other members talked about the general regime under which we provide care in our care homes and in the community. That is important. As Hugh Henry indicated, the issue is not the profit motive but how the system is managed. Southern Cross went for an asset-light approach, which is topical in the private equity sector at the moment. That approach means, first, that assets are stripped out and, secondly, that companies are at risk of breaking their covenants with the banks and getting into the trouble that Southern Cross did. Southern Cross is not alone in that respect, which is why I warn that we may face further crises. The Government's contingency planning must therefore be robust and engage fully all local authorities so that, as the cabinet secretary and Murdo Fraser rightly said, we ensure that individuals can be kept in their own homes.

Malcolm Chisholm made an excellent intervention using his experience as health minister. He took the Community Care and Health (Scotland) Act 2002 through the Parliament, and he will remember that I was critical of a number of issues and, in fact, voted against my own party. One does not do that too often, but at the time I felt strongly about some of the issues on regulation and how the care commission would work.

It is clear to me that the care commission talks not just about risk management, which is entirely appropriate, but about reducing the level of inspection and inspecting companies only in respect of some elements, provided that they have had a previous good inspection at an individual level. I suggest that that is a highly risky procedure. As I have said, with groups such as Southern Cross, some of the homes are not well managed. A reduction in staff of 400 has been proposed in Scotland today. In my view, that cannot occur without degrading the quality of care, so we must look at the issue carefully.

The fact that there was a good report on Elsie Inglis care home, that complaints were then made that seem not to have been followed up as quickly as they should have been, and that we now find that it is one of the worst homes in Scotland does not give us confidence in the system. We will need to come back to the issue and look at it carefully.

I welcome the fact that unannounced inspections will be the predominant route, although I think that they should be the universal route. I am sure that we will get reassurances on that in due course.

We were all disturbed by the case of Mrs V, but unlike others I do not believe that such cases are uncommon. I regret to say that we have not moved forward in recognising that the 160-year division between mind and body, which is part of the health system and the whole medical approach, is a false dichotomy. In the current situation of an ageing population, with an increasing number of confused and demented elderly going into hospital care, we will face a really dangerous situation. It was entirely inappropriate that the mental hospitals could not cope with the woman and had to shift her to an acute hospital. We must look again at the issue.

We must ensure that the promise that the Government was given in the previous session of Parliament that all patients at risk would be admitted with at least some form of short questionnaire will now be fulfilled. I tell the cabinet secretary that that does not occur universally, so I ask her to look at the issue closely and to make sure that health boards ensure that it happens.

We must ensure an end to boarding out except when it is in the interests of the patient. I suggest that we look at models such as the one in a hospital that I visited recently, which has an overspill ward rather than patients boarded out all over the place. That is more efficient and means fewer moves—moves that should not occur unless they are needed.

We need a further review and we need Health Facilities Scotland to concentrate on hospital design in relation to dementia. I will shortly visit Larbert hospital. I have heard criticisms from patients that its design is not adequate. It is our newest hospital, and we must learn from it in relation to the Southern general. We received a promise from the Government that it would ensure that all new primary care premises would be dementia friendly. That is not occurring: health centres that are not dementia friendly have been built.

In order to reduce unplanned admissions, we must ensure that there are planned alternatives for all those with dementia who are currently living at home, including those in care homes. At present, a general practitioner who is faced with a patient with a relatively modest problem still has no alternative to admitting them to hospital. That is bad for patients in general and expensive for the taxpayer, but it is particularly bad for those with dementia.

Murdo Fraser referred to delayed discharges. I will not deal with that issue in detail today, but I refer back to the cabinet secretary's statement. I will question her closely on whether some of the measures in response to the deaths of people awaiting discharge have been properly examined and are now part of the governance system. There is no doubt that those with incapacity represent a significant number of delayed discharges—207 in the last census—and many are in hospital for more than six months. It is not good for dementia patients to be in such a setting.

We have promoted the idea of having an old person's champion, and I urge the Government to take a close look at that.

The main theme of the debate has been whether we should have much more prevention and much less emergency and acute care. We all agree with that, but in reality we are moving further towards providing care only for those who are at the most intense end. I do not have, and I will not pretend to have, a solution to reverse that, but we need to look at the situation closely.

Dennis Robertson, Mark McDonald and others have suggested that we need to look more closely at the involvement of carers and the voluntary sector. However, the voluntary sector is increasingly being squeezed by local authorities—

that is moving in the wrong direction. We need to support those organisations and support carers with training, but that area has been cut back.

John Finnie, in an excellent first speech, spoke about a number of issues. I wrote down his name against 12 sections of my summing-up notes, and I am sorry that I cannot pay adequate tribute to his contribution. He made the pertinent and important point that while we need more telehealth and telecare, it should not be a substitute for social contact.

Care and repair services are also under attack. They were ring fenced by our Government, but that is not the case under the current Government. Those services are undoubtedly being reduced, but they are crucial to keeping people in their own homes.

I turn to what so many speakers have referred to as a national care agency. I stress that it is not about creating a new agency—I am sorry that we have not got that message across—it is about having national care service standards for services that are delivered locally, in the same way as in the health service. The health service sets standards at a national level and delivers services locally, and the Government is hugely engaged in that process.

We have moved from 86 local healthcare co-operatives, in which health professionals were fully engaged, to 41 and now 36 CHPs, which have fallen apart repeatedly because they are not underpinned by legislation. The Audit Scotland report is damning, because it clearly shows that CHPs are bureaucratic organisations that often duplicate integration measures from community planning partnerships and other areas. The system is simply not working, and I urge the Government to carry out an urgent review. It undertook its own report on CHPs, but it was relatively laudatory in comparison to the Audit Scotland report, which is much more damning and incisive.

We know that the system can work on a voluntary basis. In Clackmannanshire, in my constituency, there was a 35 per cent reduction in psychiatric referrals as a result of fully merged budgets rather than lead commissioning. It is crucial that the system is delivered locally, and we do not disagree with Alison McInnes in that regard. Sir John Arbuthnott's expert group showed that local delivery is the way forward. Joint futures and CHPs have failed, and local healthcare co-operatives have been destroyed. Professionals, particularly GPs and primary care workers, have become disengaged.

We need to return to those issues and ensure that we have local, integrated services, because

otherwise we will face a crisis in the delivery of elderly care in the next two years.

Scottish Executive Question Time

General Questions

11:40

Urban Regeneration

1. Bill Kidd (Glasgow Anniesland) (SNP): To ask the Scottish Government whether the newly created cities strategy responsibility will have a specific focus on urban regeneration and, if so, what this will be. (S4O-00011)

The Deputy First Minister and Cabinet Secretary for Health, Wellbeing and Cities Strategy (Nicola Sturgeon): The purpose of my new role is to deliver strategic leadership and to work with our cities collectively and individually to agree details of our strategy and priorities for action. Alex Neil, who is now the Cabinet Secretary for Infrastructure and Capital Investment, published a discussion paper on regeneration earlier this year. That was designed as a starting point for a wider debate about the key challenges and opportunities for regeneration in the future. Following completion of the discussion phase, we will develop our regeneration strategy, which provides an early opportunity for strategic co-ordination and alignment.

Bill Kidd: I thank the cabinet secretary for that helpful answer. Is she aware of the almost derelict state of Drumchapel town centre, which is a cause of great concern to many of my constituents, who are without even a local supermarket? Might her strategic role see new hope of drawing together the local authority and developers, with a view to regenerating that much-needed facility?

Nicola Sturgeon: I congratulate Bill Kidd on his return to Parliament as the MSP for Glasgow Anniesland and on providing the most exciting result of the night at the exhibition centre in Glasgow.

My last job before entering Parliament was at Drumchapel Law and Money Advice Centre, which is based in Drumchapel town centre, so I well know and understand the challenges that the town centre faces. I also know from my constituency experience in Govan the benefits of town centre regeneration. I know that there was no application from Drumchapel to the town centre regeneration fund, although it has benefited from some wider role funding. Bill Kidd's suggestion of a co-ordinated approach is sensible. I am happy to give him a commitment to discuss with him in the context of our developing regeneration strategy how we can address the issues to which he refers.

Jenny Marra (North East Scotland) (Lab):

What contact has the cabinet secretary had with Dundee City Council and stakeholders in Dundee about the strategy for Dundee city? Will there be support from the Government for the regeneration of the waterfront, which includes plans for the Victoria and Albert museum?

Nicola Sturgeon: The short answer to the question is yes. In the past couple of weeks, I have had telephone conversations with all the leaders of our city councils, including the leader of Dundee City Council. I will meet all of them individually and collectively over the coming period, because I see a key part of my role as being to encourage and promote the collective activities of our cities and to ensure that we get the best out of that collaboration. I am sure that it will not surprise Jenny Marra to know that on the Scottish National Party benches there are strong advocates for the city of Dundee in the shape of both Shona Robison and Joe FitzPatrick. We remain committed to ensuring that that city, like all our cities, fulfils its potential.

Public-private Partnership/Private Finance Initiative Schools (North Ayrshire Council)

2. Kenneth Gibson (Cunninghame North)

(SNP): To ask the Scottish Government how much North Ayrshire Council will pay for schools built under PPP/PFI from 2007-08 to 2037-38. (S4O-00012)

The Minister for Learning and Skills (Dr Alasdair Allan): The latest available figure published on Her Majesty's Treasury website for North Ayrshire Council's total estimated unitary charge for its schools built under PFI is around £400 million. The schools are St Matthew's academy, Greenwood academy, Arran high school and Stanley primary school.

Kenneth Gibson: I warmly welcome the minister to his new post. He will be aware that, in 2007-08, North Ayrshire Council made payments of £3.8 million on its school estate. This year, those PFI payments will be £11 million, rising year on year to £16.6 million 25 years from now. Does the minister agree that such profligacy with public money is a major reason why Labour-controlled North Ayrshire Council is reduced to cutting 72.7 full-time equivalent classroom assistants this year, causing outrage among parents and inevitably leading to much less spending on teaching and support staff than there should be for many years to come?

Dr Allan: It is for North Ayrshire Council to manage its budget and to determine its spending plans from the resources that are available to it. However, the sums of money that the council has committed are not trivial, particularly given that the

estimated capital value of the projects is £83 million.

The Government shares the member's concerns about the practical impact of PFI—being the scale of repayments over the long term and the potential for windfall profits to the private sector. We prefer the non-profit-distributing model, whereby returns to the private sector are capped and surpluses from projects can be directed to the public sector.

Regeneration (Airdrie and Shotts)

3. Siobhan McMahon (Central Scotland)

(Lab): To ask the Scottish Executive what plans it has in place for regeneration projects in Airdrie and Shotts over the next five years. (S4O-00013)

The Cabinet Secretary for Infrastructure and Capital Investment (Alex Neil):

Primary responsibility for regeneration projects in Airdrie and Shotts rests with North Lanarkshire Council. Over the period from 2008 to 2011, £400,000 was allocated from the Scottish Government's town centre regeneration fund award of £2 million to the council to support improvements in Airdrie town centre. In addition, a total of £1.3 million of vacant and derelict land fund money was allocated towards projects in Airdrie and Shotts.

Earlier this year, we published a regeneration discussion paper. The paper is the starting point for a wider debate with stakeholders about the key challenges and opportunities for regeneration in the future. Following completion of the discussion phase on 10 June, we will be developing our regeneration strategy. We welcome input to that debate from the communities of Airdrie and Shotts and from North Lanarkshire Council.

Siobhan McMahon: I welcome the cabinet secretary's commitment to the regeneration of the local area. Does he envisage significant improvements to the infrastructure of Airdrie and Shotts over the next few years? In particular, I would be interested to know whether the Government plans to revisit the proposal to build a new station at Plains as part of the Airdrie to Bathgate rail link, a proposal that the then Minister for Transport, Infrastructure and Climate Change, Stewart Stevenson, rejected in 2007.

Alex Neil: I am delighted to be answering the question both as the new Cabinet Secretary for Infrastructure and Capital Investment and as the new member for Airdrie, Shotts and the surrounding villages.

I have always made it clear that, in my view, we should do everything that we possibly can to establish a new railway station at Plains. A new railway station was provided in West Lothian, which was initially partly funded by the council there. The role of—if I may say so—Labour-controlled North Lanarkshire Council is absolutely

essential, and so far, it has refused to put up any money towards funding any new railway station at Plains.

The Presiding Officer (Tricia Marwick): Question 4 was not lodged.

Schools (Capital Investment)

5. John Scott (Ayr) (Con): To ask the Scottish Government what plans it has to make further capital investment in the school estate. (S4O-00015)

The Cabinet Secretary for Education and Lifelong Learning (Michael Russell): As the Parliament will be aware, we are already taking forward 37 school projects, funded by a mixture of capital and revenue finance, as part of our £1.25 billion Scottish schools for the future programme. The forthcoming spending review process will inform the timing of the announcement of the next tranche of projects.

John Scott: As the cabinet secretary will be aware, plans continue to be developed by South Ayrshire Council, in consultation with the local community, for the refurbishment and extension of Marr college in Troon, a school with which I know the cabinet secretary is very familiar. Can the cabinet secretary assure me that, when future capital allocations are made to assist councils in improving their school estates, favourable consideration will be given to the planned refurbishment of Marr college to help to ensure that the excellent educational experience that it provides to local pupils can be maintained and further improved in the future?

Michael Russell: I hope that I am a living testament to the favourable educational experience that is provided there—although there may be different views on that across the chamber. The member, and perhaps the Conservative education spokesperson, would be the first people to criticise me were I to give a too favourable response to the question.

I am aware of the concerns of the community in Troon; I am aware of the consultation that took place, which was organised by South Ayrshire Council; and I am aware of the very strong view in the community that a refurbishment of the historic and significant building—the college being the first truly comprehensive school in Scotland—should be undertaken, rather than eating into the sports ground. That decision will be for the community, with the council. Were a proposal to come forward within the next tranche of projects, it would of course be considered with an informed eye.

Stewart Maxwell (West Scotland) (SNP): May I make a plea on behalf of East Renfrewshire communities, parents and pupils, and indeed East Renfrewshire Council? There are severe

difficulties to do with pressure for some schools, such as Our Lady of the Missions primary school, which is packed to the gunwales, and a number of non-denominational schools, some of which are older than Scotland Street school museum.

I ask, first, whether further funding rounds for capital for school building programmes will be considered, particularly given the difficulties in East Renfrewshire. Secondly, will the possibility of additional capital borrowing powers for the Scottish Parliament make a difference and allow local authorities to move forward and replace some of their older schools?

Michael Russell: We made it clear during the election that our next target on school buildings in Scotland would be to continue to reduce the number of young people who are being taught in unacceptable buildings. In the secondary sector, we have eliminated all buildings in category D, but there are still a number of primary schools in that category, which need to be taken out of it. The Government managed to halve the number of pupils in unacceptable schools in our first four years. I want to do that again in the current session. That is our ambition.

There are also, of course, issues of demographics and changing populations. East Renfrewshire, where there is stress on existing capacity, is a case in point. We will take that into consideration, but I cannot make commitments at this stage about specifically where and how we will do so.

Disabled People (Support)

6. Mike MacKenzie (Highlands and Islands) (SNP): To ask the Scottish Government, given the pressure on public sector budgets, what steps have been taken to ensure that quality of support for disabled people is safeguarded. (S4O-00016)

The Deputy First Minister and Cabinet Secretary for Health, Wellbeing and Cities Strategy (Nicola Sturgeon): We have increased the national health service budget this year by £280 million in revenue terms, giving a record health budget of £11.4 billion. We have also taken steps to ensure that local government's share of the Scottish Government budget is maintained.

In addition, care and treatment services are regulated and standards are enforced by Social Care and Social Work Improvement Scotland and Healthcare Improvement Scotland, to ensure that people who use those services receive good-quality care.

Mike MacKenzie: I thank the cabinet secretary for that reassurance.

Nicola Sturgeon: I am taken aback. I thank the member for thanking me for that reassurance.

Jackie Baillie (Dumbarton) (Lab): Does the cabinet secretary agree with Pam Duncan, of Inclusion Scotland, that the cost of the council tax freeze in 2009-10 was £310 million but the new charges for care services for some of the most vulnerable people brought in £350 million? Does the cabinet secretary think that that is fair to our older and disabled people?

Nicola Sturgeon: There is a serious point here, but before I address it I must say that I am not sure whether we are hearing yet another Labour position on the council tax freeze, after Labour went from opposing it to supporting it but offering only an additional £10 million over the Government funding. I am not quite sure whether this is an early leadership stake by Jackie Baillie, to say that Labour is actually against the council tax freeze.

Jackie Baillie knows that the Government has fully funded the council tax freeze. That ensures that council tax payers do not face the burden of higher bills, which is extremely important in these tight financial times, and that councils are not robbed of the resources that enable them to continue to provide services for the people who rely on them. In these tight financial times, we will continue to ensure that the NHS and local government budgets get the attention that they deserve, and we encourage all our statutory agencies to ensure, in the interests of fairness and equality, that people with disabilities are treated fairly.

Higher Education (Governance)

7. Drew Smith (Glasgow) (Lab): To ask the Scottish Government what plans it has to reform governance structures in higher education institutions. (S4O-00017)

The Cabinet Secretary for Education and Lifelong Learning (Michael Russell): Proposals for the reform of governance in the higher education sector will be brought forward in due course. Those will be based on the wide-ranging consultation up to and after the publication of the higher education green paper and will be informed by comments and concerns on the matter that have been expressed widely in Scotland in recent years.

Drew Smith: In light of the consultation on the cuts that are being made at the University of Strathclyde, which has lasted a month and is taking place during an exam period, will the cabinet secretary consider the call by University and College Union Scotland for a governance inquiry?

I would be interested to know whether the cabinet secretary agrees with Noam Chomsky that Strathclyde's plans are "very odd", or with the First

Minister, who said that Strathclyde is seizing opportunities and taking "a fantastic route"?

Michael Russell: I certainly agree with the First Minister, but it would be foolish to disagree with Noam Chomsky on matters of academic import, although I am not sure how well informed he was about the detail of the proposals.

I cannot and will not take a position on the detail of any set of consultations, but I will take a position on whether consultations are run in a way that ensures the involvement of the full community of the higher education institution and the community that it serves. That is the position that the First Minister and I have taken on all these proposals, and we will continue to do so.

I know that the member has a particular interest in, and is well informed on, these issues. I am very supportive, as I know he is, of the idea from across Scotland of taking a close look at the issues of governance in higher and further education. I will bring forward proposals in that regard.

Marco Biagi (Edinburgh Central) (SNP): The cabinet secretary will be aware of some of the governance changes that are already under way in some institutions and which some of my constituents have raised with me. Without prejudging the consultation for any individual institution, will the cabinet secretary say how he is inclined on the issue of graduate and alumnus involvement in on-going institutional governance?

Michael Russell: Universities and further education institutions must have open and transparent systems of governance and must ensure that they are accountable both to the community of the institution—the academic or educational community—and to the wider communities that they serve. Some institutions in Scotland do that very well, but some do not do it as well as they should. The issue requires examination, and I committed myself to that in the green paper. I renew the commitment here today that we will go forward in consultation with all interested parties, including those involved in the present governance, so that we can get a solution for the long term.

Care Homes (Inspections)

8. Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): To ask the Scottish Executive for how long a care home will be able to operate without being subject to inspection under the recently revised inspection procedures. (S4O-00018)

The Deputy First Minister and Cabinet Secretary for Health, Wellbeing and Cities Strategy (Nicola Sturgeon): Care homes with low risk assessment and minimum grades of

“good” will be inspected by Social Care and Social Work Improvement Scotland every second year at a minimum. Care homes with grades below “good” or with a high risk assessment will be subject to at least two unannounced or short-notice inspections every year. SCSWIS also undertakes random sampling of good-performing care homes as part of its annual inspection plan.

I listened carefully during the debate that we have just had to Malcolm Chisholm’s considered comments about the inspection process, and I assure him that I will reflect carefully on them.

Malcolm Chisholm: Is the cabinet secretary concerned that, if relatives had not complained, the next inspection of the Elsie Inglis nursing home might have been in October 2012, two years after the previous routine inspection? Will she look again at the maximum interval between inspections as well as at other aspects of the inspection system that I and others raised in the debate earlier this morning?

Nicola Sturgeon: I have already said to Malcolm Chisholm—although I have no hesitation in repeating it—that I will look carefully at the points that he made. I think that we have a shared interest in ensuring the highest possible standards of care in our care homes.

The changes were made—this was subject to discussion in Parliament before the election in the context of the Public Services Reform (Scotland) Bill—to ensure that we have a more risk-based system in place. I think that most members of the Parliament agreed with that. However, in doing that we need to ensure that there is adequate scrutiny. In particular, we need to ensure that where a care home quickly deteriorates, systems are in place to identify that and deal with it as appropriate.

I am more than happy to have further discussions with Malcolm Chisholm and, indeed, other members around the issue, because it is in all our interests that our confidence in the inspection regime is very high.

Bus Services (Rural and Out-of-town Areas)

9. Mary Fee (West Scotland) (Lab): To ask the Scottish Executive what plans it has to improve bus services in rural and out-of-town areas. (S4O-00019)

The Minister for Housing and Transport (Keith Brown): The Scottish Government is committed to bus services in Scotland and we are working with local government partners and bus operators to improve them. The Scottish Government is providing funding to the bus industry of more than £240 million in the current financial year.

Mary Fee: Lack of services, particularly buses, concerns people not only in my constituency but across the country. Large operators still cherry pick profitable routes, isolating communities and forcing out small operators. If the Government wants to do more to move towards a greener economy, we need an integrated transport system, which would have the knock-on effect of benefiting the tourist industry.

The present system isolates—

The Presiding Officer: Can we have your question please, Ms Fee?

Mary Fee: The present system isolates elderly people. Given the debate that we have had this morning, I would like assurances that something will be done to protect the elderly.

The Presiding Officer: Can we have a brief response please, minister?

Keith Brown: Our protection for bus services for the elderly is exemplified by the fact that we give several hundreds of millions of pounds towards a concessionary travel scheme, which allows older people to get around the country.

It is also true that, if they choose to do so, local authorities can support local services that bus operators might not otherwise provide through the bus route development grant. So such services are taken care of and the bus service operators have to decide on the services to provide. We will try to work with them to ensure that we have an integrated service wherever possible.

First Minister's Question Time

12:00

Engagements

1. Iain Gray (East Lothian) (Lab): To ask the First Minister what engagements he has planned for the rest of the day. (S4F-00036)

The First Minister (Alex Salmond): Later today, I will meet the Deputy Prime Minister to discuss matters of importance to the people of Scotland.

Iain Gray: The First Minister is famous for blaming someone else. It used to be us; now it is the Tories. Councils, too, are always good for blaming. After last week's exchange on care services, it was good to hear the Deputy First Minister and Cabinet Secretary for Health, Wellbeing and Cities Strategy taking personal responsibility for the standard of those services. Can the First Minister tell us what the Government's plan is for residents of Southern Cross care homes if that company collapses?

The First Minister: I listened to the Deputy First Minister this very morning as she laid out the various contingencies that the Government and local authorities have in place to deal with that difficult situation. The prime issue is to ensure continuity of care for the residents of Southern Cross care homes. I hope that all members in the chamber can see that that is a sensible initiative for the Government to take.

Iain Gray: I also listened to the Deputy First Minister this morning, and I heard her say that the presumption of any contingency plan would be continuity of care. That is very welcome.

I was also reflecting on the First Minister's criticism last week of the private provision of care. If the Southern Cross care homes face closure, surely the simplest and best plan would be for local authorities to be able to take over their running to ensure continuity of care. The First Minister could give certainty to concerned residents and relatives right now by committing to that and promising councils the resources to do it if they need those resources. Will he do that?

The First Minister: The certainty and reassurance for relatives is that there will be continuity of care for all people who are affected by the Southern Cross situation. The presumption will be that they will stay in their present care homes. Local authority control of the homes is one of a range of initiatives that are being considered. Certainty on the plan comes from the fact that the Government, acting in conjunction with our local authority partners, will ensure continuity of care for

people who are affected by the Southern Cross situation. That declaration to the chamber is substantially more important than making what is a matter of huge concern to thousands of people just a political interchange. The certainty from the Parliament is that we will fulfil our obligations to vulnerable people.

Iain Gray: On the contrary, the First Minister must understand that the certainty that those residents and relatives need is that there will be a way—which will be funded—to have continuity of care. One of the responses from a council to the questionnaire that was circulated said that it could not identify alternative providers and it could not take over the running of the care homes in its area without additional funding from the Government. Certainty would come from a commitment to provide that funding.

Yesterday, Southern Cross announced cuts of maybe 300 or 400 staff in Scotland. Even if Southern Cross survives, its homes will need careful and constant inspection to ensure that care is not compromised by those staff cuts over the next 18 months. Last week I asked the First Minister to reverse his 25 per cent cut in the inspectorate that is tasked with those inspections and the news of the Southern Cross staff cuts makes that even more important. For the sake of certainty, will the First Minister reinstate the care inspectorate's budget?

The First Minister: Last week, I explained the generality to Iain Gray and read him the figures for the inspections; that should have given him assurance. I point out to Iain Gray that all Southern Cross care homes have been inspected at least twice in the past 12 months and more often than that where required. It is simply wrong and misleading, and not worthy of him, to suggest that our care service inspection regime is not working effectively—it is working effectively and will continue to work effectively, and the standards that we require will be ensured in Southern Cross care homes, regardless of whether they are run by Southern Cross, or any other provider or council in Scotland.

Iain Gray: Those figures are from the old inspection regime. The new regulator has a new inspection regime, whereby those care homes that have previously received a good grade will be inspected only every two years. As I explained to the First Minister last week, 50 staff have gone from the regulator in the past year and perhaps as many as 55 more will go in the next year. Some of those staff are the very people who are required to make the inspections. The loss of 400 jobs from the biggest private sector provider of care in Scotland is a change to the situation that the regulator's staff have to deal with. One way in

which we could give certainty would be to reverse those cuts.

The health secretary has called the matter a sacred duty and a personal crusade and has accepted that the buck stops with her, but all of us have to put our money where our mouth is. We should underwrite the cost of local authorities stepping in, should Southern Cross fail, and we should reverse the cuts in the inspectorate so that it can ensure that the quality of care is maintained in the light of the Southern Cross cuts. Why will the First Minister not give families that reassurance?

The First Minister: Because the reassurance for families is that there will be continuity of care across Scotland—that is the reassurance.

It is a matter of fact—I point this out to Iain Gray, as he seems to be struggling with some of the facts—that the inspection regime, of course, involves three agencies that have been merged into one, and that the figures that he cites are not for next year but cover the next three years. I would have thought that the whole chamber would welcome the personal leadership that the Deputy First Minister is showing on the issue. The fact that she has made a personal commitment on it is to be welcomed; that is what is called leading from the front. I hope that Iain Gray starts to recognise that.

Secretary of State for Scotland (Meetings)

2. Annabel Goldie: To ask the First Minister when he will next meet the Secretary of State for Scotland. (S4F-00026)

The First Minister (Alex Salmond): I met the Secretary of State for Scotland yesterday and I am meeting him again today, as part of my new, two-meeting strategy. If I do not get the answer that I want in the first meeting, I organise another one.

Annabel Goldie: It takes two to tango—let us hope that it is a mutual pleasure.

Seven months ago in the chamber, the First Minister was asked about the death of a lady in Tomintoul. She died from a heart attack. She did not receive prompt medical attention, even though there was an ambulance 800yd away. It did not attend because the crew were on a tea break. At that time, the First Minister promised that

“investigations will be thorough and will come to a conclusion, which will be spelled out to the chamber.”—*[Official Report, 4 November 2010; c 30038.]*

What were the conclusions? Will he now spell them out to the chamber? What lessons have been learned?

The First Minister: Those initiatives are still under consideration, but I can arrange for the

health secretary to write to Annabel Goldie and give her the full detail of the improvements and changes that are under consideration.

Annabel Goldie: That was seven months ago. Tragically, in April, the same thing happened again. This time, a little boy from Crieff, aged three, died. He did not receive prompt medical attention, even though there was an ambulance only 10 minutes away. Again, the crew were on a tea break. Apparently, the ambulance service diverts calls away from any crew who are on a tea break, so I accept that a crew may be unaware of a local emergency, but serious injury, critical illness and imminent death do not wait for tea breaks. That situation is completely unacceptable and it must change. An emergency service must cope with emergencies.

In the past seven months, we have seen two tragedies. No MSP wants to contemplate having to raise the issue again, so can the First Minister assure us all that this time something will be done?

The First Minister: I assure Annabel Goldie that the matter is being treated very seriously. The health secretary, Nicola Sturgeon, will be quite happy to meet her to discuss matters further. The facts of the Tomintoul case are well known and have been investigated and reported on.

On the second case, as the member rightly indicates, a number of issues are still to be clarified about information that was made available to staff. She made that point herself. The health secretary will be happy to meet Annabel Goldie and explain some of the complications that are emerging from the necessary changes. She has my assurance that changes will be made and the health secretary will be able to give her the full detail of the aspects of change that require agreement, not imposition.

The Presiding Officer (Tricia Marwick): The first constituency question is from Alex Fergusson.

Alex Fergusson (Galloway and West Dumfries) (Con): On 22 June, the court of the University of Glasgow will consider a report that recommends the phasing out of the liberal arts degree that is currently taught at the Crichton campus in Dumfries. Inevitably, this throws some doubt on the university's long-term commitment to the campus. I am sure that the First Minister will recall his Government intervening in 2007 to ensure that the University of Glasgow remained an integral part of the Crichton campus.

Given the widespread concern among staff, students and others at the hurried and unsatisfactory nature of the consultation that has just taken place, and indeed, the lack of any acknowledgement by the university of the many suggestions made by staff and students to

address the concerns, will the First Minister instruct again his Cabinet Secretary for Education and Lifelong Learning to intervene to ensure that any decision taken on this crucial matter is delayed until a proper and thorough consultation has been held, and further and full consideration of other initiatives that have been proposed to secure the future of the course has been undertaken?

The First Minister: I welcome Alex Fergusson to his new role. I can tell him that representations have already been made by the Cabinet Secretary for Education and Lifelong Learning and we will continue to pursue the point. He rightly refers to 2007, when he was in the chair and could not comment in the chamber. If I remember rightly, I think that it was David Mundell who said then that it would take a miracle to save Crichton campus. That miracle was carried to effect by the then education secretary. We hope that, once again, representations will move things in a more positive direction for the Crichton campus.

Sandra White (Glasgow Kelvin) (SNP): The First Minister will be aware of the announcement by Trinity Mirror to axe 90 jobs at the *Daily Record* and *Sunday Mail* newspapers in my constituency. Does he share my concerns about these further attacks on the newspaper industry and, in particular, on the investigative journalism of those two newspapers? I further ask the First Minister whether he or other ministers will meet me and others to discuss this serious situation about the newspaper industry.

The First Minister: Yes, I will organise meetings for the constituency member with Mr Swinney. I know that the partnership action for continuing employment team has already been activated to help the employees concerned.

We accept that there are pressures on the newspaper industry, but it seems that an extraordinary level of redundancy is being contemplated for the *Daily Record* and the *Sunday Mail*. Although I have not always seen eye to eye with the *Daily Record's* editorial view, nonetheless it is a hugely important Scottish institution. The coverage that it has given to Scottish news and current affairs has been an important part of the fabric of Scotland. The whole chamber will want to see that quality of coverage maintained. I share Sandra White's concern. I will arrange the meeting with the minister. I hope I speak for the whole chamber when I say that we want a vital *Daily Record* and *Sunday Mail* to be able to comment comprehensively on the affairs of this country.

Corporation Tax

3. Neil Findlay (Lothian) (Lab): To ask the First Minister what plans the Scottish Government has for corporation tax rates. (S4F-00025)

The First Minister (Alex Salmond): The Scottish Government is committed to improving and strengthening the powers of the Scotland Bill, including the devolution of corporation tax. The Scottish Government will publish a consultation paper in the summer on the opportunities and benefits of establishing a more competitive corporation tax system in Scotland.

Neil Findlay: Twenty three years ago, a cocky, newly elected member of Parliament for Banff and Buchan intervened on the then Tory chancellor, Nigel Lawson, during his budget speech when he announced a cut to 25 per cent in the rate of corporation tax. Alex Salmond was suspended from the House of Commons for shouting:

"This is an obscenity. The chancellor cannot do this ... This budget is an obscenity."—[*Official Report, House of Commons*, 15 May 1988; Vol 129, c 1008.]

Why was corporation tax of 25 per cent an obscenity then, but the First Minister's proposal for a cut in corporation tax is a great idea now? Will he tell the Deputy Prime Minister about his conversion to Con-Dem fiscal ideology when he has a cup of tea with him later this afternoon?

The First Minister: I will first correct the record, because I was there—I was there for a time before I got expelled. Incidentally, the vast majority, although not all, of the Labour Party earnestly supported my expulsion and supported the Tory chancellor. I was not actually protesting about corporation tax; it was the cut on higher-rate income tax and, of course, the imposition of the poll tax in Scotland that I was protesting about—and I am proud to have done so.

I accept that the member might be in some difficulty, because reporting is not always as it should be. Reporting on this issue has been very strange. I read, for example:

"a new row between the UK Government and the Scottish Executive erupted last night after the First Minister promised to fight for lower business taxes north of the border if Northern Ireland won a special deal from the Treasury. The First Minister told Holyrood yesterday that if the chancellor bowed to pressure to cut corporation tax in the province he would argue for the same for Scotland."

I despair at how these things are always interpreted as fights between Holyrood and Westminster. The report goes on:

"But last night Government sources in London attacked Mr McConnell over the remark, saying that he had 'blundered' in giving ground to the nationalist case for fiscal autonomy."

That report was from 17 November 2006. When a Labour First Minister stood up for competitive industry in Scotland, the Labour Party was in government. When the Labour back benchers attack that policy, Labour is reduced to a rump of an opposition. Maybe there is a connection.

John Mason (Glasgow Shettleston) (SNP):

Does the First Minister agree that if we are going to attract business and jobs to Scotland, we need a whole package to do so, which includes good education, health and taxation systems? Does he agree with Jim McColl of Clyde Blowers Capital, whose company works around the world in many taxation systems and who says that it has no problem operating in those different systems?

The First Minister: Yes, I agree with Jim McColl. On this issue, I find myself in agreement with Jack McConnell, Wendy Alexander and a range of other highly intelligent people.

We should have a look at the substantial work that has been done in Northern Ireland on the issue and the estimates that, over a period of time, a reduction in corporation tax could bring 58,000 more jobs to the province and would be self-sustaining and self-financing over a period of time. That serious work has been carried out by the economic advisory group in Northern Ireland. I hope that the consultation document will get similar serious research in terms of establishing the position and hopes for Scotland. I know that the Labour Party will be foremost in submitting its evidence, once it decides what its policy is.

Unpaid Carers

4. Humza Yousaf (Glasgow) (SNP): To ask the First Minister what additional support the Scottish Government will provide to unpaid carers over the next five years. (S4F-00031)

The First Minister (Alex Salmond): We have allocated £5 million this year to health boards to support carers and young carers. We are giving the voluntary sector £3 million for the vital short breaks that carers need. To meet our manifesto commitments, we plan to invest an additional £300 million over the next four years to improve care for the elderly. At least 20 per cent of that will go towards helping carers.

Humza Yousaf: I very much welcome the First Minister's response. As national carers week approaches, I am sure that the First Minister will want to put on record his recognition of the selfless contribution of Scotland's carers and the fact that the great work done by the many carer organisations, such as the Princess Royal Trust for Carers and many others throughout Scotland, is absolutely invaluable. However, the First Minister will be aware that the impact and burden of planned increases in energy prices announced just this week will no doubt be much greater on caring families throughout Scotland. How does the First Minister and his Government intend to help those families?

The First Minister: The member is right to highlight the vital contribution of carers to our

society and the important work undertaken by carer organisations nationally and locally. The manifesto on which we just fought the election set out a series of measures to support Scotland's carers, including a commitment to extend the energy assistance package to people on carers allowance. Under the current circumstance, I have asked officials to make that a priority for delivery. On top of the existing support available, that will allow an additional 7,000 homes to access assistance. Carers living in energy-inefficient houses will be able to receive heating systems and complex insulation through the energy assistance package. In the circumstances of thumping fuel bills that will affect huge numbers of people throughout society, I think we all agree that it is a particular priority to ensure that carers have the protection that we can offer.

Dr Richard Simpson (Mid Scotland and Fife)

(Lab): I join Humza Yousaf in supporting carers and acknowledging the enormous part that they play in Scottish society. Will the First Minister guarantee that the additional funding for respite will be additional to the existing system? The previous promise of 10,000 weeks' respite did not result in any increase despite, I am sure, the Government's best intentions. Will he also ensure that all carers have emergency plans in place in case anything serious befalls them? At the carers' national hustings that were held during the election, only 5 per cent of the carers in the audience had such a plan in place. It is particularly important that we provide carers with the security and knowledge of such a plan.

The First Minister: I am interested to hear that. I will make sure that that point is examined and I will give Richard Simpson a considered response. It is a worrying situation that he reports to the chamber. I will make sure that he receives a considered response on how we can improve the situation substantially.

Council Tax Freeze

5. Michael McMahon (Uddingston and Bellshill) (Lab): To ask the First Minister whether the Scottish Government remains confident in the costings for a five-year council tax freeze set out in the Scottish National Party 2011 election manifesto. (S4F-00038)

The First Minister (Alex Salmond): Yes. The Scottish Government will fully fund the council tax freeze for the remainder of this parliamentary session. We will work with our local government partners, through the Convention of Scottish Local Authorities, to ensure that that happens.

Michael McMahon: Although it is clear that the council tax freeze is a popular policy, time will tell whether the First Minister is correct or whether others, such as Crawford Beveridge, are right in

saying that his policy is unsustainable, unaffordable and detrimental to the upkeep of local government services in the long run.

The First Minister claims that his proposal for a local income tax is also popular, but he wants to keep everything from the taxpayer, in spite of the Scottish Information Commissioner's ruling that Dr Andrew Goudie's report should be made public. Will the First Minister stop wasting tens of thousands of pounds of taxpayers' money on his own super-injunction to keep his information from them? Will he publish his economic adviser's analysis of the cost of LIT? What lurid headlines is he afraid of and what does the First Minister have to hide?

The First Minister: I understand that the information has already been published in *The Daily Telegraph*. I suppose that Michael McMahon is not necessarily a reader of *The Daily Telegraph*, although, given the trend of the Labour Party, perhaps it will be only a matter of time.

I am surprised that Michael McMahon seems to be reverting to the Labour Party policy of being against the council tax freeze. I have a distinct memory of that policy being in transition as we approached election day. If I remember correctly, Labour members were against the council tax freeze; then they were against it but did not want any big rises in bills. By the time that we got to the election, they were in favour of the council tax freeze, although the Labour manifesto miscalculated what was required to fund the freeze. I presume that Michael McMahon is speaking for the new Labour policy of again being against the council tax freeze. At a time when people around the country face massive increases in not just fuel bills, but the price of just about every good in every shop, it seems poor judgment on the part of the Labour Party to say that it believes that yet another bill should increase and press down on householders throughout Scotland.

Gavin Brown (Lothian) (Con): In funding a five-year council tax freeze, what assumptions has the First Minister made about inflation?

The First Minister: The annual cost of £70 million assumes a 3 per cent increase. That is a fair assumption to make given that, even in its days of wanting to increase the council tax, the Labour Party suggested increases of less than 3 per cent. Perhaps the comparison in which the member would be most interested is with the council tax freeze that is being pursued south of the border by his colleagues and compatriots in the Conservative Party and their Liberal allies, which assumes a 2.5 per cent increase. The compensation that Scottish councils get through the full funding of the council tax freeze by central Government is worth an extra 0.5 per cent. I know that the member will be writing to the local

government minister in England today, urging him to play fair with English councils.

Dave Thompson (Skye, Lochaber and Badenoch) (SNP): Lib Dem-led Highland Council has made much play about the problems caused for it by the council tax freeze. Despite that, it has just announced an underspend last year of £7 million. The council has said that it needs to cut 344 classroom assistants in order to meet its budget this year. It will make a final decision on 23 June. Does the First Minister agree that Highland Council should use some of that £7 million underspend to fund those vital classroom assistant posts for the next year so that a proper review of their role can be undertaken?

The First Minister: That seems a reasonable point for the local member to make. I am sure that people in the Highlands will have heard that point made, about both the underspend and the threat to classroom assistants.

Airbases

6. Roderick Campbell (North East Fife) (SNP): To ask the First Minister what recent discussions the Scottish Government has had with the Secretary of State for Defence regarding the future of Scotland's airbases, given the potential impact on jobs in the relevant local communities. (S4F-00039)

The First Minister (Alex Salmond): The Scottish Government has for some months been in discussions with Ministry of Defence officials about the issue. I have also had a number of discussions with the Secretary of State for Defence. The Scottish Government's role in those discussions has been to protect Scottish interests by making the compelling strategic and economic case for retaining RAF Leuchars and RAF Lossiemouth, and putting the case for relocating the maximum number of personnel currently based in Germany to Scotland.

Those discussions have been treated as confidential because many of the personnel involved are currently on active service in Afghanistan and elsewhere and because no decisions have yet been made by the United Kingdom Government. The Scottish Government is in the process of preparing a further and final submission to the Ministry of Defence, again setting out in detail the case for retaining the two RAF bases and for the transfer of the maximum number of army personnel from Germany. That will be submitted next week, so that it can be taken into account by the Secretary of State for Defence and the UK Government as they reach their final decisions on those matters.

Roderick Campbell: I am sure that the First Minister is fully aware of the remarks made this

week by Liam Fox, the Secretary of State for Defence, at the Select Committee on Scottish Affairs, where he admitted that over the past decade substantially bigger reductions were made in military personnel in Scotland, proportionally, than in other parts of the UK.

Does the First Minister agree that that supports the case for the UK Government not to close two thirds of Scotland's airbases?

The First Minister: Yes, I do. I should point out that the centre of the case that we have been making to the UK Government is on strategic grounds and on the assets and advantages of Lossiemouth and Leuchars as RAF bases. However, we have also made the point that in an estate and defence review, and a base review that is proposing the closure of some 20 per cent of RAF bases throughout the UK, it would seem highly unreasonable to propose the closure of 66 per cent of the Scottish bases.

David McLetchie (Lothian) (Con): Since the First Minister aspires for Scotland to be an independent country, responsible for its own defence outwith the framework of the North Atlantic Treaty Organisation, would he care to tell us exactly what he envisages would be an appropriate size for the Scottish royal air force? How many planes and squadrons would it have and how many airbases would it need?

The First Minister: I can draw David McLetchie's attention to some good international comparisons. I do so because at one of the meetings that I had with Liam Fox, he had just come back from talking about Nordic defence co-operation, particularly as far as airbases were concerned. Norway has seven airbases and Denmark has three. Norway's population is slightly smaller than that of Scotland and Denmark's is roughly equivalent to Scotland's. None of the countries of that size seem to have only one airbase. I am sure that as Mr McLetchie casts his experienced eye around the canvas of similarly populated states throughout Europe, he will agree with me that two airbases in Scotland would be better than one.

12:29

Meeting suspended.

14:00

On resuming—

Rural Schools

The Presiding Officer (Tricia Marwick): Good afternoon. The first item of business is a statement by Michael Russell on rural schools. The cabinet secretary will take questions at the end of his statement, therefore there should be no interruptions or interventions.

14:00

The Cabinet Secretary for Education and Lifelong Learning (Michael Russell): I thank the Parliament for the opportunity to make a statement on my proposals to establish a commission on the delivery of rural education and my request to local authorities for a moratorium on rural school closures.

In my experience, few issues have united all sides of the Parliament. However, the Schools (Consultation) (Scotland) Act 2010, which the Parliament agreed to unanimously in November 2009, did just that.

Before the Parliament was established, significant concerns were expressed from many quarters over many years about the procedures that local authorities had to follow in relation to school closures. In particular, there was a feeling that schools were being closed without proper and full consultation with the communities that they served. That resulted in much worry, anger and resentment for pupils, parents and staff.

Let me make it clear that, sometimes, schools have to close. Communities change, populations move and, sometimes, buildings become unsuitable. However, common decency, as well as good practice, demands that a closure must command public confidence. The process of decision making must be inclusive and transparent.

Ten years ago, in 2001, the Parliament's Education, Culture and Sport Committee looked into school closures following consideration of a petition. One of the outcomes of that inquiry was an invitation to the Convention of Scottish Local Authorities to draw up new rules for the school closure process. Unfortunately, that did not take place and, as a consequence, little changed. Schools continued to close in ways that appeared to be based on little joined-up thinking regarding the impact that closure would have on the wider community and its economic and social future.

In 2007, in an attempt to address that, Murdo Fraser proposed a member's bill. Although that proposal related to all school closures, it

nevertheless had a particular focus on, and concern about, rural schools and the importance of schools to the wider rural community. It evolved into the consultation "Safeguarding our rural schools and improving school consultation procedures: proposals for changes to legislation", from which emerged our Schools (Consultation) (Scotland) Bill.

The delivery of education in rural communities is about much more than just a building. A school can be, and often is, fundamental to the social and economic make-up of a village, township or area. Therefore, at the core of any decisions about schools in rural communities should lie a presumption against closure—a policy that has existed in England for some time.

The legislation was intended to make the proposed closure of any school open, transparent and fair. We sought to increase local participation, to create a genuine dialogue between councils and their communities, and to foster a greater sense of trust between local authorities and the people whom they serve.

In addition, we put in place a number of special provisions for rural schools. In the case of proposals to close such a school, the council must have regard to three special factors before it moves to consult: viable alternatives to closure, the likely effects of closure on the community as a whole and any changed travelling arrangements for children must all be considered. That ensures that a decision to close a rural school must be regarded as a decision of last resort.

In addition, prior to the 2010 act, the involvement of ministers in closure decisions mainly related to issues around occupancy and distance. That act established a more formal role by means of a safeguard, whereby ministers can call in decisions in which they perceive serious flaws in the consultation or decision-making process. That call-in can also be triggered by community or parental request.

The key word is process. The 2010 act was and is about not prejudging or second-guessing a local authority's decision but ensuring that the process, as enshrined by statute, is carried out properly and correctly.

At the time of the act's passing in November 2009, most people envisaged that no more than a handful of cases would be called in. The Government had confidence in a process that the whole chamber endorsed. However, it is clear now that, for all our good work, local authorities, communities and central Government have interpreted the 2010 act in widely different ways. Those different interpretations are hindering the clear policy intention of the act, therefore they now require some action. For example, in the 12

months or so since the act came into force on 5 April 2010, councils have proposed 35 school closures. That reflects, to some extent, the financial pressures that councils are clearly under. However, the act makes it clear that educational benefit must be the basis for closure decisions. Closures that are driven by finance alone are not permitted, yet councils still buttress their closure decisions with financial rhetoric.

Of that 35, I have found it necessary to call in 17. So far, four have been given unconditional consent to close, four have been allowed to close subject to conditions and four have been refused. The remaining five are still under my consideration. Another five closure proposals are going through the process and they will be presented for my consideration shortly.

For all involved, the process is proving to be unsatisfactory. At the time, we all felt that we were making an improvement to the law, but that improvement has not led to the necessary changes on the ground, or at least not everywhere. Many more proposals for rural school closures are being made than was envisaged. The consultation process is not being followed in more cases than we expected.

During the election, our manifesto made clear our intention to strengthen the 2010 act to ensure that consultation is genuine and based on accurate information. In addition, we also want to reinforce the existing presumption against closure and find a revised means of supporting the delivery of education in rural areas. Now we must consider how that should be done. I hope that it will be done with thought, care and regard to all the relevant issues, such as the impact on the community, parental wishes, the welfare of children, joined-up services and better education. However, it cannot be delivered against a backdrop of conflict, confusion and discontent.

It is for all those reasons that last week I announced the setting up of a commission on the delivery of rural education. Among other things, it will be tasked with reviewing the current legislation and its application; making recommendations on how to reflect best practice and fulfil our manifesto commitment; examining the links between rural schools and the preservation, support and development of rural communities; looking at the funding issues surrounding rural schools and the delivery of rural education; and thinking new thoughts about the means of such delivery. Most important, it will have licence to look ahead radically and boldly. I expect the commission to make recommendations at the start of next year. I will announce the membership of the commission and its full remit shortly.

Input from a wide range of organisations and individuals will be sought to help the commission

to undertake its work. COSLA and the Association of Directors of Education in Scotland will be essential participants.

To allow the commission to undertake its work within a positive and proper context, I have also proposed a moratorium on rural school closures. That will create the necessary space to allow a comprehensive and fair assessment of the present school closure process and clear thinking on how it can be improved. The moratorium will run for a year. I believe that it is in everyone's interests to pause and take time to consider the best way forward.

Many councils have expressed concerns about how the present process of proposed closures is working, as have parents and members from all sides of Parliament. Therefore, I expect and hope for a positive response from councils, parents and members of Parliament to my proposal for a moratorium. I am pleased to say that a number of councils have already indicated their support.

My aim is that we work together across the various interests to find a consensus and solve the problems that affect many parts of Scotland. There is no future in simply digging in to entrenched positions. We all want to ensure that what Parliament had in its mind when it agreed the Schools (Consultation) (Scotland) Act 2010 can finally be applied effectively and properly, and that the need for educational benefit is the driving force and the sole motivation behind each and every proposed school closure, especially in vulnerable rural areas.

I believe that our rural communities are the fresh air that energises much of Scottish society. I am aware that the closure of a rural school can unbalance and sometimes destroy a rural community for ever. The Parliament has already agreed that action is needed to prevent that; my new proposals reinforce that agreement.

The Presiding Officer: The cabinet secretary has completed his statement so he will now take questions on the issues that he raised. I intend to allow approximately 20 minutes for questions, after which we will move on to the next item of business. It would be helpful if members who wish to ask a question pressed their request-to-speak button now.

Ken Macintosh (Eastwood) (Lab): I thank the cabinet secretary for the advance copy of his statement. I welcome his announcement. There are still too many battles between parents and local authorities over school closures, and the more we can remove uncertainty from the process, the more confidence all sides can have in reaching a decision.

I admit that I am intrigued that the first substantive item of education policy to be brought

before us in session 4 is the Scottish Government trying to correct one of its own mistakes. I remind the cabinet secretary that in his first speech following his appointment to his present position he said:

"I am glad, therefore, that my prescience and support led to the Schools (Consultation) (Scotland) Bill, which was passed unanimously in this chamber—I regard the campaign on that as a success."—[*Official Report*, 3 December 2009; c 21804.]

I wonder how many members would describe themselves as prescient and successful in their first contribution. Leaving that aside, where has it all gone wrong? If the legislation was such a success, why has it not worked? It is difficult not to suspect that the cabinet secretary's personal interest in getting elected in a rural constituency that faced a large number of school closures helped focus his mind.

Will the minister clarify whether he believes that parents should have the right of appeal to the Scottish Government if a local authority proposes or agrees a school closure? Does he recognise that the Government sends out two messages to our councils—to save money and to protect local schools—which are often in direct conflict? Councils argue that closing a school will reduce capacity and therefore provide for the most efficient use of resources, and that the most efficient use of resources will produce an educational benefit. Does the minister agree with the central logic of that argument? Most parents certainly do not.

Finally, why has the minister not announced a moratorium on urban school closures? Is the legislation working well in such cases? I declare a personal and a constituency interest—I see no educational benefit coming from the closure of a successful and popular school such as Robslee primary in East Renfrewshire. Do parents and pupils in urban settings not deserve the same protection and the same clarity of criteria as those in rural areas?

Michael Russell: I welcome Mr Macintosh to his new role. I do not know for how long he will hold it—maybe greater things lie ahead for him. With that approach to questioning, my loss might be the First Minister's gain.

I am a great follower of J K Galbraith, who said:

"When facts change, I change my mind. What do you do?"

The reality of the situation is that facts have changed. We have understood that there are difficulties in the operation of the legislation that require some changes of approach. That is an indication of a mature Government, rather than an expression of anything else.

It is clearly true that the 2010 act works better in urban areas. The school that Mr Macintosh mentioned is going through a process, so I cannot comment on it, but it is the case that the legislation has been seen to work more robustly in relation to larger, urban schools than it has in relation to rural schools, because of the particular difficulties with rural schools.

I want to address one other issue that the member raised—the circular argument about the moneys from rural school closures. Very good work has been done on that and, indeed, on rural schools in general by the Scottish rural schools network. The chamber has acknowledged Sandy Longmuir's contribution to that work, and it should do so again. Mr Longmuir has demonstrated to almost all of us that actual savings from rural school closures are very small indeed, and possibly non-existent. Any argument that money that is saved as a result of a closure will be ploughed back into the education service in an area often runs against another argument, which is that it is necessary to reduce the total amount that is spent on education in the area. In some parts of Scotland, I have seen those two arguments in the same document.

I do not believe the circular argument that Mr Macintosh asked about, and I find it difficult to believe some of the financial arguments that are made, too. However, I ask the chamber always to remember that the 2010 act requires educational benefit: closure proposals must not be about saving money. Local authorities need to remember that.

Liz Smith (Mid Scotland and Fife) (Con): I thank the cabinet secretary for prior sight of his statement.

I have just two questions. When it comes to the length of the moratorium, the cabinet secretary implied that it was a question of revisiting the legislation and possibly the guidelines. If that is correct, all of us in Parliament have a duty to make the legislation clearer than it is now. Will it take a year to do that, or could it be done in a shorter timescale?

My second question is about the logic of what is proposed. If we are talking about a legislative or a guideline interpretation issue, should the proposal not include all schools, rather than just rural schools?

Michael Russell: I will address both points. On the timescale, I will announce the full remit next week, but, as I indicated, it is wider than simply revisiting the legislation. If we were simply to revisit the legislation in relation to rural schools, we would not approach the matter in the right way. There are relationships between the existence of schools in remote and rural communities in

particular and the health of those communities and their prospect of being able to grow and develop, and we need to look at those. However, we also need to look at different methods of delivering education—and perhaps other services, but certainly education—within rural Scotland. In some of the places that I have visited in the past year, I have been struck that no new thinking is going on about how to deliver education, or at least that it is not coming to fruition. We need to look at that. The job is bigger than simply looking at the legislation. That is what the remit will say, and I have outlined that.

On looking at all schools, I do think that the process is working better in larger schools and certainly in urban, semi-urban and accessible town areas—there is a range of definitions for schools, as Liz Smith will know—than it has turned out to work in rural Scotland. That is why I am focusing the commission on rural education and focusing the moratorium on the definition of rural schools. If representations were to be made to me about particular issues that have arisen parallel to those aspects, I would consider them, but I have not seen such representations, whereas I have seen many, many representations on the issue of rural schools.

The Presiding Officer: Many members have asked for a question. I ask everybody to keep their questions short and I ask the cabinet secretary to keep the answers short. In that way, we will get in as many people as possible.

Rob Gibson (Caithness, Sutherland and Ross) (SNP): In terms of the educational delivery in rural schools, will the cabinet secretary ensure that the commission addresses the funding formula for small schools in scattered communities? They are often severely disadvantaged by the current funding packages in seeking to deliver on the educational needs of such communities in my constituency and many others.

Michael Russell: Yes—definitely. One of the issues that I mentioned in relation to the anticipated remit was funding. The element of grant-aided expenditure that is applied to rural schools is byzantine in its complexity, and indeed in a number of cases it has been miscalculated by local authorities. It requires substantial examination and considerable simplification.

Jackie Baillie (Dumbarton) (Lab): The cabinet secretary will be aware of my strong support for the retention of Luss primary school, which is a vibrant part of my local community and central to the long-term future of the village, so I welcome the commission and the moratorium on rural school closures, and I urge Argyll and Bute Council to reflect carefully on that.

I ask the cabinet secretary about a long-standing Audit Scotland report that commented that capacity across the school estate should not fall below 60 per cent. Specifically, should that be a material consideration for local authorities?

Michael Russell: I pay tribute to the member's strong support for the school at Luss, and indeed her general interest in school closures, which is much appreciated. There are two sides to the question that she raises. One is the calculation of capacity. There is no uniform calculation of rural school capacity in Scotland, which is a problem. In the case that she mentions, there are widely different views of the capacity of the school. In another school that I saw recently, there was a difference of more than 33 per cent between the calculations that were made by the local authority and those made by some other local authorities.

The other side of the question is that the approach of Audit Scotland and Her Majesty's Inspectorate of Education has, of course, been to say that we need the best possible use of the investment that is made. However, there is no absolute bar to local authorities delivering education in the way they wish. Rural local authorities have particular difficulties, and it is incumbent on agencies and bodies such as Audit Scotland and HMIE to recognise them—indeed, they do so. My approach to the matter very much chimes with that, and I hope that Audit Scotland and HMIE will be part of the process of examining the situation through the commission. If they are, I hope that local authorities will find no barrier to full participation in relation to the issue that Jackie Baillie raised.

Kenneth Gibson (Cunninghame North) (SNP): Four years ago, Labour-controlled North Ayrshire Council proposed the closure of Corrie primary school on Arran, perhaps believing that the Scottish National Party Government would, like its predecessor, close every rural school that was referred to it for closure. Of course, having found out that the SNP Government had a different policy, Corrie primary was reprieved. Will the cabinet secretary confirm that the commission on the delivery of rural education will have at least one island-based member to ensure that island communities are fully represented?

Michael Russell: Yes.

Jamie McGrigor (Highlands and Islands) (Con): How will the cabinet secretary ensure that the commission on the delivery of rural education has strong community input to its work to ensure that its output is credible, understandable and acceptable to all stakeholders?

Michael Russell: That is a very good question from Mr McGrigor. A number of voluntary bodies representing parents and others, such as the

Scottish rural schools network and the Argyll rural schools network, are involved. I hope to draw them into the process.

Many communities in Scotland have in a sense been radicalised in educational terms by participating in the process. Many articulate parents and members of those communities will want to take part in the process.

I will also seek to draw into the process representatives of COSLA and ADES and individual local authorities that have been struggling. I have been publicly critical of some local authorities, but I recognise that some face genuine dilemmas on school closures. I will draw those authorities into the process so that they can express their opinions.

Graeme Dey (Angus South) (SNP): Does the cabinet secretary agree that if rural schools are to close, the example in Angus South, where Angus Council worked closely with the communities of Lintrathen, Kilry and Glenisla to secure agreement on closure of their local primaries in favour of an environmentally friendly new build serving all those communities, is to be commended?

Michael Russell: I do. I do not want to stand in the way of communities that are happy with the progress that is being made. In the letter that I sent to local authorities, I made it clear that I thought that where empty schools could not easily be mothballed there was a case for proceeding with the closure process. I can think of at least one school that was recently approved for closure because the community was unanimous in its view that it wanted the children to move to a newer school within easy travelling distance. It is not about imposition. However, there are many places where the community does not want schools to close. Where that is the case, we need to look at the situation again carefully.

David Stewart (Highlands and Islands) (Lab): I share the cabinet secretary's view that rural schools are much more than bricks and mortar; they are the bedrock of our communities and an essential ingredient in rural development.

Given the tight financial straitjacket within which our local authorities operate, how does the cabinet secretary intend to safeguard the sustainability of the 918 schools that are classified as rural and, more important, the quality of learning for pupils in rural communities?

Michael Russell: The quality of learning for pupils in rural communities tends to speak for itself. The outcomes for almost all rural schools are very good indeed. I can think of a number of rural schools that have been drawn to my attention in recent months that have had excellent HMIE reports. Indeed, one that I know of could not have had a better report. If there is an educational

benefit in closing such a school, that is not clear to the parents and the community, because they cannot see how the education of the children could be improved.

Any equation that links smaller schools and poor educational outcomes is wrong. We need to be very careful before we go down the road of saying, "It is always cheaper to deliver education in larger units; that's why we do it." The analogy that I draw is that sometimes, in some places, we have to deliver services to smaller populations, and that is more expensive. Mr Stewart is a regional member for the Highlands and Islands, so he should know that. If we do not do that, we will end up following the strange logic that we should start closing down some of our roads, because in many areas they carry very few people and go to very few places. There is an additional cost, but that does not mean that it should be resented or worked against; it needs to be budgeted for, but so do alternatives. No authority is looking closely enough at good alternatives to building base delivery of education in the way that we have been doing it for the past 200 years.

Mike MacKenzie (Highlands and Islands) (SNP): Has the cabinet secretary heard from Argyll and Bute Council whether it intends to go ahead with its proposed school closures?

Michael Russell: Under the ministerial code, I have no involvement in the individual school closure process in Argyll and Bute—that will be handled by another minister. As the local member, I have a very keen interest in the matter and I have attended a number of events with other members here, including Mr MacKenzie. I know that Argyll and Bute Council intends to hold a special council meeting next Tuesday to consider its response to my letter. I do not often write letters that require 36 people to gather in a room to vote on them, but in this case I welcome that. I am quite sure that the meeting will be productive and I hope that its outcome is positive.

Liam McArthur (Orkney Islands) (LD): I declare an interest as the parent of two children attending a school that was identified as a possible candidate for closure.

I certainly accept much of what the cabinet secretary said about the unsettling effect that even the threat of closure can have on pupils, staff, parents and the wider community. I welcome the establishment of the commission and agree that the way in which the legislation is being interpreted needs to be looked at.

Can the cabinet secretary please explain the steps that he plans to take should any council—including Argyll and Bute Council—not accede to his request? I think that he has answered my next question, in the main. The moratorium will not

necessarily cover every school, but will he meet individual councils to discuss exceptions to the moratorium? Notwithstanding his earlier response to Ken Macintosh, does he also plan to meet councils to discuss the impact that the moratorium may have on the delivery of education and other services?

Michael Russell: I am open to discussing those matters with any local authority that wants to discuss them with me—my door is open to any local authority that wants to do so. I do not believe that the moratorium will have a major or even significant financial effect. Indeed, in one or two places, school closures would cost the councils money in the coming year, therefore I might be saving them some money.

Every local authority in Scotland except Glasgow City Council has at least one rural school, and I hope that all the authorities in Scotland that are affected—it is not an enormous number—realise how valuable the moratorium will be in helping them to make informed and productive decisions for the future. Full participation in it will be an investment in the future.

If they do not want to take my word for it, they should listen to some of their own people. I have the permission of Penny Armstrong, the chair of the parent council of Sandness primary school in Shetland, to say that, having been through a closure consultation process, she wrote to me last week stating:

"It has been evident from our interaction with local Councillors that a number of individuals do not understand the purpose of the Act, and ... fail to take on board the importance of small schools for the sustainability of very remote rural communities."

That issue will be well known to the member, given his constituency. It is absolutely clear that, in community after community, there is strong support for getting more information, letting the commission work and informing future decision making. I hope that every local authority will listen to that.

Dennis Robertson (Aberdeenshire West) (SNP): I welcome the forthcoming moratorium and recognise that the cabinet secretary has acknowledged that there is stress and anguish around any closure. In my constituency, two schools—Clatt and Logie Coldstone—were earmarked for closure, which caused a lot of anguish and stress within the community. Parents felt that schools were closing for financial reasons only. Can the cabinet secretary give some assurance to the communities of Clatt and Logie Coldstone that the educational needs and requirements will be looked at, rather than the financial ones?

Michael Russell: Mr Robertson will be aware that those schools are presently under consideration, and as I have not yet announced my intention in terms of call-in, I cannot comment specifically on them. However, I agree with him that the drive towards closing schools solely for financial reasons is not only damaging communities but illegal. Every local authority should know that. To be fair, most do know it, but it is necessary now to spell it out in even clearer terms.

Murdo Fraser (Mid Scotland and Fife) (Con): I thank the cabinet secretary for his kind acknowledgement of my efforts in his statement, and I commend his own interest in the subject. He has referred to the financial case that is made by councils, which has been highlighted by Sandy Longmuir of the Scottish rural schools network. Will the new commission look specifically at how it can force councils to improve the accuracy of the financial case that they make when they produce a school closure consultation?

Michael Russell: The member makes an important point. Section 5 of the 2010 act, which deals with the statement of benefit and the consultation document, is defective—we have discovered that late in the day. I am sorry that that was not obvious at the time, but it was not obvious to anybody in the chamber. The problem is that local authorities do not have to make changes if there are inaccuracies, as a result of which some local authorities have allowed things to go through that should not have. That will be part of the wider consideration of all these issues and more.

Mark McDonald (North East Scotland) (SNP): Many small rural schools—some with no more than 20 pupils—achieve excellent results and obtain glowing reports from HMIE inspections. Does the cabinet secretary agree that the quality of the education provision at those schools overrides the often spurious argument that children will make more friends at a bigger school, which is put forward by those who seek to close small schools?

Michael Russell: I heard that argument put at a consultation meeting just this week. I know of no research that says that there is any disadvantage in being educated in such a school, in terms of either attainment or socialisation.

The Presiding Officer: I thank members and the cabinet secretary for their co-operation. We managed to get through a great number of members' questions.

Scotland Bill: Borrowing Powers and Growing the Economy

The Presiding Officer (Tricia Marwick): The next item of business is a debate on motion S4M-00235, in the name of John Swinney, on borrowing powers and growing the Scottish economy.

14:30

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): Last week, I set out to Parliament the Government's strategic aims on the economy, and we had a valuable and constructive debate on the economic priorities for Scotland. By re-electing this Government, the people of Scotland have ensured that the issues of importance about which we campaigned and which we set out have been brought to the fore in this session. That gives us the opportunity to secure enhanced powers and greater economic freedom for this Parliament, which is at the heart of the Government's agenda. Today's debate, on capital borrowing powers, responds to the expectation of the public and the mandate that we have been given.

In his opening speech of the new session of Parliament, the First Minister made clear the commitment of the Scottish Government to work with all parties across the chamber openly and positively to advance Scotland's interests. On borrowing powers, as on many other issues, we are building on solid foundations, including the work of the Scotland Bill Committee in the previous session, the Calman commission and the Holtham commission in Wales. We can have confidence that the issues around capital borrowing have been well exercised by that process of discussion and debate in recent months and years.

I will focus my remarks on the substance of the Scotland Bill proposals on capital borrowing and how this Parliament can strengthen them. First, however, I want to offer some broader reflections on the process in which we are engaged.

As members are aware, we are engaged in detailed and substantive discussions with the United Kingdom Government on strengthening the powers of the Parliament. Those are important discussions, and we encourage the UK Government to take a positive approach to our proposals. Indeed, I noticed on the Press Association wires at 1.55 this afternoon that the Deputy Prime Minister, on a visit to South Queensferry, has indicated that capital borrowing powers that were to be in place by 2013 will be available this year. We await further detail from the

Deputy Prime Minister and others on what underpins that remark.

We should consider the task that we face with regard to borrowing powers. We are considering a long-term and fundamental reform of Scotland's financial governance. Members across the chamber will have different views about what is ultimately the right economic and political framework for Scotland, but it will be the people of Scotland who will settle those questions. Our shared responsibility, today and in the coming months, is to ensure that the outcome of the Scotland Bill is a coherent and durable set of financial reforms that can substantially enhance the authority and effectiveness of this Parliament.

It is important to be clear on the purpose of capital borrowing, and we are very clear. There is an overwhelming economic logic behind capital borrowing powers. For example, they can support the construction of large strategic projects, such as the Forth replacement crossing, which will benefit future generations but will also create significant short-term financial pressure on today's capital budgets. They can provide a medium-term economic stimulus, similar to the accelerated capital programme that we have undertaken, but without the need to cut investment while recovery is still fragile. They can also help to lever in additional private sector investment by enabling Government to act as the funder to key sectors, such as the renewable energy, enterprise, housing and regeneration sectors, and they can prevent destabilising swings in capital spending by helping to smooth investment and to manage capacity in our key public services.

Willie Rennie (Mid Scotland and Fife) (LD):

The Cabinet Secretary for Finance, Employment and Sustainable Growth quite rightly says that investment in transport infrastructure is important. He says that we need more, and we agree, which is why Nick Clegg this morning made the announcement to which Mr Swinney referred. However, I am puzzled by the fact that, when savings were made on the new Forth crossing—the bridge that has not been built yet—Mr Swinney did not invest that money in other transport projects, but instead cut the budget by £250 million. Why did he do that?

John Swinney: Our election manifesto set out the argument that the savings to the public purse that the excellent and well-run procurement project generated, which were savings of £250 million—

Gavin Brown (Lothian) (Con): Not yet.

John Swinney: Mr Brown says, "Not yet," but a fixed-price contract applies.

David McLetchie (Lothian) (Con): We have heard that one before.

John Swinney: I say to Mr McLetchie that a fixed-price contract is a fixed-price contract. We have such a contract for the M74 project, which will be completed early, and for the M80 project, which will be on budget and finished early. The guffawing from the gentlemen on the Conservative Party's front bench is entirely ill placed.

I return to Mr Rennie's point. The argument that we deployed in the election campaign was that we could redeploy the windfall saving to support other fundamental projects, such as the digital infrastructure in rural Scotland, which Mr Fraser was on about last week; to provide sure start funding for some of our most deprived communities in order to give young people a better start in life; and to give more support to energy-efficiency projects, which are dear to the heart of Mr Harvie and others. We have deployed the windfall savings from our excellent procurement of the Forth replacement crossing to wider purposes in the Government's programme.

I will remind members of the capital borrowing proposals that are outlined in the Scotland Bill command paper. The Scottish ministers will be allowed to borrow up to 10 per cent of the Scottish capital budget in any year to fund capital expenditure, and the overall stock of capital borrowing will be unable to go above £2.2 billion. That framework will begin to operate in 2015-16 and, from 2013-14, transitional arrangements will allow capital borrowing subject to Treasury agreement. Within that commitment, we require to see the detail of what the Deputy Prime Minister has set out today. As we know, the detail of all such schemes is fundamental to the working arrangements for the provisions.

By endorsing the Scotland Bill Committee's report, which 121 members approved in the previous session, the Parliament has set out its view that the borrowing powers as originally conceived in relation to our capital investment and revenue budgets are inadequate. There is clear agreement between the Parliament and the Government on what needs to be done and the motion makes three core propositions on subjects of firm consensus.

The first proposition is on the need for a clear, long-term and principles-based approach to controlling capital borrowing by the Scottish Government, which is guided by a higher but entirely sustainable set of borrowing limits. The second is the immediate implementation of the capital borrowing facility. The third is that the Scottish Government should be allowed to issue bonds to fund capital borrowing when it considers that appropriate. I will discuss each proposition in turn.

On the design of the framework, the strong consensus is that debt limits should be set

according to clear and objective principles that are linked to debt sustainability. The Scottish Government and the Scotland Bill Committee agree firmly on that point. The Calman commission and the Steel commission agreed similarly. In the conduct of its own affairs, the United Kingdom Government has set fiscal policy under the main aim of reducing public debt as a share of total gross domestic product in the medium term. It is regrettable that the UK Government decided not to follow that principle when it drafted the Scotland Bill.

The Parliament has been asked to accept a cash limit on total capital borrowing in Scotland that is too low and has been set without justification. We are being asked to accept borrowing for long-term purposes on a short-term repayment basis. Having a framework without criteria to help to determine prudent borrowing limits in the long term is a weakness of the system. The proposal that is on the table would leave the Parliament and the Scottish economy first powerless, and then with only weak borrowing powers, which would always be subject to decision making by the chancellor. That is precisely the outcome that good fiscal rules should prevent. It would be a dereliction of duty to leave Scotland in such a position and we should not be left in it.

In relation to the sum of borrowing that should be available, the core principles that we choose will determine almost every aspect of the framework—the annual limit on borrowing, the term of borrowing, the sustainable debt limit and our ability to plan long-term infrastructure investment. The Scottish Government's work on that confirms the judgment of the Scotland Bill Committee, the House of Commons Scottish Affairs Committee and various independent experts that the proposed borrowing limits are far too low. We judge that, under a range of scenarios with prudent assumptions about Scottish revenues and future interest rates, capital borrowing of at least £5 billion is sustainable. However, it must be anchored in a firm set of rules that determine how it is brought about. Of course, the precise detail will depend on the budgeting arrangements, which the Treasury has still to confirm.

As a Government, we are committed to maximising the effectiveness of our capital spending. A range of sectors in our economy and public services need substantial investment. When we translate the UK Government's proposed total of £2.2 billion into specific areas of activity, it is clear that a sum of that magnitude does not really make the impact that people would ordinarily expect. For example, over a 10-year period it could, to the exclusion of all other priorities, meet the £2.25 billion roads maintenance backlog, two thirds of which rests with our local authorities. It would enable the rebuilding of a sixth of Scotland's

secondary school stock, fund the construction of 17 miles of high-speed rail line, or enable the whole length of the A9 to be dualled. In short, the borrowing powers that are proposed in the Scotland Bill will barely address the infrastructure needs of one sector, never mind the needs of the whole economy. We require more such powers. We can sustain more with them and this Parliament claims more access to them.

With regard to timing, the Deputy Prime Minister has made some remarks about this issue on which we require further detail. However, the key point about timing is that we have at our disposal the ability to make an economic intervention when it actually matters. At this stage in our economic recovery, we need access to more capital expenditure. At yesterday's meeting of the joint ministerial committee, we put forward to the UK Government an argument based on the Chancellor of the Exchequer's invitation to deploy some flexibility in the financial arrangements in recognition of the fact that, at this stage in the economic cycle, when we face acute challenges with regard to public expenditure, maximising capital investment would assist in economic recovery and help to stimulate the valuable employment and economic opportunities that people in Scotland are seeking. The debate about timing with regard to borrowing is not about some obtuse constitutional principle, but arises from the very practical reality of our economy's current condition and the need for access to powers to enable us to make as big an intervention as we can in trying to stimulate economic recovery in Scotland.

The debate has also been influenced by the issue of sources of borrowing and, as the Scotland Bill has confirmed, the Government will be able to borrow from the national loans fund and commercial banks, where such moves offer value for money. However, the UK Government has not been prepared to accept a proposal regarding Scottish Government bonds. The Exchequer Secretary to the Treasury has found himself telling the Scotland Bill Committee that Scottish Government bonds would confuse the capital markets, despite evidence that US bond markets have managed to finance borrowing by 55,000 separate issuers of municipal bonds. I do not think that that argument is the strongest that has ever been conjured up on the matter. Where such a move delivers value for money, it will remain right for the Scottish Government to have flexibility to borrow from the capital markets. Given that the issue is all about the Government's financial accountability to this Parliament, it is wrong for the option of issuing bonds to be ruled out from the various options that will be available to the Scottish Government and Parliament.

There is a compelling case for borrowing to happen at the earliest possible opportunity to give us the ability to influence economic recovery in Scotland. After all, the purpose of acquiring capital borrowing powers is to enable us to invest in the long-term infrastructure that we all know will make a difference to economic recovery in Scotland. As we look at the current pattern of Scotland's labour market and see the effect of this Government's use of capital acceleration and its decision not to reduce public expenditure in the past 12 months, it is clear that investing in the economy is the correct way to build economic strength and ensure economic recovery. That is why capital borrowing powers matter and why we should have access to them with a greater degree of flexibility than is proposed in the Scotland Bill—the greater flexibility that was acknowledged by the Scotland Bill Committee—to allow us to boost economic recovery in Scotland. That is the principle at the heart of today's debate.

I move,

That the Parliament notes the Scotland Bill proposals on capital borrowing and the recommendations of the Scotland Bill Committee in that regard; calls on the UK Government and Scottish Government to undertake joint work to agree a clear, long-term and principles-based approach to capital borrowing and the sources of borrowing including the potential for bonds, and calls for the implementation of capital borrowing powers at an accelerated timescale to that proposed in the Scotland Bill to support economic recovery and enhance Scotland's infrastructure.

14:44

Richard Baker (North East Scotland) (Lab):

We believe that the question that requires to be answered when we debate whether the Parliament should have new powers is this: will the devolution of the powers in question benefit Scotland and, in particular, help us to grow our economy? It is not about getting new powers for their own sake.

We believe that the case for additional borrowing powers for the Scottish Government certainly has been made, and it is right that that initiative should be supported across the chamber. It was the Calman commission that made the case for the Scottish Government to have further borrowing powers. In the previous session, the Scotland Bill Committee made the case for those powers to be introduced more quickly and, indeed, for an extension in their scope. Therefore, when the Scottish Government makes the case for them to aid economic growth, it is right that we should support it, and we will support its motion.

I noticed that, as the First Minister walked along Downing Street in the rain yesterday, he did not deign to share the shelter of his umbrella with the cabinet secretary and Mr Crawford, who were left to brave the elements. I am happy to report that the cabinet secretary has taken a far more

collegiate approach with his motion, and I welcome the fact that, even with a Government majority, he has worked hard over the past few days to ensure that the motion receives the widest possible support in the debate. We welcome that approach. I hope that a clear message from the chamber today will aid fruitful negotiations between the cabinet secretary and his UK counterparts.

The meeting of the devolved heads of Government with the Prime Minister yesterday seems to have been reasonably cordial in tone at least, even if the tone has not been that in today's press. However, we hope that the dialogue on the issue that we are discussing at least will be productive. Indeed, it seems that we have good news on the timescale for introducing the borrowing powers and their establishment this year. Getting good news from Nick Clegg is a welcome change. We look forward to hearing further details of the announcement that he indicated.

The cabinet secretary has made it clear that his goal in seeking additional borrowing powers is to protect investment in our economy, particularly at a time when the capital budget has been cut to such an extent by the UK Government. There is a clear need for the Scottish Government to be able to use borrowing powers to take the required action. The GDP figures in the last quarter of 2010 may well have been better for Scotland than for the rest of the UK, but they still showed that while the UK economy contracted by 0.5 per cent, our economy contracted by 0.4 per cent. Therefore, there can be no room for complacency in tackling the economic challenges that Scotland faces. Business organisations are still reporting a lack of confidence in the economic outlook, and the International Monetary Fund has revised downwards its economic growth forecast for the UK. It is clear that that presents us with significant challenges in Scotland.

We have argued that preserving Government investment in our economy and infrastructure should be a key part of the strategy to strengthen growth in Scotland. We do not want to see key infrastructure projects being stalled and more jobs being threatened because of the cut to the capital budget.

Four years ago, we took issue with the Scottish Government on its decision to delay new school buildings and new transport projects while it established the Scottish Futures Trust, because we believed that that was damaging for important sectors such as our construction industry, in which jobs were lost at that time.

John Mason (Glasgow Shettleston) (SNP): Is the member arguing that, in the long run, a private

finance initiative approach makes better sense than the Scottish Futures Trust?

Richard Baker: It certainly made no sense to delay those projects at that time. I make it clear that I am happy that we can instead endorse a strategy on borrowing powers from the Scottish Government that is all about avoiding delay in establishing new infrastructure and, I hope, preserving and encouraging employment in these challenging times.

With additional flexibility being given to ministers, it will be for them to ensure that crucial projects go ahead, from the sick kids hospital in Edinburgh to the transport projects in Aberdeen that are close to my heart and to the heart of Lewis Macdonald. I am sure that Lewis Macdonald will refer to a number of key projects in his closing remarks. We support bringing forward the use of the powers in question and hope that the UK Government has now accepted that point as well.

The point of gaining borrowing powers is to be able to pump-prime the economy and create jobs and wealth. We cannot afford to wait for too long, as every delay can mean the difference between new jobs and no jobs.

We have previously suggested that the powers should be available earlier so, if they are to be introduced in the current financial year, that is welcome. Given that that is within the same spending review period as under the previous plan to introduce the powers in 2014, we believe that it is eminently achievable. So, in one sense, there should be no surprise at the announcement from the Deputy Prime Minister earlier today.

The Scottish Government is facing a cut in its capital budget of £790 million in this financial year, which is why there is urgency in the debate about how ministers can access additional borrowing. We believe that the case has been made for increasing the amount that the Scottish Government should be able to borrow for capital beyond the £2.2 billion cap that is proposed in the Scotland Bill and the limit of 10 per cent of the Scottish capital budget in any one year. As the cabinet secretary mentioned, the Scotland Bill Committee did not believe that there was a "principled basis" for those limits, and several witnesses made the point to the committee that the levels that are proposed in relation to the Scottish budget and future tax revenue are modest. We believe that ministers should be given more flexibility. It has been helpful to hear from the cabinet secretary his current thinking on what an appropriate extent of borrowing might be. He referred to the £5 billion figure that the committee discussed. We think that those are sensible directions in which to travel.

On short-term borrowing, we agree with the Scotland Bill Committee that the currently proposed limits should be increased, not least because of the penalties that the Scottish Government would face under the bill if the revenue that the Government received in tax was lower than forecast. However, we believe that that issue also needs to be reconsidered and that, as the committee said, those provisions should be removed from the bill. Professor Anton Muscatelli said:

"doubling that limit would not be exaggerated in terms of prudence and in terms of giving the Scottish Parliament a bit more room for manoeuvre".

We also agree with the committee that the four-year timescale to repay short-term borrowing is unnecessarily short and should be extended.

The Government's motion calls for the Scottish Government to have access to wider sources of borrowing. The Scotland Bill already provides for the Scottish Government to borrow from the national loans fund to attract favourable interest rates, as well as to borrow finance commercially. The motion raises the issue of the potential for the Scottish Government to issue bonds. We believe that that should also be on the table for discussion between the Scottish and UK ministers, particularly given the Scotland Bill Committee's view that there is no reason why there should be an impediment in statute to their use by the Scottish Government.

We believe that the extent of the powers can be increased in those ways while remaining entirely in line with a responsible approach to borrowing. Our amendment seeks to reinforce the point about the need for a sustainable approach and refers to the principle that was outlined in the Scotland Bill Committee report that the limit of borrowing should be set with reference to the level of debt that can be prudently serviced through tax revenue. The key issue is that borrowing levels should be affordable, and the cabinet secretary has made it clear that he agrees with the importance of that approach.

Patrick Harvie (Glasgow) (Green): I understand entirely the member's point that the amount of borrowing should not exceed the amount that can be serviced through devolved taxation. However, I am unclear why he implies that such a provision should remain in the Scotland Bill. If financial powers go with accountability, should not it be for the Scottish ministers to make prudent decisions, rather than for UK legislation to tie their hands in that way?

Richard Baker: We are discussing what can be achieved in the current negotiations and through proposed legislation that is in process. From that point of view, I am trying to be helpful to the Scottish Government. In relation to ensuring that

the right levels of borrowing are set, that should be done in agreement between the UK Government and the Scottish ministers. That is the appropriate way in which to proceed.

On other additional powers, we believe that the Scottish Government has yet to make a compelling case. For example, it has not made such a case on how devolving corporation tax will benefit our economy, particularly given that we do not know what the rate would be. When we have a nationalist Government seeking a range of new powers, of course we will cast a sceptical eye over the case that is made. We will not hesitate to object if the Scottish Government asks for more powers when there is no justification for that and if we believe that the result might destabilise our economy. However, we will support the Scottish Government if the evidence exists that a proposed change will benefit our country and economy. On borrowing powers, the case has been made by the Scottish Government, as it has been made by members across the chamber and as it was made by the Calman commission.

The economic situation that Scotland faces makes additional borrowing powers not simply desirable but necessary—and soon. That is why, on borrowing, we support the action that the cabinet secretary is taking to secure agreement from UK ministers to go substantially beyond what is proposed in the Scotland Bill, and that is why we will support the Government motion today.

I move amendment S4M-235.1, to insert after “bonds”:

“; recommends that the total limit should be set by reference to the capacity of the Scottish Government to finance debt prudently from devolved tax revenue”.

14:55

David McLetchie (Lothian) (Con): As a member of the Scotland Bill Committee in the previous session, it gives me great pleasure to open the debate on behalf of the Scottish Conservatives. The committee gave detailed consideration to the issue of borrowing powers and made a number of recommendations, which I hope will be taken on by Her Majesty's Government in the form of amendments to the Scotland Bill before it is finalised.

Like Richard Baker, I welcome the moderate and measured tone of the Scottish Government's motion. It is mercifully free of the intemperate language that characterises the behaviour of certain other ministers—so well done, Mr Swinney. We will achieve nothing on this issue by shouting at one another; as the motion says, we can achieve a great deal by joint working between Scotland's two Governments and two Parliaments

and by taking a sensible and principles-based approach to capital borrowing.

One of the first principles must be a recognition that borrowing by the Scottish Government forms part of the overall UK public sector borrowing requirement and that our powers have to be exercised within that overall framework. Today, that framework requires the elimination of the poisoned chalice of a structural deficit in revenue spending that was bequeathed to us by the outgoing Labour Government and action to stabilise the overall level of the soaring national debt.

The second point to be emphasised is that borrowing is not a cost-free option. The spendthrifts of the past Labour Government demonstrated a real talent for swelling the national debt due to a failure to relate growth in public expenditure to growth in tax revenues. It is a pity in many respects that the Government of the United Kingdom was not subject to the same financial disciplines as the governance of this Parliament, which will have borrowing limitations placed on it for both revenue and capital purposes when the Scotland Bill is enacted. We should all welcome that.

John Swinney: Is Mr McLetchie developing an argument for the limitations in the Scotland Bill to be a firm cap, as envisaged in the current proposals, or is he persuaded by a methodological approach, based on size of GDP or proportion of budget, which could be allocated in a much more relevant fashion to the scale of borrowing that the Scottish Government's revenue budget could sustain?

David McLetchie: I am happy that there should be a principles-based approach to the determination of the appropriate figure. Whether an absolute figure or a formula and mechanism is put in the bill is a matter for consideration, but I believe that, as long as we arrive at a limit, it is a sensible approach to take. It would be a limit that everyone understood and could work to.

Borrowing has to be prudential and the amount has to come within our ability to service such debt. Let us remember that the cost of debt servicing will place limitations on future revenue spending. Whether the capital borrowing limit is £2.2 billion or a higher figure—approaching, say, £5 billion—let us not rush to spend, spend, spend for the sake of it or as a short-term expedient.

We want to maintain and sustain employment and promote economic recovery. It was heartening to see, only this week, the IMF's endorsement of the UK Government's policy approach, which is of far greater significance to Scotland than the relatively puny efforts of this SNP Government. We must remember that we are not responsible

for macroeconomic policy and that, for us, demand management is secondary to the primary purpose of capital expenditure, which should be investment in major infrastructure projects, such as the new Forth crossing, which are of lasting benefit to Scotland.

It is interesting to note that, despite Mr Swinney's apparent moderation of language, he and his colleague Mr Ewing are as trapped in the same ideological cul-de-sac as the rest of the SNP when it comes to borrowing. I was intrigued by the statement in the SNP election manifesto, which said:

"As part of our efforts to improve the Scotland Bill we will also seek substantial and early borrowing powers for Scottish Water."

The fact is that there is no need to seek substantial or early borrowing powers for Scottish Water, because it already has such borrowing powers.

In section 42, the Water Industry (Scotland) Act 2002 states that Scottish Water may,

"with the consent of ... Scottish Ministers, borrow money, whether in sterling or otherwise, from any person or body, whether in the United Kingdom or elsewhere."

Scottish Water can already borrow any amount in any currency from anyone anywhere in the world. What could be more substantial than that? Is Mr Swinney going to get a few bob from the Klingons as an alternative? The real issue is not whether Scottish Water is funded by loans from the Scottish Government—

John Swinney: Will the member give way?

David McLetchie: No, thank you—I have to make progress.

Members: Oh!

John Swinney: That is a last-minute trick.

David McLetchie: Presiding Officer, can I take Mr Swinney's intervention and have some extra time?

The Deputy Presiding Officer (Elaine Smith): If Mr Swinney is brief.

John Swinney: Mr McLetchie went on at great length about constraints and limitations on borrowing. One of the constraints on private borrowing by Scottish Water is the rigidity that his Government imposed in relation to capital departmental expenditure limit constraints on the Scottish Government. That is where the problem lies.

David McLetchie: It is because Scottish Water is in the public sector, which is exactly the point that we are coming to. How disappointing—I thought that we were going to be told that the SNP

is going to abandon the euro and join the Klingon currency.

The issue is not how Scottish Water borrows, but the way in which its borrowing counts in the public finances. Those rules will not be changed in any Scotland bill, as the SNP claims, because they are effectively set by Europe and international bodies. They will not be changed by European legislation any time soon because the euro-loving SNP would not want that.

Unlocking further borrowing potential for Scotland's benefit requires a change in Scottish Water's constitution so that it becomes a mutual or public interest company and is taken off the books and outwith direct ministerial control. If that was done, we would have access to more than £1 billion of additional funds to invest in our infrastructure.

The SNP has set its face against that perfectly reasonable course of action, so it has only itself to blame for the limitations that its policy choices are placing on borrowing and investment capacity in Scotland. You have chosen that limitation, so do not forget it, and do not start preaching to the rest of us about the desperate need for more borrowing when you have set your face against it.

I could say a lot more about Klingon currencies and SNP policy. I support the motion, and I hope that the Scotland Bill will be suitably amended in respect of reasonable and moderate borrowing powers by the time it is enacted.

The Deputy Presiding Officer: I remind members to speak through the chair.

15:02

Maureen Watt (Aberdeen South and North Kincardine) (SNP): In the run-up to the 1997 UK election, Tony Blair once famously claimed that it would be odd if the Scottish Parliament did not enjoy the same powers as an English parish council. He no doubt came to regret that statement as it was often misinterpreted, but it seems particularly appropriate to this debate as parish councils have a glaring power that we do not: they have at least some borrowing powers.

I think that members on all sides of the chamber accept that the financial arrangements that were put in place for the Scottish Parliament in 1999 need to be changed and that the addition of borrowing powers must be part of those changes. However, the measures that the current Scotland Bill contains are neither sufficient nor appropriate for Scotland's needs.

Much of the Scotland Bill Committee's work during the previous session of Parliament was controversial to say the least, but one aspect on which all members agreed was—as Richard Baker

said—that the proposed borrowing powers do not go far enough.

One consequence of the proposals to fund a sizeable part of the Scottish budget from a portion of income tax receipts—which the SNP has consistently warned about—is that we will become intensely vulnerable to fluctuations in the amount of income tax that is generated from year to year. It is a situation in which no normal independent country would find itself, as any other country—or indeed any federal state—would rely on a range of taxes to ensure that its budget was not subject to wild fluctuations in the receipts from a single type of tax from year to year. However, if that is the position in which the Parliament finds itself, borrowing to cover fluctuations in tax receipts will at least mean that public spending reflects longer-term trends, instead of having to rise and fall based on year-to-year changes.

Neil Findlay (Lothian) (Lab): Is one of the fluctuations to which the member refers the huge fluctuation in corporation tax that may follow, should the SNP get corporation tax powers? Is she suggesting that borrowing powers should take the place of corporation tax losses?

Maureen Watt: I was referring to the fact that it will cause severe problems if we can make changes only to income tax. If we have corporation tax powers, there will be at least one more tax that we can use to even out fluctuations. We are suggesting that we need a range of taxes and powers, as well as increased borrowing, to grow the Scottish economy—which I hope all members are about.

That would be a more desirable state of affairs, yet even a cursory examination of what is currently proposed shows that it will not be achieved without changes to the Scotland Bill. Between 2007-08 and 2008-09, the income tax yield in Scotland fell by £527 million, according to figures in “Government Expenditure and Revenue in Scotland”, yet the proposed cap on borrowing for current spending is just £200 million per year, up to a cumulative cap of £500 million. With such fluctuations demonstrably already having taken place in Scotland, the likelihood that the borrowing caps will quickly be reached is all too apparent.

Gavin Brown: What kind of impact would such fluctuations have on a local income tax?

Maureen Watt: I am sure that that issue will be examined when a local income tax is considered. At least local councils have the option of borrowing for projects, which the Parliament lacks. That is what this debate is about.

The problem is only made worse by the requirement for such borrowing to be applied retrospectively, after tax receipts fall, rather than as a pre-emptive response to forecast reductions.

When it comes to borrowing for capital projects, the current provisions in the Scotland Bill are similarly flawed. The whole point of being able to borrow for capital projects is surely to provide the Scottish Government with an additional financing tool. However, with a cap of just £2 billion, the entire amount could be tied up in a single project such as the Forth replacement crossing. Hitting that limit so easily removes borrowing as an option for other public sector infrastructure projects and limits its value. Rather than have artificial Treasury-imposed caps, surely what matters most when looking at how much the Scottish Government should be able to borrow is whether sufficient resources are available to cover repayments. That is even more the case when no expert or UK Government minister was able to explain to the Scotland Bill Committee how those caps were selected.

Michael Moore has been performing some impressive political gymnastics recently, as his positions on more powers for Scotland seem to have altered on a daily basis. However, there can be no doubt that one of the changes to the Scotland Bill that simply must be made is to improve the borrowing provisions and accelerate their implementation. That is why I welcome Mr Clegg’s announcement today; we should invite him to Scotland more often. We look forward to hearing the details of what is proposed. It may be that, as with the fossil fuel levy, they are giving with one hand and taking away with the other.

Improving the provisions of the Scotland Bill that relate to borrowing powers would by no means solve all the problems that are inherent in the legislation, particularly in relation to taxation, but it would certainly be a step forward from the bill’s current provisions. Given that the Scotland Bill Committee in the previous Parliament unanimously supported plans for greater borrowing powers and their faster introduction, I hope that members from all parties will back the Scottish Government’s call and send out a strong message that progress on improving the borrowing powers for which the Scotland Bill provides must be made.

15:09

Rhoda Grant (Highlands and Islands) (Lab): I welcome the debate, and I believe that we can reach some consensus on the issue—certainly in principle. Capital borrowing powers were introduced by the Calman commission and incorporated in the Scotland Bill.

I took the opportunity to look at the Scotland Bill Committee’s report to find out what it said on the matter. Capital borrowing powers are probably the best-known borrowing powers. They are required for large-scale developments. The committee

welcomed the proposal—as I imagine we all do. In the first years of the Parliament there were increases in public spending, and financing projects was not an issue. To an extent, public-private partnerships were used to borrow for projects, spreading the cost over the lifetime of a building.

Budgets are now being cut, and they will continue to be cut for some time into the future. Against that backdrop, we need to develop large strategic projects such as the Forth replacement crossing, which threaten to consume most of our capital budget. The bill committee expressed concerns regarding the limits that had been set for borrowing. It is clear that the limits that will be required must be workable and affordable within our taxation revenue.

There were concerns that the powers should be available earlier. I welcome today's announcement that there might be progress on the matter—that the Westminster Government might be willing to allow the powers to come in earlier.

I voice a note of caution, however. We are all agreed that we need borrowing powers, but it is not free money: the borrowing needs to be paid back with interest. In essence, it is a matter of bringing forward spending and spreading the cost of that spending over a longer period. The point is that the borrowing has to be paid for.

The temptation will be to borrow to cover the shortfall in the budget but, in a climate of falling budgets, that will only impact more severely in coming years. When decisions are being made about borrowing, they must be based on borrowing being economically sensible, rather than politically expedient. The Parliament must assess the impact of borrowing on future spending. In the present climate, there is a temptation to spend to grow. I am not saying that we should not do that, but we need to ensure that that spending will lead to savings in the future that can offset the cost of the borrowing.

There is a further borrowing power that has the potential to alleviate some of the pressure, depending on how it is set up. Short-term borrowing is designed to cover dips in the taxation that is collected. That is an important borrowing power if we are to raise and gather our own taxation. Because we have never used the Scottish variable rate of tax in the past, it has never been an issue before. Now that further taxation powers are being devolved under the Scotland Bill—powers that we will have to use in the future—it is imperative that we consider the issues very carefully. The borrowing powers must be workable, and they must give the Government of the day the flexibility to deal with peaks and troughs in income from taxation. The bill

committee expressed concern about a number of issues in that regard.

First, on the levels of taxation that will be forecast and any surplus or deficit that will be paid into or out of the Scottish cash reserve, the bill committee suggested that underspends should also be added to the reserve. That needs further investigation. Could that enable Governments to manage better their finances and budget for the future?

The committee was also concerned that the forecast taxation income would be fixed throughout the spending review period, even if better estimates came to hand at a later date. If the banking crisis shows us anything, it is that we cannot foresee changes in our economic circumstances, which can change dramatically in a very short space of time. If we have to work within original estimates once a situation has changed dramatically, we could find ourselves in an extremely difficult position. If surpluses could be paid into the reserve, would that allow spending to be altered immediately to deal with changing situations? That point is worth exploring. It is my understanding that the current proposals only allow received taxation that is above the estimate to be added to the reserve.

The bill committee suggested that short-term borrowing levels should be increased to reflect the level of taxation income and the percentage of fluctuations that could occur. However, the inability to change estimates might lead to a need for greater borrowing powers to cover deficits that could be created by sticking to estimates of income that had been set too high over a spending review period. The prudent way forward would be to work from the best estimations of taxation available at the time.

If that was possible, and it was also possible to add to the reserve, could the money be used to offset future pressures on the budget? When borrowing was committed to fund capital spending, any reserve moneys could be used to offset the future costs of that, too. If such an ability to relieve pressure on future budgets is possible, it would mean spreading the cost even further by budgeting for it for the future.

Such issues need to be carefully considered before the borrowing powers are finalised. The matter is crucial to our economy and our future. Therefore, I urge the Government to work constructively with the Westminster Government to explore the issues further. I also ask the Government to work with all parties in the Parliament to examine the implications of changes, so that we can ensure that the final settlement is in the best interests of the Scottish people.

The Deputy Presiding Officer: I call Colin Beattie, who will make his first speech in the Parliament.

15:15

Colin Beattie (Midlothian North and Musselburgh) (SNP): I welcome the robust approach to seeking an appropriate level of capital borrowing from the Westminster Government, as outlined by the finance secretary. The question of borrowing powers for the Scottish Parliament is complex, but it should be simple, because Scotland should have the full borrowing powers of a normal nation and should not be holding out its begging bowl to Westminster.

Along with many other people, I think that the current situation is anomalous. Scottish local councils and even English parish councils have more borrowing powers than the Scottish Government has, and the Northern Ireland Executive can borrow from the national loans fund for capital expenditure purposes only.

On funding for capital expenditure, the case for substantial enhanced borrowing powers is compelling, not least because the Westminster Government has imposed a 36 per cent cut in our capital budget up to 2014-15. The finance secretary has repeatedly said that the cuts are inappropriate and Scotland's needs are different. A fiscal stimulus to our economy through capital investment will provide further benefit, by smoothing the business cycle and helping the country through the recession. Such investment can act as a stimulus, to mitigate the effects of the downturn and support private sector consumption and investment levels.

Notwithstanding the limitations on the Scottish Government's current powers, much that is positive has been achieved by way of offsetting the impact of the recession through capital investment. For example, there has been £350 million of capital spending to stimulate the private sector and safeguard jobs. The non-profit-distribution programme, which the Scottish Futures Trust developed, includes £1 billion of investment in vital transport infrastructure—in projects such as the Borders railway, for example; investment of £840 million for the Southern general hospital; and £27 million for the Commonwealth games. All that investment is part of a £2.5 billion NPD programme, which gives a much-needed boost to jobs and the economy—let us just think what we could do if we had the full range of tools to raise capital and thus make an even more significant difference.

As the finance secretary said, it is self-evident that the powers that are proposed in the Scotland Bill leave much to be desired. The proposed

borrowing limit would be £230 million, or 10 per cent of the Scottish capital budget every year, with a cumulative limit of £2.2 billion. The facility would be available only from 2013—although the finance secretary has indicated that there is a possibility of modification on that. Borrowing would be subject to HM Treasury consent, on a project-specific basis. Borrowing would be from the national loans fund or—this seems bizarre to me—from commercial banks, I presume on some sort of club-loan basis. The principle is that loans from the national loans fund would be repaid within, say, 10 years.

The Scotland Bill Committee recommended a higher limit of £5 billion and a shorter implementation period. Both recommendations are fine as far as they go, but I welcome the finance secretary's demand for an accelerated timescale for implementation.

Borrowing powers will open up a wider range of options and levers for the Scottish Government to deploy in support of our economy. They will enable the funding of major infrastructure projects, which will in turn result in long-term economic benefits that are essential to the driving of economic productivity and competitiveness.

The Forth crossing provides a perfect example of the need to modify the current proposals and allow payment over a longer period—20 years, say. That would be more realistic for such a major project, which has a high price tag attached to it and is of national strategic importance. The proposed delay in granting the new borrowing powers until 2013 would not be helpful, given that payments on the Forth replacement crossing will start in 2011-12. Indeed, HM Treasury would still need to consider the project's eligibility and approve the borrowing.

Large-scale projects are expensive. Funding such projects over a number of years through capital borrowing ensures that the cost of financing a once-in-a-lifetime project can be spread. It also ensures that other programmes are not adversely affected by a reduction in expenditure and avoids the need for tax increases within the year in which the asset was purchased. That is basic good management of public finances.

It is absolutely realistic for the finance secretary to continue to argue for a higher limit for borrowing for capital purposes. The proposed cumulative limit of £2.2 billion compares poorly with that of Northern Ireland, which has a cumulative limit of £3 billion. Northern Ireland has a population of about one third of ours and a correspondingly smaller economy. Crudely put, on that basis, it could be argued that Scotland should have at least three times the Northern Ireland borrowing limit, which would result in a £9 billion limit on paper.

A further reason to welcome additional borrowing powers is that they will finally highlight the demise of the discredited PPP/PFI funding route, which still costs the public purse disproportionately. We will be paying off the debt that was run up through that model for decades to come. Not only that, but the sharp accounting by which the PPP/PFI schemes were to be kept off the national books came to an end when the UK Government was challenged and had to adopt international financial reporting standards as of April 2009. That means that all such assets had to be brought back on to the balance sheet. At the end of the day, we are paying extortionate credit card rates for projects.

It is true that public sector borrowing is much cheaper than borrowing from the market, but the Scottish Government should not be restricted in the tools that it can use to raise funding. As far back as 1950, the Exchequer and Financial Provisions Act (Northern Ireland) 1950 allowed the devolved authority in Ulster to issue Treasury bills or any other securities or instruments that it might wish to issue for the purposes of raising capital. There is, therefore, an abundance of examples of devolved Governments possessing wide powers to issue financial instruments independently of the central authority.

I welcome the determination of the finance secretary and the Government to continue to press the case for increased borrowing powers to enable better management of Scottish finances, and I look forward to a positive result.

The Deputy Presiding Officer: We are now down to speeches of a tight six minutes.

15:22

Linda Fabiani (East Kilbride) (SNP): It is worth stating that the motion by the Scottish Government comes against the background of sound financial management over the past four years by the Scottish National Party. It is a history of maximising our capital spending, which we have also done this year, to support infrastructure investment and, of course, jobs.

In spite of the Westminster cuts, we have accelerated capital projects and front loaded the European social fund projects. However, we are now at the point where Scotland needs substantive capital borrowing powers to truly support economic recovery and enhance our infrastructure. To paraphrase what the First Minister said some time ago, Scotland needs borrowing powers that are appropriate to its size, ambition and potential.

That has been recognised across the board, and I am pleased at the consensual nature of the debate. The Scotland Bill Committee was clear

that there was no principled basis for the particular capital borrowing limits that are proposed in the Scotland Bill. If I remember rightly, it recommended a cumulative limit of £5 billion as opposed to £2.2 billion. Even the Westminster Scottish Affairs Committee asked that the Government reconsider the proposed limits.

Borrowing is important to finance the capital investment that we all require. However, sources of borrowing are also extremely important, and that is reflected in the motion. How Scotland should borrow is important. Should we borrow only from the UK Government? I do not think so. Because it has control, it would share none of the risks.

Should borrowing only take place under the conditions in the Scotland Bill as introduced? Probably not. It seems to me plain that any privately or publicly funded organisation that borrows should have in place a Treasury strategy and an asset and portfolio management policy. Therefore, it is sensible and right for John Swinney to call for

"joint work to agree a clear, long-term and principles-based approach".

One of the first principles of that must be that Scotland should be able to decide what capital projects it wants to do. We cannot rely on Westminster to decide that for us, because Scotland's economy is different from that of the rest of the UK and we have differing priorities. We cannot allow our nation to rely on Westminster to decide what capital investment funding and what type of funding to propose when it suits Westminster. We need that degree of borrowing autonomy to increase the range of options and policy levers that are available to us to stimulate the economy during times of economic necessity. The Scotland Bill still has to go through many stages and there is still time to make changes.

On bonds, the command paper that came with the Scotland Bill explicitly states that the Scottish Government will not be allowed to issue bonds. That seems strange to me when Transport for London is using what are, in effect, bonds for its crossrail project, and Birmingham City Council is similar. States in the United States, Canadian provinces and regional and local governments can issue bonds to raise money for capital projects, so it is bizarre that we cannot. The Scottish Government is one of the few national or federal Governments in the world that cannot borrow. Indeed, in these islands, local authorities, the Northern Ireland Executive, and even English parish councils can borrow. As we have just heard from Colin Beattie, the Northern Ireland Executive can borrow at a much higher rate than that which is proposed for Scotland.

Today, it was interesting to hear from the cabinet secretary that Nick Clegg had already said that he thinks that we can start to borrow more quickly than had previously been envisaged. I was reading back over some of the comments that Michael Moore made when he came to give evidence to the Scotland Bill Committee. He said that he hoped to make "positive noises" about bringing forward unrestrained borrowing powers earlier than 2015. It would seem that Nick Clegg stole Michael Moore's thunder when he arrived today.

Michael Moore also said that the £2 billion was not set in stone. Nick Clegg did not say anything to suggest that he was talking about increasing that capital borrowing limit as well as conceding that we should have borrowing powers more quickly than was previously suggested. I hope that that figure is not set in stone and I hope that the Westminster side is prepared to offer the same level of co-operation that the cabinet secretary and the Scottish Government have advanced. Everyone in the chamber wants the best for Scotland and will support moving forward towards what is best for Scotland in relation to borrowing powers to enhance our economy.

15:28

Gavin Brown (Lothian) (Con): Despite the best efforts of David McLetchie, the debate has been broadly consensual. That does not come as an enormous surprise, because the Government's motion is pretty much a cut and paste of the conclusions of the Scotland Bill Committee's recommendations on the limits and timing of borrowing. What we are being asked to vote on at 5 o'clock is not altogether different from what 121 members of the Parliament voted in favour of just before dissolution when the Scotland Bill Committee's conclusions were debated.

I will pick up on a couple of points before moving on. I should not have to make this point, but it is critical to say that borrowing is not a cost-free option for the current Scottish Government or any Scottish Government in the future. We have heard comments that members, particularly those from the SNP, do not like PPP or PFI because the money has to be paid back over a period of years. That is not altogether different from borrowing.

John Mason: Will the member give way?

Gavin Brown: I am happy to give way to John Mason.

John Mason: Does the member accept that PFI/PPP is an exceptionally expensive way of repaying and is considerably more expensive than a normal loan?

Gavin Brown: No, I do not accept that proposition, except in the case of a couple of early PFI schemes.

It is interesting to note that the non-profit-distributing model that the Scottish Government now favours involves paying back sums that are not terribly different from the sums that are paid back under PPP schemes. The profit is capped, but it is not a non-profit model, as the party in charge often claims. Borrowing does not represent new money; all that it does is change the time at which the money becomes available. That could be very important but, at some time, those debts must be paid while, of course, the borrowing itself incurs charges.

As the Scottish Futures Trust said just the other day regarding capital spend, one pays for a facility as one builds it or as one uses it, but pay for it one must. We must take account of the fact that whatever limit is placed on borrowing and whatever figure goes into the revised Scotland Bill, any borrowing that is undertaken by the present or any future Scottish Government will, by definition, restrict the budgets of the Governments of following years. From listening to the rhetoric of SNP members, it sometimes appears that they see the £5 billion figure as a target to be reached as quickly as possible, as opposed to a limit.

We must remember David McLetchie's well-made point that borrowing by the Scottish Government will form part of the UK public sector borrowing requirement and that our powers must be exercised within that framework. The UK Government must take account of the size of the deficit. Given that overall public sector debt is at eye-watering levels and that the UK has to make interest repayments of tens of billions of pounds every year before a penny can be spent on public services, we must recognise the macroeconomic responsibilities of the UK Government.

Criticism has been made of the slow pace of change and of the fact that the UK Government is not to give the proposed additional borrowing powers yesterday, but I remind the cabinet secretary of his own Government's slow pace of change from time to time. When the Scottish Investment Bank was proposed, it was put forward as part of the solution to lending to businesses in the economic downturn. As something that could make a big difference to businesses on the ground, it received cross-party support. The Scottish Investment Bank was announced, reannounced with reduced funding and reannounced again with further reduced funding. It took two years for the SNP Government to set up a bank of £50 million, so we in the Conservative Party will accept no criticism at all from it on the pace of change.

Nor will we take any lessons from the SNP on its economic theories. We heard about Scottish ministers going down to London yesterday to give the UK Government advice on a plan B for the UK economy. I would prefer to see Scottish ministers spending a bit more time on a plan A for the Scottish economy than on trying to give lessons to others.

Derek Mackay (Renfrewshire North and West) (SNP): Will the member give way?

Gavin Brown: I am happy to give way.

The Deputy Presiding Officer: I am sorry—there is no time for you to give way.

Gavin Brown: I apologise.

We will take no lessons from the SNP. I did not make that comment last week because the Scottish Government had not publicly announced its plan B; that was announced yesterday. Mr Swinney is simply incorrect on that.

We are told by the SNP Government that it has already saved £250 million on the Forth crossing project, which has not even begun—there are no shovels in the ground yet. We hear cries of, “It’s a fixed-price contract,” but that does not necessarily mean that by the end of the project not a penny more will have been spent on it.

We agree with the Scotland Bill Committee’s proposals—we agreed with them at the time and we voted for them back in March—and we will support the Government motion and the Labour Party amendment, because we think that Scotland needs borrowing powers. If those powers can be extended and their provision accelerated, we will welcome that, too.

The Deputy Presiding Officer: I call Mike MacKenzie to make his first speech.

15:34

Mike MacKenzie (Highlands and Islands) (SNP): It is a great privilege to have been elected to serve the people of the Highlands and Islands region. It is where I was born and where I first made my home as a young adult, although, Presiding Officer, you will no doubt discern from my accent that I spent most of my formative years growing up in Glasgow. In my time here in this Parliament, I hope in some small way to help bridge the gulf of understanding that sometimes exists between urban and rural Scotland.

Becoming a member of this Parliament has caused me to reflect on my political awakening, which happened not suddenly but in stages. I recall the final stage of that awakening in late August 2001, as I was driving home from a six-month spell of working in London. I recall crossing the border and coming back into Scotland. I recall

the air becoming immediately fresher, the sky bluer and the grass greener. No doubt we are all subject to such romantic feelings when we return to our homeland.

However, I was immediately confronted by a hard reality. The moment that I re-entered Scotland, the road quality deteriorated significantly. As I continued my journey home towards Argyll, the quality deteriorated still further. In places, the roads in the Highlands and Islands region are reminiscent of those in third-world countries. I think in particular of the roads on the island of Mull. Just as that is true of our roads, it is true of much of the rest of our infrastructure. I very much welcome the recent addition of the new ferry, Finlaggan, to the CalMac fleet, but I also know that most of that fleet is well over 20 years old.

During the first three sessions of this Parliament, the improvements have been insufficient and I have wondered why that might be. I do not think that it is because this Parliament and successive Scottish Governments have lacked the will to effect improvement. Having been a builder for more than 30 years, I am forced to disagree with our bard, Robert Burns, when he said,

“... makin roads
Is no this people’s study”.

It is neither lack of skill nor lack of study, but only lack of money that is at the root of that problem.

My former colleagues and workmates in Scotland’s sophisticated and capable construction industry stand only too ready to build better infrastructure for Scotland.

Each of us is a product of our experience. I can only reflect on mine and ponder that if I had lacked borrowing powers, I could not have provided a home for my family. I cannot imagine that many members have not availed themselves of a mortgage to buy or build a home for their families. I can also only reflect that of all the houses that I have helped to build over the past 30 years, I cannot recall one that was built without the help of borrowed money.

It is often said that the whole is greater than the sum of its parts and nowhere should that be more true than in this Parliament. Our collective wisdom is and should be greater than the sum of our individual portions of wisdom. If members believe that it is wise to avail themselves of borrowing powers, how can any member believe that this Parliament and the Government that derives from it should lack those powers? That seems simple and self-evident.

It also seems simple and self-evident that we will never afford the quality of roads, public

transport, hospitals and schools that we deserve if we have to meet their cost from each year's budget. Such improvements provide long-term economic and social benefits and must be funded over the long term.

Rhoda Grant and Gavin Brown provided some helpful advice in this chamber only a few minutes ago. They reminded us that borrowed money must be repaid. I thank them both for those pearls of wisdom and remind them that capital assets should never be financed on the credit card schemes of PFI and PPP. In fact, if either of them would like to build Scotland's first PFI home, I can recommend a number of builders who would queue in a long line for the opportunity.

Just as my political awakening happened in stages, it seems that the Opposition parties in this Parliament are awakening in stages and are coming round to the idea of borrowing powers for our Scottish Government. I welcome that, just as I look forward to their further awakening. I hope that they will agree with all of us in the SNP, who have long recognised that we will never achieve our aspirations for high-quality infrastructure and the prosperity that will spring from that unless we can obtain proper and adequate borrowing powers for our Scottish Government.

I issue a caveat for Opposition parties: borrowing powers must be adequate and they must be appropriate for their intended purpose. The timescale for repayment must recognise the lifetime of the asset that is being funded. Just as we must fund capital assets appropriately, so must we be in a position to weather the ups and downs of the business cycle. An overdraft that is too small may be as bad as no overdraft at all.

There is an urgency to all this in difficult times. The banks are still depriving the private sector of the oxygen of finance. Our budget will be cut year on year for the foreseeable future. I urge all members from across the political spectrum to add strength and force to our arguments for adequate borrowing powers; otherwise, there is a danger that in its present form, the Scotland Bill will become the anti-Scotland act.

The Deputy Presiding Officer: We are now so far over time that we are in danger of losing a member from the debate. I call John Pentland, who is making his first speech.

15:41

John Pentland (Motherwell and Wishaw) (Lab): Having the opportunity to make my first speech in the Scottish Parliament is a proud moment. I thank the voters of Motherwell and Wishaw, because it is an honour and a privilege to represent them.

My constituency has of course been very ably served for the past 12 years by Jack McConnell, whose illustrious career has now taken him to the House of Lords, with the title of Baron McConnell of Glenscorrodale. I am sure that everyone here will join me in thanking our longest-serving First Minister for his enormous contribution to this Parliament and the wellbeing of the people of Scotland. *[Applause.]*

Over the next few years, Scotland will face enormous challenges. To meet those challenges, we must work with the rest of the UK and others internationally to build a greener, more sustainable environment and economy. The promises of consensus and co-operation from the Scottish Government will carry little weight if every problem is to be addressed by blaming Westminster and asking for more powers. That is the road to conflict, confusion and calamity. The public want a Scottish Government that will solve the problem, not pass the blame.

Therefore, the Scottish Government's first priority must be to ensure the best use of the powers that it has. I welcome the plans for more modern apprenticeships, which are important to the economy and to the people of Motherwell and Wishaw. The policy of no compulsory redundancies is also crucial. However, to achieve that across the whole public sector, the Scottish Government must ensure that services are adequately funded.

On independence, the First Minister says that the Scottish Government is

"not rushing this journey ... We shall keep travelling, and so get ever closer to home."

That constant, drip, drip, drip approach sounds like a form of torture that is designed to sap our willpower and destroy our ability to resist. That said, there is a strong case for an extension of powers such as on capital borrowing. As Richard Baker said, we support an increase in the proposed limits on short-term and capital borrowing. We also support capital borrowing powers being introduced in April 2012. As the cabinet secretary has already informed us, that could now come this year. Given the degree of consensus, that should not become a pawn in the pursuit of independence, which was played down in the election campaign but moved to centre stage immediately afterwards. In this modern world, independence is something of a relative term. The world is interdependent and we are all subject to global forces.

From that perspective, the question is not about independence but about the most appropriate level of democratic decision making for each issue. Borrowing is a good example of that. Clearly, there are borrowing powers that are best

exercised at the local level, at the Scottish level and at the UK level. Questions remain, however, about the borrowing methods and the circumstances and outcomes that merit such borrowing.

As a former North Lanarkshire councillor, I am well aware of the advantages of being able to borrow capital to invest in and fund worthwhile projects such as the upgrading of Clyde Valley high school, in my constituency, which was promised by the Scottish Government under its Scotland's schools for the future programme. It has now been suggested that Government support will change from capital to revenue funding, which would seriously undermine the plans that have been made and would add to the cost. I would be grateful for a reaffirmation of the Government's support for the original plan to finance the project.

The fact that my party is in opposition and the SNP is the party in power should not make the SNP the party of arrogance and disregard for people's wishes. The Scottish public deserve more than lip service being paid to consensus; the people of Scotland deserve respect from their Government. They have elected us to help them to realise their ambitions, aspirations and self-respect. As the MSP for Motherwell and Wishaw, that is what I intend to do.

15:46

Annabelle Ewing (Mid Scotland and Fife)
(SNP): I congratulate Mr Pentland on his maiden speech. It is clear that he will be a forceful advocate for his constituents' interests. I am pleased to note his and the Labour Party's support for enhanced borrowing powers for the Scottish Government.

I hope that the political consensus will continue apace in the months to come as we all work together in the interests of the people of Scotland. There are many improvements that I would wish to see made to the Scotland Bill, which will be the focus of political discussions in the coming months. However, I am mindful of the subject of the cabinet secretary's motion and will restrict my remarks to the issue of borrowing powers.

All normal Governments have borrowing powers. They have powers to assist in the managing of cash flows—something that all of us and all our constituents are becoming expert at dealing with in these difficult economic times, except perhaps for the bankers, who do not yet seem to have quite got it. At the same time, Governments need the flexibility to counter the effects of the economic cycle when receipts are down but demand for services is up. Also, as many members have mentioned, Governments need to have borrowing powers to fund large-scale

capital projects. Such powers are particularly useful in economically straitened times, when the use of them can boost the economy and create vital jobs.

However, under the Scotland Act 1998, the Scottish Government's borrowing powers are very limited. They are to be used only to support temporary cash shortfalls; there is a cumulative ceiling of £500 million; and the source of the borrowing is a single source—the national loans fund. The lack of such a key economic tool for improving economic performance is seriously hampering our ability to stimulate our economy, as has been recognised widely across the chamber today. The situation is particularly difficult when we take into account the Westminster cuts of some £1.3 billion that have been imposed on this year's budget alone.

The lack of real borrowing powers is a serious problem for Scotland and for us as we try to grow our economy. As has been pointed out, it is also anomalous in that we seem uniquely to have no real borrowing powers. Local authorities rightly enjoy borrowing powers and, as Maureen Watt mentioned, the Northern Ireland Executive enjoys enhanced borrowing powers beyond those of the Scottish Government. Even English parish councils, which were so favoured by the former Prime Minister, Mr Tony Blair, enjoy borrowing powers. It is clear that this Parliament and this Government are in an anomalous position.

There was a recognition of that anomaly in the drafting of the Scotland Bill, and there are proposals that are welcome, as far as they go. However, the key point is that they do not go far enough. As we have heard, there would be a cap of £2.2 billion and there would be no accelerated borrowing, except with Treasury approval, until 2015. It has become clear today that there has been some movement on the timescale of the capital borrowing changes but, as the cabinet secretary rightly pointed out, the devil is in the detail. We will need to see exactly what the Deputy Prime Minister has said before we are able properly to comment on it.

It is clear that the powers do not go far enough. That was recognised by the work that was done by the Scotland Bill Committee in the previous session. Of course, that committee recommended that the powers be enhanced, which is what we are here to discuss in more detail today.

We support the increasing of the cap, although as has been said perhaps a better approach would be to set a prudential framework for borrowing that is based on principles of debt sustainability. However, if there is to be a cap, a higher cap would be of more use to the Scottish Government. As Gavin Brown said, we would not have to go to the cap; the point of the exercise is to have the

economic levers available to the Government to do the job that is necessary for Scotland, which is to boost our economy.

That is what we hope to achieve. The attitude that is taken in another place remains to be seen, but it is quite clear that today in the Scottish Parliament we have the opportunity to state quite clearly what our position is.

I will conclude—to allow more time for the other speaker to whom you referred earlier, Presiding Officer—by noting that, during the election campaign, the SNP argued strongly across the length and breadth of Scotland for the strengthening of the powers of this Parliament, including enhanced borrowing powers. Of course, on polling day, the people of Scotland returned 69 SNP MSPs and, therefore, a majority Government. It seems clear to me that the people of Scotland have spoken on the issue of enhanced borrowing powers and that we, as their Parliament, should today do likewise.

15:53

Willie Rennie (Mid Scotland and Fife) (LD): Obviously, my button-pressing skills have not been honed yet. I should have gone to that training course that the Presiding Officer provided.

I am grateful to the Scottish Government for taking on board our suggestions for the motion today. Not least, I am grateful to the Government for recognising that the motion covers the report of this Parliament's Scotland Bill Committee.

It is worth establishing firmly that the Scotland Bill is not the status quo. It contains radical and significant new responsibilities for the Scottish Parliament in relation to taxation. It will change for ever the way in which the Parliament works and will make us responsible for the two sides of the balance sheet. It represents a massive transfer of powers and will give this place greater financial responsibility. That point should not be forgotten. Calman is not the status quo—we are moving on. The Parliament will have greater powers.

In all of this, it is important to explain what we want to do with those powers. The Cabinet Secretary for Finance, Employment and Sustainable Growth will know that our manifesto highlighted how we would use borrowing powers to support the Forth road bridge project. The Deputy Prime Minister is obviously an avid reader of the *Business Bulletin* and timed his visit to Scotland to make his announcement about borrowing powers to coincide with this debate. I am sure that we are all grateful for the Deputy Prime Minister's contribution to today's considerations. It is important to recognise that that is extra money for Scotland's bridges, roads and railways. It is a clear example of the Liberal

Democrats delivering for Scotland in government, perhaps with a little bit of help from the Conservatives. We are making progress and delivering things for Scotland.

Now, the new Forth road bridge can be built—I have campaigned for it for some time and I am delighted about that. The crossing will be built without the SNP's planned cancellation of or delay in other transport projects, so great progress will be made on many projects that are on the SNP's long list of projects.

The cabinet secretary will know—I am sure that he is slightly nervous about it—about the long wish list of his back-bench SNP colleagues, who made many promises for many local transport projects. The puzzle to which I alerted him earlier is that his back benchers made those promises and he has clearly stated the importance of transport infrastructure to regenerating the economy, yet, when he made that point yesterday, he forgot to alert Radio Scotland to the fact that he has cut £250 million from the transport infrastructure projects budget.

The SNP has chosen not to prioritise all the projects that back benchers have spoken about throughout the country. When SNP members complain, they try to blame everybody else, but we will now be able to point to where the decision was made. The SNP will no longer be able to blame everybody else in every other part of the country. SNP members have made their choices and will have to live with them—£250 million has been cut from transport infrastructure projects.

Maureen Watt: Does Willie Rennie accept that the cabinet secretary must deliver some projects as a result of delay under previous Liberal-Labour Administrations, such as the Aberdeen western peripheral route? Liberal Democrat transport ministers dithered and delayed on that for years.

Willie Rennie: Yet again, the SNP blames somebody else. The SNP must accept responsibility for the projects; it has been in government for four years. There is no point in blaming anybody else. The SNP's cabinet secretary has cut £250 million from transport infrastructure projects. He and his back-bench members will need to explain that decision to their constituents, as it is the SNP's responsibility.

I support the call in the motion for a discussion about the borrowing limits. As John Swinney will recognise, the wholesale collapse in global economies because there was too much debt means that clear limits on borrowing and debt will have to be set. Sometimes, SNP members give the impression that those limits would disappear after they got independence, but I understand that they might expect the Bank of England to run monetary policy, with or without Scottish

representation or a Scottish remit, and that the bank's macroeconomic rules would have to be followed. I have no doubt that the SNP will say that the oil fund could be used, but it has already been spent three times—on pensions, bailing out the Scottish banks and fuel duty.

The Deputy Presiding Officer: I ask Willie Rennie to come to a close.

Willie Rennie: With their majority, SNP members must realise that they must accept responsibility for the decisions that they make.

15:59

Neil Findlay (Lothian) (Lab): I put on record my commitment to the principle that the Parliament should have borrowing powers. The big question is not so much whether we should have those powers as what we should do with them.

Presiding Officer, I am sure that you, like me, are experiencing *déjà vu*. Once upon a time, the SNP opted out of the Scottish Constitutional Convention. Then, when it saw the way the wind was blowing, it jumped on board the devolutionary train and claimed to be the champion of a Scottish Parliament. Fast-forwarding two decades, we witness the SNP, having once again opted out of the Calman commission and dismissing it as a waste of time, now popping up as the great champion of the commission's product: the Scotland Bill.

A clear pattern emerges. The SNP and the First Minister act like petulant children, refusing to play with anyone else, and then they realise that the game is actually quite good and not only try to join it but try to claim that it was their idea in the first place and try to change the rules. However, I am not one to hold grudges; as a God-fearing man, I will always welcome a repentant sinner back to the fold. Let us hope that, after two major constitutional opt-outs, the SNP has learned from its mistakes.

The main question in the debate is not whether we have borrowing powers but what we are borrowing for. If we are borrowing to pay for infrastructure projects, including, for example, repairing our crumbling roads, and new transport and housing projects that will employ large numbers of people, count me in; if it is to create real apprenticeships in construction and civil engineering, count me in; and if it is to be used in projects to pay people a decent wage, count me in. My support is based not only on the need to create a better and fairer society but on evidence that progressive taxation and Government investment help to boost demand and strengthen the economy. We have seen that in Norway, Germany and other countries; indeed, the UK

stimulus package in November 2008 helped to reduce the deficit as a percentage of GDP and in real cash terms.

The First Minister recently met the Tory big beasts; today, he meets the Lib Dem kitten. However, I suspect that he made or will make no effort to challenge either on the corporation tax evaders who, depending on who we listen to, pilfer between £40 billion and £120 billion per annum. Those are incredible figures. If that money were recouped, as it should be, and if there were a parallel increase in taxation for individuals and corporations able to pay more, what would be the impact on our economy and society? Prioritising tackling tax avoidance and evasion would stimulate the economy as we would be able to borrow more, invest that money in our communities and pay it back through increased tax receipts.

However, the SNP is now talking about cutting corporation tax. Instead of tackling the tax avoiders, it wants to cut tax revenues even further.

Derek Mackay: I thank the member for giving me my first successful intervention in my time in the Parliament. Does he think that it would be better overall if Scotland had access to all the resources that it raises, especially given that, according to Government reports, we raise more in public expenditure than we spend?

Neil Findlay: If the member waits to hear the rest of my speech, we might debate the point later.

We need Mr Swinney to clarify whether the SNP will borrow to make up the revenue that will be lost from cutting corporation tax, given that there is no evidence that such a move will stimulate the economy. I want no part of any move to secure borrowing powers based on that scenario.

In last week's economy debate, I set out a number of policies that I believe can take Scotland forward. In the spirit of consensus that he regularly speaks of, I make Mr Swinney an offer. As he knows, the conduct of the banks and our financial institutions over the past few years has wiped out centuries of hard-won reputation; certainly in my community their standing is still at rock bottom. How can we help them help themselves? The principles of the Robin Hood tax on financial speculation are well established and promoted by most of the major charities, non-government organisations and trade unions and by others; indeed, today, the Scottish Catholic International Aid Fund contacted all members about it. I believe that such a move would command a majority in the Parliament; after all, we are talking about a 5p charge on every £1,000 of speculation.

Let me test Mr Swinney's commitment to a fair society, consensus and—

Joe FitzPatrick (Dundee City West) (SNP): Will the member give way?

The Deputy Presiding Officer (John Scott): The member will not.

Neil Findlay: I have no more time.

Let me test Mr Swinney's commitment to a fair society, consensus and his much-talked-about desire for a parliamentary love-in by asking that he convene a meeting of the Scottish banks and institutions to which my colleagues and I would be invited and at which we could ask them to make a voluntary contribution—in other words, make financial reparations that are morally, socially and economically the right thing to do.

Let us make it an all-party affair. We can run a bus. I am sure that Mr Harvie, Mr Rennie and Ms MacDonald will come and, as we go, we can wave to Mr McLetchie out of the bus window. It would be a great opportunity for our banks to show humility and international leadership. How's about it, Mr Swinney?

16:05

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): I congratulate members who have made their maiden speeches today.

It is right and sensible that the Scottish Government and the Scottish Parliament should be endowed with borrowing powers. In that context, I welcome today's debate. In doing so, I clarify that I look forward to the day when such debates are a thing of the past. It seems strange to me that a national legislature must have such debates. In a previous debate, other SNP members and I remarked on the normalcy of independence. Part of that normalcy is, of course, having a Government that is able to borrow as any sovereign Government is able to borrow. In such a context, no such debates would be required in the Parliament. We might debate the necessity or sensible nature of an independent Government borrowing a particular amount of money that it seeks to borrow, but we would not need to have debates on whether a Scottish Government should be able to borrow. I look forward to that day.

I welcome Nick Clegg's announcement this morning. Maureen Watt said that he would be welcomed back to Scotland more often if we got more such announcements. I understand where she is coming from, but I am not sure how welcome he will be in Scotland, not least among his Liberal Democrat colleagues in the Scottish Parliament, given the recent performance of the Liberal Democrats in the election. That said, surely everyone will welcome the announcement that was made. As we have heard in the debate, there is clear consensus that it is sensible for the

Scottish Government to have borrowing powers. Perhaps I will turn to why that is the case a little later.

It is clear that the announcement came about only because of pressure from the Scottish Government. It was interesting to hear Mr Findlay making the case that the SNP has somehow done a U-turn and changed its stance on the Scotland Bill. Let us be clear. The entire Calman process and the entire further devolution process have been driven by one thing alone: the election of an SNP Government in 2007. The process will be driven further by the re-election of an SNP Government this year. We welcome the announcement that was made, but it is obvious that we should take a cautious approach, as John Swinney suggested. We need to see the detail and ensure that the transfer of borrowing powers is signed, sealed and delivered before we break out the ticker tape.

I welcome the broad consensus that has been expressed across the chamber and Richard Baker's stated position that Labour supports the devolution of borrowing powers. I note the terms of Labour's amendment, which is not particularly objectionable, and the point that Patrick Harvie made during Richard Baker's speech about the Scottish Government exercising fiscal responsibility was well made, but the debate has been consensual, although even Gavin Brown noted that David McLetchie tried to break down that consensus. Mr McLetchie seemed to go off on one about the Klingons. I am not quite sure where he was coming from. He seemed to be the only one trying to cling on to an unreconstructed, do-Scotland-down unionism that is, thankfully, dying a death in Scotland.

I thought that John Pentland was going to follow Mr McLetchie's lead; he just about avoided that. I thought that he was going to do the same when he started to talk about independence. He referred to independence being relative and the fact that we live in an interdependent world that is subject to the forces of change. That is objectively true and is, in fact, why I support independence. It is surely also why the Scottish Government should have borrowing powers. Annabelle Ewing made a point very well about the Scottish Government's ability to respond to changed economic circumstances with borrowing powers.

I want to comment briefly on Neil Findlay's point about seeking the Scottish Government's backing to tackle tax evasion. I will leave aside the year-zero approach that he seems to adopt in glossing over the fact that much tax evasion took place under the direction of his Labour Party in government. It is, of course, clear that we do not have the powers to tackle such tax evasion properly so, as well as welcoming his support for

borrowing powers for the Scottish Government, I welcome what I presume is his support for Scottish independence, which would endow us with the powers to tackle the tax evasion to which he refers.

I turn to why I believe that the Scottish Government should have borrowing powers. The Government's submission to the Calman commission stated:

"The ability to borrow would ... give the Scottish Government greater influence over the pace and priorities of Scotland's capital expenditure programme."

The Government argued that that would allow it to phase funding

"in a way that is sensible, efficient and wholly appropriate to Scotland's circumstances."

By any measure, that is reasonable. Members frequently call for projects in their area that require capital investment—incidentally, I am as guilty of that as any member—and that might require borrowing powers, so it is sensible to argue that the Scottish Government should be endowed with such powers.

I turn to devolved legislatures internationally. The Basque Country is responsible for raising about 86 per cent of its budget and has far greater financial competence than we have in Scotland. At the start of 2009, the Basque Country's credit rating was higher than that of Spain, which shows that, even within the constraints of devolution, devolved Administrations can successfully have borrowing powers and can be assessed as exercising them more effectively than the state of which they are part.

I am running out of power, Presiding Officer. I beg your pardon, I do not think that I have any power—I am running out of time. I will close by welcoming the debate and the impending transfer of borrowing powers to Scotland. I reiterate that I look forward to the day when we are independent and do not have to have such debates.

The Deputy Presiding Officer: I call John Mason. A tight six minutes, please, Mr Mason.

16:11

John Mason (Glasgow Shettleston) (SNP): Thank you, Presiding Officer. It is good to be the 15th speaker and not have had to stand up 15 times beforehand to get to speak, as they do at Westminster in one of the strange customs there.

In one sense, the ideal would be not to have to borrow at all. If we look across the North Sea at Norway, we see that, in the good times, Norway saved money and then, when it hit the bad times, it had funds to fall back on. It ill becomes David McLetchie and some of his colleagues to talk

about prudence and cutting borrowing and debt when in fact their Government failed to save any of the oil revenues. It is clear that many businesses have borrowed too much in recent years.

David McLetchie: Is the member trying to tell us that there is no national debt whatever in Norway?

John Mason: I am saying that, at the last count, Norway had £300 billion in the reserves, or something along those lines, and other countries in the middle east have similar or larger amounts.

The UK Government is one of the Governments that have failed and borrowed far too much. Individuals in our society have borrowed too much, too, which has often been because of irresponsible lenders. On Saturday, I received through the door an invitation to borrow at an interest rate of 82 per cent and an APR—annual percentage rate—of 272 per cent. Frankly, that is exploitation.

Our football clubs have not been exempt from borrowing too much. In yesterday afternoon's debate, I was disappointed to find out how many Partick Thistle supporters there are in the Parliament. I must accept that my team, Clyde, have had similar financial problems. Football clubs need to learn, too.

As we do not have the savings that Norway and other countries have, we need reasonable amounts of borrowing. The question is how we do that borrowing. Is it through straight loans, the Scottish Futures Trust or PFI/PPP? Let us be honest that borrowing is borrowing. For years, we were told that PFI/PPP was not really borrowing and it was kept off the balance sheet. As an accountant, I must accept that accountants were partly to blame for that. They looked at the letter of the law and forgot about its spirit. I suggest that lawyers are guilty of that, too.

Glasgow City Council presents a particularly bad example of PFI and how it did not work. Secondary schools were refurbished and rebuilt in that way, with the council paying well over the odds for what it got. The council is tied into buildings for 30 years, although it might or might not need them, as none of us knows what will happen in 30 years. The payments are ring fenced, which means that if the council has to make other cuts, those cuts have to be greater, because the council unwisely went into the PFI deals. The council has realised now that it made a mistake, and it has replaced primary schools in a different way. That change is belated but welcome.

Obviously, there is a danger that anyone will borrow too much, which applies again to Glasgow. When I was first elected as a councillor in 1998,

about half the rent from housing went to servicing the debt, and the housing itself was therefore in a poor state. That is something that none of us wants to see.

The more recent addition of prudential borrowing for local authorities has been a major step forward and has largely worked. When I was a councillor, we were given a lot of advice by finance staff. I was going to read out the Chartered Institute of Public Finance and Accountancy code, but I shall refrain from doing that as time is against us. However, as I understand it, we could have three dilapidated schools in an area, with costs being great because of repairs and heating. By closing the three schools and building a brand new one, we would make savings, which are then fed back into the system. In that situation, prudential borrowing is allowed, and it seems to have worked. I assume that that is what the Labour amendment is aimed at, although I am not sure that it adds much to the motion.

When I trained as an accountant, prudence was a fundamental concept of accountancy. Sadly, the accounting profession has moved away from that in recent years. Prudence also got a bad name because it was linked to Gordon Brown.

Finally, one question that has been raised by a few members, not least Rhoda Grant and Neil Findlay, is about what we would spend the money on if we had more money for capital projects. Obviously, any Government has to set priorities, and we cannot all get everything that we want. We have had a lot of good capital investment in the east end of Glasgow in recent years—the Clyde gateway, the Commonwealth games, the M74, the M8 and the M73—but if John Swinney wants my wish list for the years ahead, I am happy to oblige.

I know that, for example, Labour's priority in Glasgow is a rail link. In an ideal world, I would take that as well, but it is a luxury that will not help ordinary people in my constituency. We need decent primary schools, and we could do with more housing. There are some very interesting points in the Scottish Federation of Housing Associations briefing for the debate:

"Investing in new-build affordable housing generates important social and economic benefits, provides employment, and a long-term saving to the taxpayer, via less spending on welfare.

Every £100 million of investment supports 696 direct jobs and 557 indirect jobs.

Every £1 spent on construction generates an extra £2.84 for the UK economy."

Thank you.

The Deputy Presiding Officer: Thank you very much for finishing on time.

16:18

Elaine Murray (Dumfriesshire) (Lab): As this is my first speech in the fourth session of the Scottish Parliament, I begin by congratulating the cabinet secretary on his reappointment. I would have also congratulated the minister on her appointment but, unfortunately, she is not here. I am sure that I will get an opportunity to do that in the future.

At the end of the previous session, the Scotland Bill Committee did an excellent job. There were areas of disagreement—indeed, a minority report was produced—but the committee came forward with some well-thought-out and evidenced proposals, for example on the need for a higher limit on capital borrowing and a timescale for earlier implementation. I am pleased that we are moving to a position in which the Scottish Government will have greater fiscal responsibility.

I noted with interest what the cabinet secretary said about the Deputy Prime Minister. The only note of caution that I would put forward is that I remember Mr Clegg saying that he did not believe in tuition fees, so perhaps the cabinet secretary is right to be cautious about wanting to see the detail of any statement before he agrees with Nick.

I am no fan of the policies of the UK Conservative-led coalition Government. I am firmly of the view that its policies are deeply damaging to public services and to the Scottish economy. The Labour Party has said on many occasions that the UK Government is inflicting cuts that are too fast and too deep, and that is also the view of the majority of Scottish voters. Albeit that they did not go the way that my party would have liked, the results of the recent election demonstrated that most people in Scotland reject the cuts-led economic model and would prefer to see an investment-led economic model. We need to have the tools for that.

Whatever we feel about the political complexion of the UK Government, progress must be made through constructive dialogue. I agree with David McLetchie in that I caution against the type of language that has been used recently in the context of other UK issues such as the Supreme Court. It is counterproductive to use such terminology in discussions, or in speaking publicly and in the media about the nature of such discussions. I am assured, however, that the cabinet secretary is probably more temperate in his language than are some of his colleagues.

The rationale for increased borrowing powers delivered in a faster timescale is to implement a different type of economic recovery. That must be sustainable, and infrastructure investment—as many members have said—is key. However, like Neil Findlay, I am interested in how we will spend

the money, not just in the fact that we will have the money to spend. We need to have a nationwide and not just a national recovery.

There is a lot of interest in and emphasis on large-scale projects such as the new Forth crossing. Although I appreciate how important those are to the national economy, I remind members of the need for smaller-scale investment, especially in rural areas such as my constituency.

The early casualties of the £1.3 billion cut that the UK Government imposed on the Scottish Government were two improvement sections for the A75, one of which was the Hardgrove to Kinmount section in Dumfriesshire. That improvement had been planned for a number of years and should have been completed in 2007, but it was delayed initially by objections to the initial traffic orders. I am not quite sure what went wrong later, but it did not come to fruition.

The A75 is a Euroroute and is crucial to the economy of much of Dumfries and Galloway. The scheme would have improved connectivity with the Annan, Gretna and Lockerbie areas, which are being affected by the decommissioning of Chapelcross. We need the scheme to be implemented. I am not asking for a dualling of the A75: all I want is for the two improvements to be undertaken. Yesterday's tragic accidents on the A75 emphasise that we need to improve the safety of the route.

Similarly, the A76 connects the coalfield communities of Sanquhar and Kirkconnel with Dumfries town and Ayrshire. Improvements to that trunk road are needed for the regeneration and economic recovery of those communities.

Contributors to last week's debate highlighted the desperate need to upgrade broadband infrastructure, especially in rural areas, which will not be serviced by the private sector because they are not competitive. I was pleased by the cabinet secretary's comments in that regard in his response to Willie Rennie's intervention today. Rural areas will otherwise be left behind to the detriment of business, medical services and education and training. I want our borrowing powers to be used to invest in rural infrastructure such as broadband, as it benefits those communities.

My colleagues and I have had much to say in the previous session of Parliament about the Scottish Futures Trust, and much of it has not been complimentary. Given the result of the recent elections, I recognise that the SFT will be a major delivery vehicle. However, I draw to the cabinet secretary's attention some concerns that have been raised with me locally about the hubco model. Local firms are worried that the size of the geographical territory that is required for a

population of around 1 million and the involvement of a single private sector delivery partner—in all probability a large national or multinational company—will mean that small local businesses will be unable to compete and may be excluded, even at a subcontractor level.

Unfortunately, the operation of the Scottish Government energy assistance programme in my area has no businesses from Dumfries and Galloway within it. Most businesses in rural areas such as mine are small and medium-sized enterprises, and it is essential that they, too, benefit from the local infrastructure investment and from investment in our local economy.

I am sorry if my contribution has appeared to be parochial, but I promised my constituents when I was elected last month that I would continue to bang the drum for them, and I have taken the opportunity to do so today.

The Deputy Presiding Officer: Thank you very much for finishing on time.

16:24

Paul Wheelhouse (South Scotland) (SNP): My colleagues have taken most of my best lines already, so I will pick up on areas that have not been covered in so much detail.

Elaine Murray referred to the Scottish Futures Trust. Along with a number of our colleagues, I attended an SFT briefing this week in which it was made clear that there will be a £14 billion gap in capital spending in Scotland as a result of the budget allocation from Westminster in forthcoming years, and the implications that that will have for the Scottish Government's capital planning were outlined.

The Scottish Futures Trust has been engaged in the delivery of a number of projects, and members—not least the cabinet secretary—have mentioned the savings that the programme has delivered, including on the Forth crossing. The programme includes £2.5 billion-worth of projects and is allied to efforts to deliver greater efficiency in delivery of projects and procurement savings. That is one means of delivering local authority and central Government investment projects at a better price and, through regional hubs, delivering a better bang for our bucks than has been delivered in the past.

However, there is no disguising the scale of a £14 billion gap. The considerable effort that the SFT has made will not go far enough to deliver all the projects that we would like to see delivered in Scotland or to address some of the issues that my colleague Mike MacKenzie raised concerning the crumbling roads in many parts of rural Scotland.

I mention the SFT in the context of the fact that the Government has asked for a framework for borrowing powers that recognises that we should have greater freedom to borrow, but within the constraints of prudence. The SFT is a good example of how the Scottish Government and the Parliament are already delivering capital projects in a prudent manner. I hope that that prudence will be evidence that will allow the UK Government to trust the Scottish people and the Scottish Parliament to a greater degree than is presently demonstrated.

I will skip over the benefits of capital spending, as others have made that point well. However, I reiterate that capital spending is undertaken to deliver long-term sustainable returns. Clearly, long-term sustainable projects should not be funded from present spending and current budgets. We need to think much more clearly about how we fund such projects. As Mike MacKenzie said, borrowing is the sensible route by which to deliver them. That is preferable to proceeding on a pay-as-you-go basis, which is the constraint that we currently face.

I will focus in the main on revenue borrowing. The Scottish Parliament has often been described as a pocket-money Parliament. According to the most recent GERS report, we currently contribute roughly £55 billion in tax receipts. The current DEL for Scotland is slightly more than half that figure. It is not the case that Scotland does not generate income—it is about where the income goes and how much of it comes back to us. Clearly, we have the capability as a country to sustain a level of borrowing well in excess of the current proposal of £2.2 billion.

If the income tax proposals that the current Scotland Bill suggests had been implemented back in 1999, they would have resulted in Scotland having a cumulative shortfall of £8 billion between 2001-02 and 2010-11. In her speech, Maureen Watt mentioned that the most recent GERS report indicated an income tax drop of more than £500 million, which is in excess of the Scottish Government's capability to borrow under the bill to fund any short-term shortfall.

I am concerned that the proposals in the Scotland Bill are entirely dependent on the Office for Budget Responsibility's forecasts for tax receipts, which are crucial. There would be a reconciliation exercise 12 months later, to see to what extent there had been a shortfall or an overcommitment by the Government. In effect, there is provision for borrowing to offset the inaccuracy of the OBR's projections, because we will be entirely dependent on the accuracy of its forecasts. That is not the same as borrowing to cope with the effects of the economic cycle, which is what borrowing should be about. The irony is

that the Scotland Bill as currently constituted would not allow the Scottish Government to borrow to offset the impact of a temporary fall in tax revenue that was forecast by the OBR. In effect, we will be able to borrow only to deal with the inaccuracy of the original forecast. Given that the UK Government has been habitually overoptimistic in its projection of tax receipts, the annual limit and the total of £500 million will clearly be insufficient.

As I am running out of time, I will focus on a couple of the comparisons that have been mentioned. Members have already referred to the example of parish councils. However, as someone who comes from Northern Ireland, I find it ironic that, under current legislation, the Northern Ireland Executive—which is responsible for a jurisdiction with less than one third of Scotland's population, as has been indicated—has greater ability to borrow than the Scottish Parliament. Furthermore, that is part of a package of measures. Recently, the Secretary of State for Northern Ireland suggested that Northern Ireland should accept corporation tax powers, which are currently denied to Scotland. In the current climate, Northern Ireland would have a greater ability to compete for jobs than Scotland. I think it was mentioned earlier that up to 58,000 jobs could potentially be generated through the package of measures that are proposed for that country.

I highlight the example of Norway, which John Mason raised earlier. In the current year, Norway can spend 4 per cent of its oil fund, which is about £13.5 billion. That could pay for 40 of the railways to which Colin Beattie referred earlier.

16:30

Patrick Harvie (Glasgow) (Green): As the cabinet secretary is well aware, there are serious areas of disagreement on aspects of this subject between the Green Party's position and that of every other party represented in the chamber, most specifically on what we would use borrowing powers for.

In his opening speech, John Swinney listed with pride all those big, bad, ugly road-building projects, so I do not need to. The motion omits the cabinet secretary's favourite oxymoron—sustainable economic growth—so I do not need to dissect that, either.

I would be happy to give a list of all the forms of investment that I think are priorities for Scotland and which we would be able to afford were it not for successive Governments' addiction to pouring concrete.

John Swinney: Mr Rennie criticised me for removing £250 million from the Forth replacement crossing budget and spending it on rural

broadband, youth talent, sure start, warm homes and green transport. Does Mr Harvie believe that I have taken a wise decision in doing that, and does he accept that that is perhaps a response to some of the issues that he has raised in the Parliament?

Patrick Harvie: It is a response to a separate set of issues. I share the pleasure in reminding Mr Rennie—who has just rejoined us in the chamber—that his message calling the SNP to account for being responsible for the cuts that it is imposing on the public sector should be heard by every political party, not just the one in government in this country.

We should frame our emphasis on investment in terms of not economic growth but, as I have repeatedly argued over the years, a wider concept of progress, including social and environmental objectives as well as economic ones.

The issue before us is whether the proposals in the Scotland Bill are right. I can see no principled argument as to why the Scottish Government should have any less ability to borrow than local authorities, or indeed the UK Government; nor do I see a case for Richard Baker's amendment, which seems to imply that UK legislation should continue to set a borrowing limit on the Scottish Government's capacity to finance its own debt through taxation. I have never heard of a UK chancellor proposing to hand over legal powers on their borrowing choices to another Government and I do not see why we should impose such a constraint on the Scottish Government.

Richard Baker: Unlike Mr Harvie, we still believe in a United Kingdom economy. The borrowing from the Scottish Government will be part of UK national borrowing. That is why we believe that it is sensible for the Scottish ministers and UK ministers to agree limits.

Patrick Harvie: I can see a case for agreement on the limits between the two Governments, but in a relationship of equals. The idea of UK legislation binding the hands of the Scottish Government implies that there will not be a relationship of equals and it suggests that such a relationship is not even sought.

Financial power should go hand in hand with accountability. That means a genuinely empowering approach, giving the Scottish ministers the responsibility to make prudent decisions and giving this Parliament the ability to hold them accountable for the decisions that they make.

Richard Baker's amendment properly makes the connection, however, between borrowing powers and taxation powers, which is an important point to draw out. If we expect UK Government ministers to give the Scottish ministers the combination of a power to borrow and a power to tax in order to

service that borrowing, we should equally put to Mr Swinney a case for the Scottish ministers to take the same empowering approach with local government.

Every member can list investment that they would like to see, such as investment in housing, in the repair of our existing road network—which Mike MacKenzie talked about and which gets far more sympathy from me than does building additional capacity in our road network—and investment in publicly and community-owned renewables, which can generate revenue for the future as well as clean energy. We could empower local government to invest in all those areas if we encouraged local authorities to borrow and empowered them to raise local taxation to service that debt.

Exactly the same argument, on which I agree with John Swinney, is made about empowering the Scottish Government to borrow and to raise tax to service its debts. We should make the same case and the same offer to local Government. We can do that right now. We do not need to wait. The ability to invest in all the priorities that constituency and regional members from throughout the country have set out exists right now, if we have the will to act and to empower local government in the way that we expect the Scottish Government to be empowered.

The Deputy Presiding Officer: Before we move to closing speeches, I ask business managers to note that three members who should be present for the closing speeches are not.

16:36

Alex Johnstone (North East Scotland) (Con): This has been a long afternoon. I congratulate the members who made their first speeches during the debate—good speeches they were, too. They have had the opportunity to watch a debate that started with complete agreement deteriorate into a rammy. That is something that we have an ability to achieve in the Parliament, and we Conservatives are proud of our contribution to that record.

The debate started with John Swinney saying that he thinks that he has a mandate to demand higher borrowing powers. Indeed he appeared to claim that the Scottish people had gone out to give him such a mandate. Annabelle Ewing suggested that, too. I am not convinced that the Scottish people would have voted for the SNP in such large numbers if the ability to borrow yet more money had been right at the centre of the party's manifesto commitments. I suspect that a broader trend was at work.

We have to realise that we in Scotland already borrow money. A significant proportion of all the

resource that Scottish Governments have spent during the past 12 years was borrowed. During the past five years, in particular, a huge proportion of spend was borrowed. Scottish taxpayers stand shoulder to shoulder with taxpayers south of the border to take our share of responsibility for that, because we spent the money.

For that reason, we must remember that we do not start from zero. We do not start from a clean line in the sand. Thanks to the previous Labour Government, in particular, which maxed out on the credit card, we stand up to our necks in a pit of debt. That is where we start from and the responsibility will lie with us for many years to come.

Rhoda Grant: Is the member seriously suggesting that we should have let the banks go down, with all the problems that that would have caused?

Alex Johnstone: The Labour Party's habit of blaming the banks for the entire debt will be debated on another day. I have no fear in saying that even when the economy was at its strongest and the banks were at their most profitable, the Labour Government was still borrowing at record levels. Its failure to fix the roof when the sun was shining, as George Osborne said, is the reason for the depth of the hole in which we stand.

Let us consider the proposals that have been made. I point out again that Conservatives—David McLetchie, in particular—took an active role in the Scotland Bill Committee and supported every commitment in the committee's report. The unfortunate tendency of some of our new back benchers to give the impression that Conservatives are the foot-draggers on the argument—if not the knuckle-draggers—is entirely inappropriate, because we have been at the forefront of the process.

John Swinney: Will the member give way?

Alex Johnstone: Oh, go on.

John Swinney: Will Mr Johnstone tell us what the Conservative Party's position was throughout the 2007 election campaign and after that election on whether the Parliament required any more powers?

Alex Johnstone: The Conservative Party's position was then, as it is now, to consider the options that are before us and say, "Careful now!"

During the debate, we heard a number of speakers make claims for what they would like to spend the money on, and I need to talk about how we will spend money that we borrow in the future.

We must remember that, although many members would like the Parliament to be able to borrow money, it is a responsibility that we need to

take seriously. We also need to remember that it does not come without a cost. It will be a cost to us in the future and members should remember that the debt that we have accrued through the money that comes from Westminster already cuts the amount of money that we have to spend.

Responsible borrowing with responsible limits is the sensible way ahead. That will limit the potential impact. Borrowing over the medium term to fund capital projects has a major contribution to make to the development of the Scottish economy in years to come, but we cannot make the mistake of previous Governments in saddling our successors with a debt that they cannot afford to pay.

Also, once borrowed, the money must be used where it is most effective. A number of members suggested projects, not least Patrick Harvie, who suggested that the money should be invested in developing green energy. I suggest that the future of the Scottish economy depends on attracting private investment into the development of green energy in the long term. Using public money to displace private investment is exactly the opposite of what we should do. Infrastructure development is a key part of our future, but we must target into proper investment money that the public sector has borrowed.

Patrick Harvie: Considering the scale of growth that will take place in the renewable energy industry in the next few years and the amount of money that will be made from it, surely there is room for the private sector to take a major part in driving that industry forward and for the public and community sectors to keep a share of that revenue for themselves for the future?

Alex Johnstone: I am not entirely convinced that we should use additional borrowing powers to invest to produce that kind of return on the future and displace private investment.

I believe that the Parliament will unite around the motion and the amendments at 5 o'clock tonight. By doing so, we will send out a clear message. However, all members must understand that although the Conservatives will continue to support additional borrowing powers, we will do so on the basis that we must not use them inappropriately.

16:42

Lewis Macdonald (North East Scotland) (Lab): The debate has produced broad consensus in spite of the Conservative front bench's best efforts. Mr Swinney argued for increased borrowing powers to support economic recovery and enhance Scotland's infrastructure, and Labour believes that those objectives are more than ever of the first importance in this session of the Scottish Parliament. We, too, take the view that

the proposals for borrowing powers in the Scotland Bill can be improved upon, as Wendy Alexander and Peter Peacock argued in the Scotland Bill Committee earlier this year and as Labour colleagues argued in the Scottish Affairs Committee in the House of Commons. For those reasons, we welcome Mr Swinney's approach in the debate and we will continue to work with ministers for as long as economic growth and public investment are the drivers of Scottish Government policy on borrowing powers.

We are not naive in so doing. We understand that increased borrowing powers can also contribute to the SNP's wider political purpose in creating an edifice of devolved powers that look as much as possible like the attributes of a quasi-sovereign state. That is an entirely predictable purpose for a nationalist party, but it is not a purpose that we share.

Labour's approach to further devolved powers will be to distinguish between Scottish Government demands that support economic growth and those that support only political independence. We make that distinction not to highlight a difference between us, but to show that increased borrowing powers command broad support across the spectrum of political opinion in Scotland. We believe that progress is best made on the basis of agreement and that Scottish borrowing powers should go forward in the context of the United Kingdom's overall public sector borrowing requirement.

We debated the economic recovery last week and I was a little bit surprised that the new Cabinet Secretary for Infrastructure and Capital Investment did not take part in that debate. We are debating capital borrowing today and the Government's motion explicitly raises the importance of enhancing Scotland's infrastructure, so I hoped that Alex Neil might be involved in this debate, as undue reticence is not a fault for which he is famous. Perhaps he will get his chance before too long. I hope that he does, because I suspect that we would agree that investment in infrastructure is a critical part of what needs to be done to promote Scotland's economic recovery.

There are plenty challenges to be faced in achieving levels of investment in line with Scottish Government commitments and we have heard about a number of those challenges in the past few days. The SNP manifesto committed to an extra 6,000 affordable homes a year and it was widely acknowledged that that would be good for jobs, communities and tackling poverty. However, last week, Shelter Scotland highlighted its concern that current provision is not enough to meet that target and that it might fund no more than 1,550 new affordable homes. Even on the basis of the lower grant per house that ministers brought in last

year, that would be a capital shortfall of £120 million annually.

This week, the Water Industry Commission for Scotland report highlighted that the current Scottish Government budget does not include £140 million in capital finance from the Scottish ministers to Scottish Water as might be expected in the context of the five-year investment plan for Scottish Water. As we have heard, there are different ways of addressing that shortfall other than through greater Government finance for the remaining years of the investment period, but the SNP has promised to retain Scottish Water in public ownership, so its future funding requirements will have to be addressed.

Concerns were raised in the chamber yesterday about the proposed new Edinburgh children's hospital. None of our Lothian colleagues appears to share the concerns about how the project is to be implemented. The minister who responded to yesterday's debate said that the Scottish Government remains committed to delivering the project, but did not spell out how, and there is no doubt that meeting that commitment will also present a challenge.

Borrowing powers can help to meet all those challenges, not to mention funding the larger transport infrastructure projects such as the new Forth crossing and the Aberdeen bypass. I heard Alex Neil this week—on the radio rather than in the chamber—confirming plans to start work on the M8 improvements in the course of next year. That was a welcome commitment, but it will also have to be paid for.

It would be helpful if the cabinet secretary was able to describe the relationship that he anticipates there being between increased borrowing powers and the approach to the funding of future infrastructure projects by the Scottish Futures Trust. The choice that one or two members presented between projects funded from borrowing and those funded through revenue budgets by either the SFT or PPP could be a false choice. It is about using those approaches together to deliver the infrastructure that we require. Whether they are funded from borrowing or from PPP, and whether that PPP is conventional or capped by the NPD method, those projects need to be paid for and they will involve payments from revenue budgets for years to come. It is important for us to understand the Government's view of the relationship between such funding and borrowing powers.

We support the previous Scotland Bill Committee's approach to capital borrowing powers and to the ability of the Scottish ministers to borrow to fund current expenditure. We also welcome the Scottish Government's proposition that there should be a principles-based approach

to capital borrowing, because borrowing should not be limited in an arbitrary way, nor should it be open ended. Our amendment supports a link between limits on capital borrowing and the capacity of the Scottish Government to finance debt prudently from devolved tax revenue, and I hope that that will also be generally agreed.

We also want a balance between prudence and flexibility in short-term borrowing and, again, we support the general approach of the previous Scotland Bill Committee. I hope that the new Scotland Bill committee that is to be established will be able to build on the strength of the recommendations of its predecessor and I believe that there is broad agreement across all parties on many of the points that the previous committee raised in its report.

Of course, we welcome indications of an accelerated timetable for access to capital borrowing powers and we agree that access to the bond market would add to the ability of the Scottish ministers to manage their capital budget without needing to add further to the UK national debt. That is an area in which agreement should be possible.

Labour is proud of the achievements of devolution and we are proud of our contribution to the Calman process, which has brought us to this point. Indeed, we hear members of parties that were not involved in that process claiming some of the credit, and that is the best tribute to the importance of the process.

We are ready to work with any party in the Parliament in building on those achievements when we believe that its objectives will benefit the people of Scotland and strengthen Scotland's economy. The challenge for us in working with the present Government is to get the judgment right—to support those proposals that will make things better and to oppose those that will not. The challenge for the SNP is to recognise that the case for increased powers is made more strongly when it has broad support across the Parliament, and I am glad that the SNP Government has risen to that challenge today. As Neil Findlay, Elaine Murray and others have said, once borrowing powers have been achieved, the real debate will be on how they should best be used to strengthen Scotland's economy and to create jobs, and I look forward to that debate.

16:50

John Swinney: Lewis Macdonald asked about the whereabouts of Mr Neil, the Cabinet Secretary for Infrastructure and Capital Investment. I inform him that Mr Neil has been involved in this afternoon's discussions with the Deputy Prime Minister—it was only appropriate that we fielded a

strong team to welcome the Deputy Prime Minister to Scotland.

I congratulate Colin Beattie, Mike MacKenzie and John Pentland on their first speeches in Parliament. Colin Beattie brought his significant experience in finance to the clear arguments for borrowing powers and the economic benefits that would arise from having them. Mike MacKenzie brought some romance to the debate when he talked about his journey over the border and on the road north from there. If he were to make that journey in the next few weeks, he would be able to use the extended M74, for which we have waited a significant number of years. It has taken an SNP Government to complete a road—despite Mr Harvie's objections—that many other Governments failed to complete.

Patrick Harvie: I have heard the cabinet secretary express his pride in the completion of the M74 extension many times, but can he tell me when my bus route will get back to normal?

John Swinney: I am sure that it is only a matter of time before the bus companies take the appropriate action.

John Pentland made a strong speech about the interests that he will have in Parliament and dwelt on his inheritance from Jack McConnell, the former First Minister, who was a long-serving member for Motherwell and Wishaw. I thought that there was a contradiction in Mr Pentland's argument. He argued that the SNP Government's prosecution of its arguments on the constitution and on greater powers were examples of conflict, but somehow it is acceptable for everyone to argue for borrowing powers, which is not an example of conflict. I make the point to Mr Pentland and to the chamber as a whole that the SNP Government is interested in securing further powers for the Parliament not for the sake of it, but to ensure that we have the ability to transform the lives of people in Scotland and to deliver on their aspirations. That should lie at the heart of all the work that we undertake in the Parliament.

As regards Mr Pentland's specific point about Clyde Valley high school, I am aware of the suggestions that have been made and the discussions that have been taking place about the approach to financing such projects, and I am sure that there will be opportunities for us to discuss those points further with our colleagues at local authority level.

The debate started in the right and proper way. I have been trying to do exactly what the First Minister has instructed me to do, which is to act as a representative of a majority Government in the spirit of a minority Government. As a consequence, I have done my level best to bring people together, and I thank Richard Baker for his

thoughtful speech on the substance of the motion and on the need to create an agenda that we can all share.

It was therefore a rather surprising contrast to hear the Jekyll-and-Hyde contribution from the Conservative front bench, in particular from Mr McLetchie. He spent a large amount of his speech bemoaning some of the language used by the SNP Government in recent days. He complimented me on the measured tones that I had brought to the debate, then accused us of being a “puny” SNP Government. There is just a tad of contradiction in Mr McLetchie’s approach.

However, perhaps I should not have been surprised by that. Some of the roughest things that have been said this week in politics in Scotland have been said not by anybody from the SNP but by members of the Conservative Party. Yesterday, in *The Scotsman*, I read a quote from an unnamed Conservative MSP—although we may have had some clues this afternoon about the foul-mouthed speaker who said that Michael Moore should “engage his brain” before talking. That was much worse than anything that I have ever said at any stage, although I am sure that Conservative members will queue up to disown the remark.

This afternoon, Mr McLetchie argued about the importance of changing the status of Scottish Water. That is one of the very popular propositions that the Conservative Party has put repeatedly to the people of Scotland—to receive a resounding thumbs down. It is a proposition that this Government will not entertain, because we do not see why we should privatise national assets of Scotland that are important to the welfare of our country.

Continuing the rather negative tone of the Conservative front bench was—uncharacteristically—Gavin Brown. He talked about the importance of our coming up with a plan A on the Scottish economy. We spent last Thursday’s debate on the Scottish economy setting out in a pretty measured way—on my part—the Government’s approach to using our existing powers to stimulate economic recovery. At yesterday’s joint ministerial committee on the economy, the purpose of interventions made by the First Minister and me was to argue how—with further assistance from the United Kingdom Government on capital investment, on access to finance and on boosting consumer confidence—we might make more progress on economic recovery than we are currently making because of difficult decisions taken by the UK Government.

I was a bit surprised by the derision from the Conservative Party over the concept of a fixed price for capital investment. I am proud that this Government has presided over a number of projects—under its direct control—that not only

have come in on budget, but will come in early. That is testament to our management of capital investment in Scotland.

We come now to the £250 million point raised by Mr Rennie. I will make no apology to Parliament for driving a tough procurement process that reduced the budget for the Forth replacement crossing by £250 million, and neither will I make an apology—because our party campaigned on it during the election—for deploying those resources to support the extension of broadband to rural Scotland, to encourage young talent in our country, to create an early years sure start fund, to encourage more initiatives on warm homes, and to deliver green transport. Those things suggest to me a Government that is focused on the real priorities of the people of our country.

Mr Rennie encouraged me to be grateful to the Deputy Prime Minister for coming to Scotland and announcing earlier borrowing powers. I have not heard any more details of that in the course of this debate, but we will no doubt hear more in the aftermath. Mr Rennie said that it was an example of Nick delivering

“with a little bit of help from the Conservatives.”

I am sure that that will be news to the Prime Minister and his colleagues. However, to be absolutely fair, we should talk about all the things that Nick is delivering: Nick has also delivered a 36 per cent cut in our capital budget. Let us not forget all the things that Nick delivers for Scotland.

Mr Hepburn made the fair point that the other parties were not really much interested in more powers in 2007, even though they said that the Parliament needed more powers. It took the election of an SNP Government to get the appointment of the Calman commission and to get to some of the debate that we are having today. The other parties can be assured of the Government’s willingness to work to achieve consensus on building new powers for the Parliament and to ensure that this institution is equipped, at this stage, with the capital powers that will enable us to invest in the Scottish economy and deliver prosperity for the people of our country.

Parliamentary Bureau Motion

17:00

The Presiding Officer (Tricia Marwick): The next item of business is consideration of a Parliamentary Bureau motion. I ask Bruce Crawford to move motion S4M-00256, on the establishment of a committee.

Motion moved,

That the Parliament shall establish a committee of the Parliament as follows:

Name of Committee: Scotland Bill Committee

Remit: To consider the Scotland Bill, proposed amendments to the Bill, responses to the report of the Session 3 Scotland Bill Committee, and to report to the Parliament.

Duration: Until the Scotland Bill has received Royal Assent, falls or is withdrawn

Number of members: 11

Convenership: The Convener will be a member of the Scottish National Party and the Deputy Convener will be a member of the Scottish Labour Party.

Membership: Richard Baker, Nigel Don, Linda Fabiani, Adam Ingram, Alison Johnstone, James Kelly, John Mason, Stewart Maxwell, Joan McAlpine, David McLetchie, Willie Rennie.—[Bruce Crawford.]

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

Decision Time

17:00

The Presiding Officer (Tricia Marwick): There are six questions to be put as a result of today's business. I remind members that, in relation to the debate on caring for Scotland's older people, if the amendment in the name of Nicola Sturgeon is agreed to, the amendment in the name of Mary Scanlon will fall.

The first question is, that amendment S4M-00234.3, in the name of Nicola Sturgeon, which seeks to amend motion S4M-00234, in the name of Jackie Baillie, on caring for Scotland's older people, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Adam, Brian (Aberdeen Donside) (SNP)
 Adam, George (Paisley) (SNP)
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Biagi, Marco (Edinburgh Central) (SNP)
 Brodie, Chic (South Scotland) (SNP)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Burgess, Margaret (Cunninghame South) (SNP)
 Campbell, Aileen (Clydesdale) (SNP)
 Campbell, Roderick (North East Fife) (SNP)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Constance, Angela (Almond Valley) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Don, Nigel (Angus North and Mearns) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Finnie, John (Highlands and Islands) (SNP)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
 Keir, Colin (Edinburgh Western) (SNP)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lochhead, Richard (Moray) (SNP)
 Lyle, Richard (Central Scotland) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 Mackenzie, Mike (Highlands and Islands) (SNP)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West Scotland) (SNP)
 McDonald, Mark (North East Scotland) (SNP)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Aileen (South Scotland) (SNP)
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
 McMillan, Stuart (West Scotland) (SNP)
 Neil, Alex (Airdrie and Shotts) (SNP)

Paterson, Gil (Clydebank and Milngavie) (SNP)
 Robertson, Dennis (Aberdeenshire West) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Salmond, Alex (Aberdeenshire East) (SNP)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
 Urquhart, Jean (Highlands and Islands) (SNP)
 Walker, Bill (Dunfermline) (SNP)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Wilson, John (Central Scotland) (SNP)
 Yousaf, Humza (Glasgow) (SNP)

Against

Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Beamish, Claudia (South Scotland) (Lab)
 Bibby, Neil (West Scotland) (Lab)
 Brown, Gavin (Lothian) (Con)
 Carlaw, Jackson (West Scotland) (Con)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 Davidson, Ruth (Glasgow) (Con)
 Dugdale, Kezia (Lothian) (Lab)
 Eadie, Helen (Cowdenbeath) (Lab)
 Fee, Mary (West Scotland) (Lab)
 Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
 Fergusson, Alex (Galloway and West Dumfries) (Con)
 Findlay, Neil (Lothian) (Lab)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Goldie, Annabel (West Scotland) (Con)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Harvie, Patrick (Glasgow) (Green)
 Henry, Hugh (Renfrewshire South) (Lab)
 Hume, Jim (South Scotland) (LD)
 Johnstone, Alex (North East Scotland) (Con)
 Johnstone, Alison (Lothian) (Green)
 Kelly, James (Rutherglen) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 Macdonald, Lewis (North East Scotland) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Malik, Hanzala (Glasgow) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 McArthur, Liam (Orkney Islands) (LD)
 McCulloch, Margaret (Central Scotland) (Lab)
 McDougall, Margaret (West Scotland) (Lab)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McInnes, Alison (North East Scotland) (LD)
 McLetchie, David (Lothian) (Con)
 McMahon, Michael (Uddingston and Bellshill) (Lab)
 McMahon, Siobhan (Central Scotland) (Lab)
 McTaggart, Anne (Glasgow) (Lab)
 Mitchell, Margaret (Central Scotland) (Con)
 Murray, Elaine (Dumfriesshire) (Lab)
 Park, John (Mid Scotland and Fife) (Lab)
 Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Rennie, Willie (Mid Scotland and Fife) (LD)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland Islands) (LD)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)

Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Stewart, David (Highlands and Islands) (Lab)

The Presiding Officer: The result of the division is: For 61, Against 56, Abstentions 0.

Amendment agreed to.

The Presiding Officer: The next question is, that motion S4M-00234, in the name of Jackie Baillie, on caring for Scotland's older people, as amended, be agreed to.

Motion, as amended, agreed to,

That the Parliament welcomes the Scottish Government's new focus on the care for older people; further welcomes the commitment given by the First Minister that vulnerable residents in Southern Cross homes will not be compromised as a result of Southern Cross's business model; notes with concern the report by the Mental Welfare Commission regarding the appalling treatment of Mrs V at Ninewells Hospital and the recent disturbing events at the Elsie Inglis Nursing Home in Edinburgh where standards of care were totally inadequate; considers that these cases demonstrate the need for a robust system of regulation and inspection that provides protection for older people irrespective of where they receive their care and treatment and that listens to the views of people who use services and their carers; believes that the care and safety of Scotland's older and vulnerable people must be a major priority for the Scottish Government, and welcomes the fact that there is a consensus across the Parliament to improve the integration of health and social care so that Scotland's older people and their families can have full confidence that they will receive the best possible standard of care when they need it.

The Presiding Officer: The next question is, that amendment S4M-00235.1, in the name of Richard Baker, which seeks to amend motion S4M-00235, in the name of John Swinney, on borrowing powers and growing the Scottish economy, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Adam, Brian (Aberdeen Donside) (SNP)
 Adam, George (Paisley) (SNP)
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Beamish, Claudia (South Scotland) (Lab)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Biagi, Marco (Edinburgh Central) (SNP)
 Bibby, Neil (West Scotland) (Lab)
 Brodie, Chic (South Scotland) (SNP)
 Brown, Gavin (Lothian) (Con)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Burgess, Margaret (Cunninghame South) (SNP)
 Campbell, Aileen (Clydesdale) (SNP)
 Campbell, Roderick (North East Fife) (SNP)
 Carlaw, Jackson (West Scotland) (Con)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)

Constance, Angela (Almond Valley) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
 Davidson, Ruth (Glasgow) (Con)
 Dey, Graeme (Angus South) (SNP)
 Don, Nigel (Angus North and Mearns) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Dugdale, Kezia (Lothian) (Lab)
 Eadie, Helen (Cowdenbeath) (Lab)
 Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Fee, Mary (West Scotland) (Lab)
 Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
 Fergusson, Alex (Galloway and West Dumfries) (Con)
 Findlay, Neil (Lothian) (Lab)
 Finnie, John (Highlands and Islands) (SNP)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
 Goldie, Annabel (West Scotland) (Con)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Henry, Hugh (Renfrewshire South) (Lab)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hume, Jim (South Scotland) (LD)
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
 Johnstone, Alex (North East Scotland) (Con)
 Keir, Colin (Edinburgh Western) (SNP)
 Kelly, James (Rutherglen) (Lab)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 Lochhead, Richard (Moray) (SNP)
 Lyle, Richard (Central Scotland) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Macdonald, Lewis (North East Scotland) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 Mackenzie, Mike (Highlands and Islands) (SNP)
 Malik, Hanzala (Glasgow) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West Scotland) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McArthur, Liam (Orkney Islands) (LD)
 McCulloch, Margaret (Central Scotland) (Lab)
 McDonald, Mark (North East Scotland) (SNP)
 McDougall, Margaret (West Scotland) (Lab)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McInnes, Alison (North East Scotland) (LD)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Aileen (South Scotland) (SNP)
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
 McLetchie, David (Lothian) (Con)
 McMahan, Michael (Uddingston and Bellshill) (Lab)
 McMahon, Siobhan (Central Scotland) (Lab)
 McMillan, Stuart (West Scotland) (SNP)
 McTaggart, Anne (Glasgow) (Lab)
 Mitchell, Margaret (Central Scotland) (Con)
 Murray, Elaine (Dumfriesshire) (Lab)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Park, John (Mid Scotland and Fife) (Lab)
 Paterson, Gil (Clydebank and Milngavie) (SNP)

Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Rennie, Willie (Mid Scotland and Fife) (LD)
 Robertson, Dennis (Aberdeenshire West) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Salmond, Alex (Aberdeenshire East) (SNP)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland Islands) (LD)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, David (Highlands and Islands) (Lab)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
 Urquhart, Jean (Highlands and Islands) (SNP)
 Walker, Bill (Dunfermline) (SNP)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Wilson, John (Central Scotland) (SNP)
 Yousaf, Humza (Glasgow) (SNP)

Against

Harvie, Patrick (Glasgow) (Green)
 Johnstone, Alison (Lothian) (Green)

The Presiding Officer: The result of the division is: For 116, Against 2, Abstentions 0.

Amendment agreed to.

The Presiding Officer: The next question is, that motion S4M-00235, in the name of John Swinney, on borrowing powers and growing the Scottish economy, as amended, be agreed to.

Motion, as amended, agreed to,

That the Parliament notes the Scotland Bill proposals on capital borrowing and the recommendations of the Scotland Bill Committee in that regard; calls on the UK Government and Scottish Government to undertake joint work to agree a clear, long-term and principles-based approach to capital borrowing and the sources of borrowing including the potential for bonds; recommends that the total limit should be set by reference to the capacity of the Scottish Government to finance debt prudently from devolved tax revenue, and calls for the implementation of capital borrowing powers at an accelerated timescale to that proposed in the Scotland Bill to support economic recovery and enhance Scotland's infrastructure.

The Presiding Officer: The next question is, that motion S4M-00256, in the name of Bruce Crawford, on the establishment of a committee, be agreed to.

Motion agreed to,

That the Parliament shall establish a committee of the Parliament as follows:

Name of Committee: Scotland Bill Committee

Remit: To consider the Scotland Bill, proposed amendments to the Bill, responses to the report of the Session 3 Scotland Bill Committee, and to report to the

Parliament.

Duration: Until the Scotland Bill has received Royal Assent, falls or is withdrawn

Number of members: 11

Convenership: The Convener will be a member of the Scottish National Party and the Deputy Convener will be a member of the Scottish Labour Party.

Membership: Richard Baker, Nigel Don, Linda Fabiani, Adam Ingram, Alison Johnstone, James Kelly, John Mason, Stewart Maxwell, Joan McAlpine, David McLetchie, Willie Rennie.

Wild Animals in Circuses (Ban)

The Deputy Presiding Officer (Elaine Smith):

The final item of business is a members' business debate on motion S4M-00102, in the name of Elaine Murray, on a ban on the use of wild animals in circuses. The debate will be concluded without any question being put.

Motion debated,

That the Parliament notes the decision by the UK Government not to introduce a ban on the use of wild animals in travelling circuses; notes that in the recent past a travelling circus visiting locations including Dumfries included an elephant as one of its attractions; believes that there is sufficient evidence to support the view that life in a travelling circus does not allow for acceptable standards of welfare and quality of life for wild animals; notes the work done by animal rights activists and third sector organisations to argue for such a ban, and considers that action in this area is needed to prevent suffering to animals.

17:05

Elaine Murray (Dumfriesshire) (Lab): I thank those members who signed the motion and those who have stayed for the debate.

The Scottish Parliament passed the Animal Health and Welfare (Scotland) Bill on 31 May 2006, just over five years ago. Much of the bill was enabling, giving Scottish ministers the power to introduce regulation by secondary legislation after consultation. The ministers at the time, Ross Finnie and Rhona Brankin, indicated that the Government intended to consult on a number of prospective statutory instruments. Mr Finnie stated:

"In the next few years, our officials will undertake a huge programme of secondary legislation that will include in the first instance provisions on mutilations, pet animal dealers, animal sanctuaries, livery yards, riding establishments, travelling circuses, animal gatherings, pet fairs and animal boarding establishments. We have brought forward the timing for regulations on animal sanctuaries following the issue's high profile in committee, and, following concerns that have been raised, we intend to consult further."

on the issues. Mr Lochhead, who was a shadow minister at the time, was equally enthusiastic and stated that he hoped that there would be

"full consultation with the committees"

on secondary legislation

"and an opportunity for maximum input."

He said that he hoped the Government would

"bring forward many of the most important provisions ... as soon as possible."—[*Official Report*, 31 May 2006; c 26211 and 26208.]

It is disappointing, therefore, that so little progress has been made on many of those issues since the bill was passed.

Today, I will address the issue of the use of wild animals in travelling circuses. The *Daily Mail* is not my newspaper of choice, but I commend the exposure that it and other national papers gave to the plight of Anne, an elderly elephant suffering from arthritis, who travelled with the Bobby Roberts circus for more than 50 years. That media exposure eventually led to Anne being retired to Longleat safari park earlier this year. The more that we learn through research about the intelligence and complex social behaviour of elephants, the more we realise how cruel the incarceration of that solitary animal for such a long time really was.

I also commend Animal Defenders International, who filmed evidence of Anne's ill treatment during the three months for which the circus was overwintering, and OneKind in Scotland for highlighting the issue every time that the circus travelled to Scotland.

I was disappointed, too, with the United Kingdom Labour Government for the length of time that it took to act on the issue. A consultation was undertaken by the Department for Environment, Food and Rural Affairs, and the previous UK Government stated in March last year that it intended at last to introduce a ban on the use of wild animals in circuses. Unfortunately, the Scottish Government at that time stated that, even if the UK Government introduced a ban, the Scottish Government would not follow suit. Since then, the UK Government has changed its position—there has been a change of Government—and has stated recently that it will not implement a ban but will rely on improved licensing.

Those who oppose an outright ban cite two principal reasons for that. The first is that the Radford report, which was commissioned by the UK Government, found "little scientific evidence" that the conditions under which wild animals were kept were "better or worse" than other captive environments. The reason for that, however, was that very little scientific research had been done on the matter—possibly because it is pretty obvious to anyone who has any knowledge of pack or herd animals that being kept confined in a small enclosure, travelling nine months of the year and then periodically being exposed to a large and noisy group of excited omnivores while being obliged to undertake unnatural activity is hardly conducive to animal welfare. We do not keep solitary elephants, camels or big cats in small enclosures in zoos any longer—for good reason—so why does it remain acceptable for travelling circuses to do so? Moreover, a recent review by Harris, Iossa and Soulsbury of the University of Bristol records both physical and psychological effects on wild animals that are subject to constant travelling.

The second reason, which was cited by the Scottish Government, is that there are no circuses with animals based in Scotland. Frankly, that is irrelevant because travelling circuses do precisely that—they travel. There are still three UK circuses that use animals and many circuses in Europe that could decide to travel to Scotland.

The legislation that regulates performing animals is the Performing Animals (Regulation) Act 1925, which requires a circus to register with the local authority in whose area it is to perform. That offers no safeguard with regard to animal welfare or local accountability, as was evidenced last year when the Bobby Roberts circus visited Dumfries with Anne the elephant, a camel and a number of ponies.

Libby Anderson of OneKind contacted me to advise that the circus was coming to Dumfries again. I spoke to one of the members of the licensing board, who investigated and discovered that a licence had already been issued by council officials without the matter going to the licensing board, because the circus had been licensed in previous years and the elephant was not performing. However, she appeared during the interval, when members of the audience could pay to be photographed with her and feed her candyfloss—clearly a staple part of an elephant's diet—so she was obviously still being used to generate income for the circus. Anne was also still travelling for nine months of the year and, as Animal Defenders International discovered, spending the remaining three months tethered in an enclosure where she was regularly beaten by circus employees.

Our understanding of animal welfare has improved immensely over the past 80 years, as public opinion shows. Some 94 per cent of respondents to the DEFRA consultation last year wanted the use of wild animals in circuses to be banned; 83 per cent of those polled by OneKind in Scotland agreed; and 15,000 people signed a petition organised by *The Independent*. It could be argued that the people who responded to those polls and petitions were animal welfare enthusiasts and that, therefore, they were biased. However, a poll that was undertaken by YouGov of the general public this year found that 72 per cent of respondents also wanted a ban.

Scotland has the opportunity on this matter to lead the rest of the UK while representing the majority of public opinion.

Mahatma Gandhi is credited with having stated:

"The greatness of a nation and its moral progress can be judged by the way its animals are treated."

I do not know whether it really was Gandhi who said that, but it is a wise statement that could have been his. We should say something about

Scotland's moral progress by stating loud and clear that subjecting animals to unsuitable and unnatural conditions and behaviour is not entertainment.

We do not live in Victorian times, when animals and people with disabilities were exhibited for the amusement of the general populace. Let us jettison the final vestige of that view of entertainment: the use of wild animals in circuses. Scotland is better than that.

17:12

Kevin Stewart (Aberdeen Central) (SNP): I thank Dr Murray for bringing the motion to the chamber for debate.

I remember going to the circus with my grandparents as a treat when I was a young boy. I thought that it was absolutely fantastic, and a great time was had by all. However, the end of the trip was spoiled for me because I had the opportunity to go to see the animals after the event. The animals were confined in small cages, and I realised—even at that young age—that that was not right. I am glad to say that, in certain places, a progressive attitude to the issue has been taken. For example, Aberdeen City Council banned wild animals in circuses quite a long time ago.

While I was preparing for the debate, I came across an extremely disturbing article in the *New Scientist*. It reported on a study by Stephen Harris of the University of Bristol that showed that, on average, wild animals in circuses spend only 1 to 9 per cent of their time in training and the rest of their time—91 to 99 per cent—enclosed in extremely small cages. Such a cage is no place for a tiger, a bear or a lion. There are further restrictions, even within those restricted cages, in that nothing is put in the cages to keep the animals entertained. The study says that, even in the larger pens, the animals' owners do not give them anything to play with—for example, bears are not given logs to play with in case they use the logs to escape the cage. Animals are being kept in confined spaces with absolutely nothing to do. That is barbaric.

The study also considered travel sickness and stress levels among the animals. The report says:

"Travel also takes its toll, although the evidence is limited. The study cites data showing that concentrations of the stress hormone cortisol in saliva from circus tigers remains abnormal up to 6 days after transport, and up to 12 days in tigers who've never travelled before."

That shows clearly that the animals are completely and utterly stressed out by travel, which is unacceptable.

I return to my original point. As a small child, I was disturbed to see animals in confined spaces.

That was many moons ago. Today, we should go beyond what happened in yesteryear and ensure that no child, no adult and no animal must see such conditions again.

Jim Paice, the UK environment minister, said in the UK Parliament that banning wild animals from circuses could breach human rights legislation. In this case, I am interested not so much in human rights as in animal rights. I hope that we can do something about the situation in the near future. I thank Dr Murray again for bringing the issue to our attention.

17:16

Hugh Henry (Renfrewshire South) (Lab): I commend Elaine Murray for giving the Parliament the opportunity to debate the issue. Like Kevin Stewart, I had childhood experiences of going to circuses, which might go back a few years before his experiences. I remember the excitement of going to a circus and seeing wild animals. In those days, television was in its infancy, the internet did not exist and people had little opportunity for domestic travel and certainly for foreign travel. Given that, a circus was a huge and exciting opportunity for young children to see something exotic and different.

However, we have moved on in life. The issues that Elaine Murray raised should make us ask fundamental questions. What is the purpose of travelling circuses and of keeping animals to perform in circuses? Is it to educate the wider public? To be frank, the wider public no longer need such a facility to educate them about what animals do, how they operate and what their environment is. Is the purpose to protect species and to develop species that are in danger of extinction? Clearly, it is not, because much better ways to look after animals' interests exist. Is the purpose purely to entertain the public and nothing else? If so, where do we draw the line? Do we return to having performing bears in the high street, which the public pay to enrage by poking them with sticks? Do we think simply that the animals enjoy entertaining the public?

What is happening is perverse. Elaine Murray outlined some of the appalling conditions in which the animals are kept. From reports about the behavioural characteristics that the animals manifest, we can only conclude that they live under huge stress. They live in extreme confinement and are subjected to frequent transport, relocation and—not least—the efforts to train them to perform. From the pacing of the animals and some of the behaviour that they manifest, we can say that they genuinely and definitely live in distress.

If society has moved on from where it was and if we no longer need circuses—if we ever needed them—to educate or entertain, why are we still allowing this to happen? If we accept that the animals are living in unacceptable conditions, are in distress and are suffering, what are we doing to remedy the situation?

What I cannot understand is why, if the will to do something about all this existed four or five years ago, nothing was done. I accept that it is not a priority compared with some of the other things that are going on in the world, but it is a small thing that can be easily remedied without impacting on other legislation. Moreover, it is the right thing to do. As a result, I appeal to the minister to use his influence and try to expedite legislation that was obviously being considered and that it was intended would be introduced. After all, there is no longer any justification for any of us, either individually or collectively, to be associated with something so abhorrent.

17:21

Alex Fergusson (Galloway and West Dumfries) (Con): I must confess that, since 5 May, I had visualised a number of scenarios as the backdrop for my first speech in more than four years from these benches but none of them featured a members' business debate on this particular topic. First of all, then, I commend Elaine Murray for putting me in a situation that I had never envisaged being in and, secondly—and more seriously—I congratulate her on bringing the issue to the chamber. As the traffic to my inbox suggests, the subject provokes a high level of response and that level has only been heightened by the UK Government's apparent change in position.

That almost certainly and regrettably brings me to the end of the consensus that I have tried very hard to achieve over the past four years. I am not convinced that the kind of outright ban that is sought in the motion is necessarily the right way forward. I am instinctively against bans as the knee-jerk response to most given situations, but I would happily ignore my instincts if I felt that doing so would really end a situation that is in some way intolerable. However, from what I have seen and read, I am not convinced that the 20-odd wild animals kept in just three British circuses—and in saying that I accept that European and other foreign circuses add to that number—are in an intolerable situation. I speak from my own experience as a keeper of animals—not, I have to say, circus animals—which tells me that if animals are kept in conditions that are not good for or beneficial to their welfare, their keeper will not achieve the desired results from them. Keeping

animals in harmful conditions does no party any good.

I assure the chamber that I do not agree with the UK Secretary of State for Environment, Food and Rural Affairs, Caroline Spelman, all the time but I have to say that I agree with her comment that

“most people would prefer not to see”

animals

“performing in circuses.”—[*Official Report, House of Commons*, 13 May 2011; vol 527, c48WS.]

She went on to say:

“where circuses do choose to show wild animals, people expect those animals to be kept in the best possible conditions.”

Again, I entirely and whole-heartedly agree with that.

Claudia Beamish (South Scotland) (Lab): I am concerned about the points that the member is making. For example, he does not seem to have taken into account the fact that, in certain circumstances, an animal might well have to perform through utter fear.

Alex Fergusson: I have taken it into account—I have certainly thought about it. All I can say is that, from my long experience, animals that are frightened or that have been starved or not looked after properly will not act the same as those that have been looked after.

I also agree with the UK Government's consultation on assessing each and every one of the aforementioned animals, covering factors such as transport and journey times, enclosures and living conditions and treatment by trainers and keepers, as part of the new licensing regime. That is a perfectly sensible way forward to address what is certainly an issue but has not yet, I believe, proven to be a problem.

I agree 100 per cent that cases such as Anne the elephant, which was highlighted by Elaine Murray, cannot be justified or condoned in any circumstances, but I am not convinced and have not read anything that tells me that such an example is typical or is in any way the norm.

I would support a ban on the introduction of any further wild animals to a circus environment. It is clear that the common practice in my younger days—I probably go back further than either of the two members who have mentioned this—of having large numbers of wild animals appearing in circuses is dying out. That is evidenced by the fact that we are not talking about large numbers of animals. It is not clear that those animals are suffering to any great extent or, indeed, to any extent. Therefore, I plead that we show a little tolerance. Let us prevent any new animals from

coming into a circus environment and allow the practice to die out naturally, as long as inspectors are content that the animals involved are not suffering. Of course I would not oppose a ban if it came forward, but my suggestion seems to me to be a logical and rational way forward, and I for one—I may well be the only one—believe that it is the right way forward.

17:25

Alison Johnstone (Lothian) (Green): I welcome this members' business debate and thank Elaine Murray for raising the matter, especially given the UK coalition Government's decision not to introduce a ban on the use of wild animals in travelling circuses. It is timely that members of the Scottish Parliament have been given the opportunity to debate the issue and voice our opinions on it.

The Scottish Green Party has been consistent in voicing its opposition to many abhorrent animal welfare matters, whether that be the use of wild animals in travelling circuses or bringing pandas to Edinburgh zoo. We have continually supported a complete ban on the practice of snaring, and my predecessor Robin Harper worked to strengthen the protection for seals during the passage of the Marine (Scotland) Bill in the previous session. Animal welfare campaign groups have worked hard throughout Scotland to raise those matters, and they should be applauded for their work. As a newly elected MSP, I look forward to working alongside them in this parliamentary session.

There can be no justification whatsoever for the use of wild animals in circuses. Such practices should be relegated to where they belong: well and truly in the past. In Scotland in the 21st century, there should be no tolerance or complacency shown towards the abuse of those animals, which are held captive for some supposed entertainment value. An outright ban is the only way to secure that, especially within an industry that does not seem to take animal welfare concerns seriously.

The UK Government has dilly-dallied around the topic for too long. My Westminster colleague, Caroline Lucas MP, recently pressed the matter with UK ministers. She called their position "extraordinarily cowardly". The Royal Society for the Prevention of Cruelty to Animals, the British Veterinary Association, Animal Defenders International and the Born Free Foundation are among the groups that support the ban, and the majority of the public has also supported an outright ban. The University of Bristol study that reviewed the scientific studies concluded:

"there is no evidence to suggest that the natural needs of non-domesticated animals can be met through living conditions and husbandry offered by circuses."

The Independent's petition has collected tens of thousands of signatures. The UK Government may have done many unpopular things, but this is not a difficult decision for it to take when a ban has such breadth and depth of support.

I hope that the Scottish Government can demonstrate its support for ending the animal cruelty that we are discussing and for the wishes of the public. What have the Scottish ministers done to press the UK Government on an outright ban? We must ensure that we end the unnecessary suffering of those animals without delay, and I hope that the Scottish ministers will speak out against that animal cruelty with decision makers in Westminster.

17:29

The Minister for Environment and Climate Change (Stewart Stevenson): I join other members in congratulating Elaine Murray on securing this debate.

It is clear that the views that have been expressed almost unanimously across the chamber are passionate and driven by a clear desire to improve the welfare of circus animals. I have no difficulty at the outset in accepting the basic proposition that is delineated in the motion.

There is a long history of animals in circuses. By coincidence, it appears that the practice started almost exactly at the point when children were no longer sent up chimneys to clean them and when slavery was abolished. Perhaps one form of slavery was replaced by another.

Kevin Stewart referred to the long-standing ban on circus animals in Aberdeen. The continuing ability of circuses to visit Aberdeen in the face of that ban demonstrates that the practical effect of a wider ban would not necessarily be too great. He also referred to objective evidence of stress in travelled animals. My briefing pack did not draw my attention to that point, which will inform us all in considering the issue, as it is objective evidence. With only 39 animals remaining in circuses in the UK, one issue is that there is a limited evidence base to drive the argument.

Hugh Henry and others made the point that the issue is not simply about objective evidence. The evidence, such as it is, has been considered for a long time, but the issue is also our duty to animals that are in our care and, beyond that, to those that remain in the wild. It is correct that Richard Lochhead has supported efforts on the issue.

I turn to Alex Fergusson's speech. I can never quite remember whether it was St Thomas Aquinas or someone else who said, "Oh Lord, give me chastity, but not yet." I think that we might have had Alex Fergusson's second maiden

speech, which is probably relatively unique, although would that he had waited for another occasion, if I may say so. Claudia Beamish made a good point in her intervention that many animals might be “performing”—I use that word in quotes—through fear. Mr Fergusson’s support for the eventual elimination of animals from circuses, qualified as it was by his suggestion that we wait until the natural lifespan of existing animals has expired, is at least a recognition that the practice should end, so I welcome that. However, it is inconsistent to be against something in principle but to allow it to continue in practice, which is what was said.

Alison Johnstone said that we should press the UK Government for a ban. I am going to make a rod for my own back by saying that we have the powers to do it ourselves. The proposal that is currently before the UK Government is in fact an England-only provision—the devolved Administrations can make their own arrangements. Yesterday, there was a debate on the subject in Westminster Hall. Unexpectedly, a Conservative member, Penny Mordaunt, topped any of my contributions by revealing that one of her previous jobs was as a magician’s assistant. Perhaps Mr Fergusson should consult her to find the magic way out of what is a rather awkward place to be.

The general public and animal welfare organisations are unambiguously clear and have been since 2004 in Scotland. Last year, 95 per cent of respondents to a DEFRA consultation were against the practice. We have heard the numbers quoted, and I do not debate any of them.

Elaine Murray highlighted the case of Anne the elephant. Virtually nobody could fail to be moved by the plight of that poor animal, and we wish her a long and happy retirement at Longleat, but there is not huge evidence that that was anything other than an isolated example of systematic abuse. However, the debate is not about systematic abuse, although it occurs; instead, it is about the restriction of liberty and normal behaviours. Many organisations, including the Scottish Society for the Prevention of Cruelty to Animals and the British Veterinary Association, have made that point.

The UK coalition Government is seeking to regulate animals in circuses through licensing and inspection. Some people believe that that could lead to an increase in the number of wild animals in circuses. It is worth referring to the definition of wild animal that the Radford report used:

“a species whose collective behaviour, life cycle or physiology remains unaltered from the wild type despite their breeding and living conditions being under human control for multiple generations.”

It does not simply cover animals caught from the wild and put in circuses; it includes wild species that have been domestically bred.

In 2007, the circus working group stated:

“our present state of knowledge about the welfare of non-domesticated animals used in circuses is such that we cannot look to scientific evidence”.

That is why Elaine Murray and others are correct to look at the issue from a different perspective. The Radford report also stated:

“The status quo is not a tenable option”

and concluded that a ban should be proceeded with.

The question is an ethical and legal one. The dilemma for ministers is how a ban could be introduced. There have been legal challenges, in Austria in particular, on human rights grounds, although they appear now to have been disposed of. We will certainly continue to look at the issue. As a result of this debate and other inputs that we have had, and the information that continues to come from Westminster, we have been watching the matter with considerable interest and engagement.

Elaine Murray asks me to state that it is unacceptable for animals to be used for entertainment, and I am absolutely happy to do so. I will continue to work with the member to bring the matter to a satisfactory conclusion.

Meeting closed at 17:36.

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