



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# MEETING OF THE PARLIAMENT

Wednesday 29 June 2011

Session 4

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## Scottish Parliament

*Wednesday 29 June 2011*

[The Presiding Officer *opened the meeting at 14:30*]

### Time for Reflection

**The Presiding Officer (Tricia Marwick):** Good afternoon. The first item of business this afternoon is time for reflection. Our time for reflection leader today is Canon George Bradburn, Parish of St Gildas, Rosneath.

**Canon George Bradburn (Parish of St Gildas, Rosneath):** Today is a big day in the Catholic Church. It is the feast of St Peter and St Paul and is what we call a holiday of obligation. I am spending it here, which is a working day for you, and a memorable day for me, simply to be here. That said, 29 June is always a special day for me. It was on this date 46 years ago that I became a priest. At that time, many priests were ordained on the feast of St Peter and St Paul. Indeed the present Pope was ordained a priest on this day 60 years ago.

St Peter and St Paul are important figures in our church because they were there at the start and were chosen by Christ for special duties. Peter, as we say in today's mass, was chosen to be "our leader in faith", and Paul, "its fearless preacher".

In St Peter's Square in Rome, there are two massive statues of Peter and Paul. Both men stand facing the crowd and each carries the scriptures in his left hand, but in his right hand Peter has a key—the symbol of authority or the keys of the kingdom; he is a man of authority. In his right hand, Paul is holding a huge sword, which is a symbol of the power of the word, or as scripture calls it

"the sword of the spirit",

which is a reminder surely that words can penetrate the hardest hearts and the most reluctant minds. Paul is a man of the word.

As a parish priest, I know about authority—Church authority. I exercise it moderately, I hope; I certainly live under it. As a preacher, following St Paul, I realise the importance of words. We call our preaching role the ministry of the word.

As I prepared this reflection, it occurred to me that in my job I share at least two things with politicians: an awareness of the use of authority; and a respect for the use of words. Politicians seek authority, they win it and hopefully they administer it justly. Of course, they deal in words too, in a big way.

Two things are worthy of note about the use of authority and the use of words. The one who uses authority hopes to be obeyed. Obedience can be respectful and constructive, but it can also be blind, unthinking, reluctant, submissive, deceptive or prompted by ulterior motives. Persons with authority look for not submissive obedience but support and loyalty. They seek a following—perhaps disciples.

People of the word—orators—use words skilfully, but that does not mean to say that they are true. Despite a skilful performance, orators should not primarily seek congratulations; they seek to be heard for the message that they wish to convey.

The Pope, addressing diplomats recently, exhorted them to be loyal rather than crafty. My prayer on the feast of saints Peter and Paul is:

"Lord, help me to be loyal, not crafty!"

## Business Motion

14:35

**The Presiding Officer (Tricia Marwick):** The next item of business is consideration of business motion S4M-00442, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, which sets out a revision to the business programme for this week.

*Motion moved,*

That the Parliament agrees—

a) the following revision to the programme of business for Wednesday 29 June 2011—

delete

*followed by* Scottish Government Business

*followed by* Business Motion

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

and insert

*followed by* Ministerial Statement: Higher Education

*followed by* Ministerial Statement: Financial Outturn

*followed by* Scottish Government Debate: Taking Scotland Forward – Infrastructure and Capital Investment

*followed by* Business Motion

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

b) the following revision to the programme of business for Thursday 30 June 2011—

delete

9.15 am Parliamentary Bureau Motions

*followed by* Scottish Government Business

11.40 am General Question Time

12.00 pm First Minister's Question Time

12.30 pm Members' Business

2.15 pm Themed Question Time  
Health, Wellbeing and Cities Strategy

2.55 pm Scottish Government Business:  
Offensive Behaviour at Football and  
Threatening Communications (Scotland)  
Bill

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

and insert

9.00 am Parliamentary Bureau Motions

*followed by* Ministerial Statement: 2020 Routemap  
for Renewable Energy in Scotland

*followed by*

Scottish Government Debate: Scotland  
Bill – The Role of the Supreme Court in  
Scots Criminal Law

11.40 am General Question Time

12.00 pm First Minister's Question Time

12.30 pm Members' Business

2.15 pm Themed Question Time  
Health, Wellbeing and Cities Strategy

2.55 pm Scottish Government Debate: Rural  
Connectivity

*followed by* Scottish Government Debate:  
Legislative Consent Motion – Finance  
(No.3) Bill

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time—[*Paul Martin.*]

*Motion agreed to.*

## Higher Education

**The Presiding Officer (Tricia Marwick):** The next item of business is a statement by Michael Russell on higher education. The cabinet secretary will take questions at the end of his statement, so there should be no interruptions or interventions.

14:36

**The Cabinet Secretary for Education and Lifelong Learning (Michael Russell):** At the beginning of this year, I consulted on a wide-ranging green paper on higher education. Following that process, I made a statement to the Parliament on 16 March in which I set out how, in the event of re-election, I intended to progress an ambitious agenda of reform. Today, I return to the chamber to set out the next steps, which will be taken in the context of a wider ambition for education in Scotland.

My vision and that of the Government is of a sector that plays an important role in delivering improved life chances for young people; that provides the best outcomes for learners; that takes its world-class research base to even greater levels of success; and which makes the maximum possible contribution to achieving greater levels of sustainable economic growth for Scotland.

Scottish universities are highly regarded throughout the world and will play a central role in delivering our wider ambitions for Scotland's future. We want to protect and enhance their international competitiveness while ensuring that they provide opportunities for all.

Before the election, I was quite clear that the debate on higher education was sometimes too narrowly focused on fees. The green paper opened up a more fundamental discussion about the role of our universities and how we support them without mortgaging the futures of our students and graduates to pay for it. We will not follow England by putting an unmanageable debt burden on our graduates. On average, Scottish graduates currently have less than half the debt—almost £11,000 less—of their English counterparts. Under the new arrangements south of the border, the average debt of English graduates could be as much as £30,000.

The Scottish election established a clear consensus that tuition fees, whether up front or back door, are not the right solution for us, nor is any form of graduate contribution. As Ken Macintosh said in the debate on 16 June, the Conservatives aside, we have solidarity on tuition fees in the Parliament, so it is no longer a live issue for us. In this country, higher education is,

and will continue to be, based on the ability to learn, not the ability to pay.

Our first step must be to address the financial challenges ahead of us, which in great part have been created by decisions that were taken in England. I have done everything that I can to maintain stability for our sector north of the border by being clear on two issues: we will not charge fees for Scottish students and we will commit to funding the sector to retain its competitive position.

At the start of June, Alastair Sim of Universities Scotland helpfully pointed out that the fees situation in England will not be clear until next month. Moreover, Universities UK has stated that it will not be fully clear until students start to take their places at university next year. It is possible that yesterday's launch of the United Kingdom white paper may only have added to that uncertainty. I intend to use the best information that we have available over the summer recess to work with the sector through the spending review to begin to put in place a funding solution for the sector, which is why I am announcing what our response will be to higher fees in England and Wales as regards students from the rest of the UK who choose to study in Scotland.

I say at the outset that this is not a measure that I take any joy in having to implement. Scotland welcomes students from all over the world. We want them to continue to come here because of the quality of what we offer and the quality of where we offer it, but we must be the best option, not the cheapest option, and we need to move quickly. Our universities are already starting to plan recruitment campaigns for the academic year 2012-13. We must provide clarity for potential students from the rest of the UK who want to make the positive choice to study in Scotland.

That is why I am launching a consultation on proposals for secondary legislation to allow Scottish universities to set their own fees for students from other parts of the UK from the academic year 2012-13. From 2013-14, I plan to introduce primary legislation to restrict the fees that our universities can charge those students to a maximum of £9,000 per annum—the upper limit in England.

I have agreement from Universities Scotland that universities will voluntarily comply with that cap until the primary legislation is in place. That means that we can expect a range of fees for other UK students—from £1,800 to £9,000—which will give institutions flexibility to target their recruitment. I expect the average fee in Scotland to be lower than that in England and possibly to be around the £6,375 figure that was used in the technical working group with Universities Scotland.

We have no option but to act. If we did nothing, students from England in particular would pay only just over £1,800 a year to attend a Scottish university. That compares with five times that figure—£9,000—in their home nation. Action is essential to ensure that Scottish students are not squeezed out by students from elsewhere in the UK. The proposal that I have described meets that objective. Our universities will be able to offer Scottish students the same number of places next year as they did this year. In fact, in time, the arrangement might even allow them to offer more places—I will consider that.

I will ensure that the additional revenue is distributed fairly. Universities with high numbers of other UK students will benefit, but we will work with the Scottish Further and Higher Education Funding Council, Universities Scotland and the National Union of Students Scotland to ensure that the additional income that is generated helps the whole sector. The consultation process will run from today until 2 September, and the relevant secondary legislation will be laid in Parliament later that month. I hope that it will be approved by November.

As well as implementing the new fee arrangements, we will continue to explore the feasibility—within the boundaries of European law—of a management fee for European Union students. The issue is complex, and we must take our time to explore fully what might be possible. My officials are continuing to engage with the European Commission and member states, and I hope to say more about the subject later in the year.

My aspirations for the sector are much wider than merely financial. For example, modern and transparent governance arrangements must be in place across all our universities as a prerequisite for long-term stability and success. The plans will be shaped by the governance review that I announced two weeks ago. The review is being led by Professor Ferdinand von Prondzynski, who has considerable experience of university governance outside Scotland. His review will consider whether an appropriate level of democratic accountability and transparency exists, while the benefits of autonomy and the importance of a strategic purpose that aligns with national priorities are recognised. I am publishing the review's remit today alongside a call for evidence, so that we can gather views over the summer. I expect to have recommendations by the end of this year and to legislate, where necessary, next year.

However, we must go further. In September, I will produce more detailed proposals in a pre-legislative paper that covers not just universities but colleges, skills and training. That will be

followed by a period of public discussion and debate, before legislation to reform all those areas is introduced to the Parliament in 2012.

Meeting the learner's needs will be at the heart of those proposals. Scotland's ability to flourish depends on its people, and I am committed to ensuring that our people—all of them—have the opportunities that they need to improve their life chances, attainment and employability. There will be tough choices. We need to be much clearer about the provision that is on offer—the extent to which it is duplicated and the degree to which it helps people to secure positive outcomes when their learning is complete.

Broadly speaking, my reform proposals will include establishing more efficient and flexible learner progression whereby more students are capable of moving seamlessly from school to college to university and into jobs; incentivising learning provision, so that it is better aligned with our ambitions for jobs and growth; creating structural change across the entire post-16 education landscape, so that public funds for education and training are used more efficiently; guaranteeing wider access, including lowering socioeconomic barriers to involvement in education and training; maintaining Scotland's world-leading position in university-led research; developing revised student support arrangements that are fair and affordable; ensuring that governance in colleges and universities provides greater accountability for public funding and commands greater public respect; and simplifying the funding structures and flows for higher and further education.

I am pleased to announce that I plan to hold a review of the governance of our further education colleges, which will run in parallel with our university review. It will examine the quality and relevance of, and potential future contribution that can be made by, enhanced governance structures for our colleges. I am delighted to inform the Parliament that the review will be led by Professor Russel Griggs, who will be assisted by representatives of staff, students, principals and others. Professor Griggs has held many non-executive positions in the public and private sectors and is the chair of Dumfries and Galloway College's governing body.

I believe that, just as for our universities, the governance structure of colleges should pay strong regard to democratic accountability. College governance must be geared to providing world-class leadership, inspiration and scrutiny in order to support the economic and social role of colleges in what will inevitably be a highly challenging future financial climate. I will therefore ask Professor Griggs to make recommendations that will ensure that the governance of our



colleges is fully aligned with those challenges. I will also ask him to consider what improvements can be made to the democratic accountability of our colleges.

What we teach and what we learn has played an important part in developing Scotland's people, economy and society. Education plays a central role in improving life chances. Learning, in all its forms and settings, has a wide reach. At one end of the spectrum, it helps those who are furthest from the labour market to move towards employment; at the other, it develops high-level skills and produces world-leading research. Our tradition in education influences how other countries perceive us and how we project ourselves in the world. Our people and our distinctive culture are the richer for it.

These proposals for reform are ambitious. They represent the most significant changes since devolution. They will transform for the better the education and training landscape and enhance the life chances of all Scots.

The first Earl of Birkenhead, Frederick Edwin Smith, was rector of the University of Aberdeen from 1927 to 1930. In a rectorial address to the university, he stated:

"Scotland is renowned as the home of the most ambitious race in the world".

That was a great compliment. It was true then, and it is true now. The Government and I are ambitious for the people of Scotland. Our proposals will ensure that those great ambitions are realised, for education makes ambitions come true.

**The Presiding Officer:** The cabinet secretary will now take questions on the issues raised in his statement. I intend to allow around 20 minutes for questions, after which we will move to the next item of business.

**Ken Macintosh (Eastwood) (Lab):** I thank the cabinet secretary for the advance copy of his statement. I also broadly welcome the further information that he has provided on the review of higher education and the announcement of a review of further education. Labour wishes accountability in those areas to be improved, and we look forward to discussing proposals at a later stage.

However, I was slightly taken aback by the minister's comments on charging fees for rest-of-UK students, which prompted more questions than answers. The minister has set the fee cap at £9,000 a year, but will that apply over three years or over the typical Scottish four-year course? Does the cabinet secretary accept that if it is open to principals to set a four-year charge of £9,000 a year, the cabinet secretary will be in the ludicrous

position of setting fees in Scotland that are higher than those in England?

On the same point, will any university that introduces the new fees have to meet the criteria set by the Office for Fair Access, or will no widening access obligations be attached?

On the principles behind his thinking, will the cabinet secretary clarify whether he sees the primary purpose of the new charges as being to deter fee refugees or to generate income? If it is the former—which is Labour's position—does he plan to set a limit on the number of places that are available to rest-of-UK students?

The cabinet secretary began his statement by ruling out a market for higher education for Scottish students. However, by allowing course-by-course and institution-by-institution flexibility over rest-of-UK fees, does the minister consider it acceptable to create a market for English students? There are already widespread fears that some institutions tailor their courses according to available funding streams, for example research grants or the number of postgraduate students. How does the minister intend to prevent those same institutions from offering courses to fee payers from the rest of the UK, which effectively would displace Scottish students from those courses?

Finally, the statement was noticeable for the lack of any detail on how the Scottish Government will proceed on charging EU students. Will the cabinet secretary at least assure Parliament that the plan that he has come up with and is working on is lawful as well as feasible within the boundaries of the EU?

**Michael Russell:** I will deal with the last question first. There were many questions, so I will work my way backwards.

My statement was entirely clear. I used the words "within the boundaries of European law". We will do our best to make progress on that. What we propose is certainly lawful in Ireland, where it operates, so I would have thought that it would be lawful here, too.

For a variety of reasons, I am disappointed in Ken Macintosh's litany of questions. First, I hope that he will join me in saying that the best solution would be independence for Scotland, because in those circumstances we would be able to treat everybody entirely equitably. We would have our own money, raised through a variety of taxes, and we could choose how to spend it. Unfortunately, we are not in that position.

Ken Macintosh might reflect that the difficulties that have been created by decisions south of the border were set in train by the Labour Government, which commissioned the Browne

review and clearly supported its outcomes. In those circumstances, if there are problems, many of them lie at the Labour Party's door.

Mr Macintosh talked about the fees that I am setting, but my statement was entirely clear that I am not setting fees: I am giving Scottish universities flexibility to compete with their counterparts elsewhere in the UK. Mr Macintosh is also wrong that, in some curious way, there will be disadvantages. Some courses, such as medicine, that typically attract the highest proportion of students from the rest of the UK are the same length north and south of the border. The fee is an annual fee, but it will be up to the universities to decide how they compete. That is an inevitability. Because of the situation in which we are placed with the limitations on the Scottish budget, I cannot, and nor should I, pay for every single student who comes to Scotland.

As I made entirely clear in my statement, the proposals are designed to ensure that the same number of students from Scotland that we have this year—107,000—should be accommodated next year. I want to ensure that we go further. I said in my statement that I will consider lifting the cap on the number of students.

The measures are a necessary compromise that has been sought by the universities, with which I have had detailed and helpful discussions. In all those circumstances, the proposals are the right thing to do. I am glad that Mr Macintosh welcomes some parts of the statement, although it would have been more sensible if he had welcomed it all.

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

Will he confirm whether the increased fees that are to be charged to RUK students will be indexed in line with inflation?

Given that the vast majority of English institutions have now set their fees, with the average being £8,600, will the cabinet secretary confirm whether he believes that the total funding gap is still only £155 million?

David Willetts confirmed yesterday that there will be 10 per cent more cash in the English university system by 2014-15. What increase in cash terms will be enjoyed by Scottish universities in 2014?

**Michael Russell:** Again, the member makes a basic mistake in her questions. I am not setting fees for students from the rest of the UK; I am ensuring that the freedom exists, under a cap, for the universities to do that. Providing that the consultation produces the appropriate responses, we will go forward on that basis, because that is what the universities want. That is the best

situation that we can make out of the demands that have come from south of the border.

I am keen to stress a number of aspects. In Scotland, we will guarantee widening access, but we will do that by means of the legislation that I have proposed. Many people believe that the proposals south of the border will not guarantee widening access. We have opportunities to make the system work for Scotland. It would be very good indeed if the Tories left the position that they are in, which is unique, and supported the Scottish democratic tradition.

On resources to universities, we have guaranteed to ensure that we close the gap, and the universities are happy with that. I commend to Liz Smith a letter that I have had from the convener of Universities Scotland—from Scotland's universities—which states:

"can I reaffirm Universities Scotland's entire acceptance that in the post-election environment any further discussion of graduate contribution options is irrelevant."

I think that that makes Liz Smith irrelevant, and I wish that she would join the relevant side of the chamber.

**The Presiding Officer:** Many members wish to ask the cabinet secretary a question. If members keep the questions and answers brief, we might get through everybody.

**Jamie Hepburn (Cumbernauld and Kilsyth) (SNP):** Does the cabinet secretary share my regret that UK Governments of various shades have created the situation that we face today—Labour by introducing tuition fees in the first place, and the Tories and Liberals by their recent changes to fees in England? As much as we appreciate the cabinet secretary's statement—

**The Presiding Officer:** Ask a question, please.

**Jamie Hepburn:** Is it not the case that, if those parties had acted differently, the cabinet secretary might not have been in a position in which it was necessary to make the statement in the first place?

**Michael Russell:** It is certainly obvious that many of the difficulties that we face were generated elsewhere. I am trying to decouple ourselves from that situation and create a clear policy that we can follow in Scotland—one that Mr Macintosh had indicated that he supported, although clearly he now has reservations. As long as we have reasonable agreement across the chamber that we have a distinctive and successful policy in Scotland, I want to limit the harm that is done—Mr Hepburn is right about that—by decisions made elsewhere.

**Claire Baker (Mid Scotland and Fife) (Lab):** The cabinet secretary has previously stated that

an EU service charge will raise in the region of £22 million towards plugging the university funding gap. Can he confirm whether such a charge would be legal? If he is confident that he can pursue a charge, will it be additional to fees and will it have to apply to home students as well, as it does in Ireland?

**Michael Russell:** With the greatest respect, the member knows the answers to those questions. They were in the statement, and they have been previously discussed. It would be good if the Opposition joined in supporting our initiative within the EU to ensure that we can put a service charge in place. I am happy to offer the member a briefing from officials on the service charge, because we want to ensure that everybody supports it. To use it as the stuff of politics and to bandy it about this chamber will not help universities, the situation or European students.

**Marco Biagi (Edinburgh Central) (SNP):** I welcome the inclusion of colleges in the statement. Will the cabinet secretary explain a little more about what he meant by “democratic accountability”, and will he provide some insight into the terms of reference of the further education review?

**Michael Russell:** I will finalise the terms of reference with Professor Russel Griggs shortly. I had a conversation with him yesterday evening about some of the wider issues. He not only has a lot of experience in the further education sector but has worked in the better regulation sector and was part of the UK’s better regulation task force.

We want to simplify arrangements to ensure that we have in place governance arrangements that are the simplest possible and which provide colleges’ accountability to a number of communities. At the Education and Culture Committee yesterday, I referred to the concept of nested communities, which includes the academic and learning community of the college, the wider community in which the college is set, and the wider community of people in Scotland who provide education and training to the whole of the nation. In understanding the situation in that way, we want clear lines of accountability to be established. I am sure that Professor Griggs and his team will work on that, just as Professor Ferdinand von Prondzynski will work on it for the higher education sector. I hope that they will also work together more broadly.

**Jenny Marra (North East Scotland) (Lab):** What discussions has the cabinet secretary had with the UK Government to ensure that UK students from outside Scotland will be able to access funds to pay their fees through the Student Loans Company or another source?

**Michael Russell:** When I discuss such matters with the UK Government, it is always on the basis that we both want to continue the cross-border flow of students. I had a phone conversation with David Willetts this very morning about a number of issues arising from his white paper yesterday and my proposals today.

There is a recognition throughout all the parts of these islands that we want to maintain cross-border flows. They are very important to us all. However, none of us should be in a position of finding our universities or colleges swamped by others from elsewhere, because that would create enormous problems.

There is a commitment to continue to support students coming from other parts of the UK. We are also committed to continuing to support students going to other parts of the UK, and of course we pay full fees when we do that. Any student going from Scotland to a course south of the border is paid for through the system and borrows the money to undertake their course. That will continue, and as long as we are all moderate and sensible the good things in the system will continue.

**Liam McArthur (Orkney Islands) (LD):** I, too, thank the cabinet secretary for prior sight of his statement. I also welcome the further detail on the review of higher education. Although he talks about the more efficient and flexible learner progression, there is not a great amount of detail. Will he confirm whether that includes the possibility of moving to Scottish degrees that are completed within three years? Although he was quick to encourage Ken Macintosh to rally to the standard of independence, without confirming any of the details of the legality of the management of the service charge in Ireland, does he not accept that the plan runs the risk of lumbering the Scottish ministers with the bill for the fees for students not just from the rest of the EU, but from the rest of the UK?

**Michael Russell:** To be blunt, I think that the Liberals are becoming a single-issue party: they just talk about independence all the time. I have a much broader view.

If, at independence, we were faced with the problem of having to pay for students from the rest of the UK, I am sure that we would find a way to do it. The Irish way is interesting, as it applies a management fee to every person who goes to university in Ireland, including those from outside Ireland, but provides means-tested access to funding for Irish students, so there is a contribution—a generous one—to students. We could consider that for everybody, but I am keen to continue to explore the matter. Indeed, it is being well explored.

As for the variety of other governance and accountability issues, it is extremely important that we recognise the responsibilities of further and higher education and connect them to the people who are being served. If we do that, the system will work exceptionally well.

**Clare Adamson (Central Scotland) (SNP):** During the consultation period and while the voluntary guidelines are in place, what representation will the cabinet secretary make to universities to ensure that fees are set in a timely manner to give students a clear path ahead?

**Michael Russell:** It is in the universities' interest to ensure that they set fees at the right time, in the right way and at a level that they believe will attract the number of students that they wish to have. The universities were very keen for me to make this announcement before Parliament rose for recess; indeed, those who attended the two cross-party higher education summits that were held before the election will remember that the universities asked for this issue to be brought forward before the end of June. That is what we are doing. They are now ready to start the process of setting fees and, when we get the secondary legislation after the consultation, they will be able to ensure that they can charge them from next year. I am quite sure that they will do that well and in a timely—and careful—fashion. After all, they want to continue to attract the maximum number of students from elsewhere. Indeed, they might, as will be their right, wish to attract more students to certain courses.

**Drew Smith (Glasgow) (Lab):** As Marco Biagi has pointed out, the terms of reference of the higher education governance review refer to

“an appropriate level of democratic accountability given the level of public funding”

received. Will the review address the issue of lack of public audit in higher education, particularly given the difference between HE and FE in that respect? Will the cabinet secretary also confirm that there will be no further inflation in principals' pay over the course of this parliamentary session?

**Michael Russell:** It is quite impossible for me to fulfil the member's second requirement, because I do not set university principals' pay. If I did, I might be willing to give the member that commitment; however, given the circumstances, the issue is up to universities themselves. Nevertheless, I hope that they will be mindful of what the public thinks and feels. Indeed, members on all benches in the previous Parliament made it very clear that they were not happy with the way in which the matter had been handled. I echoed that sentiment and continue to echo it and make it clear to the university principals.

The member's question about public audit is very interesting. Although the Scottish funding council requires a great deal of compliance activity, there is very little transparency in the publication of figures. The member is right to be concerned about that. It will be an issue for reform and will be tackled.

**Jean Urquhart (Highlands and Islands) (SNP):** I welcome the cabinet secretary's comments, particularly the determination that higher education will continue to be free in this country. I would like to make a suggestion regarding Scotland's newest university, the University of the Highlands and Islands. A couple of weeks ago—

**The Presiding Officer:** The member should come to her question.

**Jean Urquhart:** A couple of weeks ago, the new centre for nordic studies was launched. I wonder whether the cabinet secretary believes, as I do, that there should be better connections between UHI's northern and island university colleges and the Scandinavian countries.

**Michael Russell:** I agree entirely. Indeed, on a visit to Finland a year last March, I was very struck by meeting at a technical college in Helsinki a small group of social care students from Dundee College who were on a training fortnight. That link was very useful, and I encourage students and lecturers across the college and university sector to think of places outwith Scotland to make connections with, because such activity is exceptionally important. I am encouraging next year to be seen as the year of outgoing for Scottish students, and I have funded special activities to allow them to study abroad. The more that that happens in Scotland, the better.

**Siobhan McMahon (Central Scotland) (Lab):** The cabinet secretary has said that he will ensure that the additional revenue is distributed fairly. How will he achieve that and will all universities be able to hold on to the additional revenue that they generate?

**Michael Russell:** Clearly, there has to be some benefit to each university, given that it has to meet the costs of the course. It would be inequitable if we were to do anything else. However, I think that all the universities recognise that there should be an additional sharing mechanism. After all, some of them attract more students from the rest of the UK than others. As I indicated in my statement, that is a matter for negotiation between Universities Scotland, the Scottish funding council and the NUS, but the Government will also have a role in ensuring that there is an equitable mechanism.

**Jim Eadie (Edinburgh Southern) (SNP):** In taking forward his plans for higher education, will

the cabinet secretary commit to continue to recognise and reflect the diversity of our university sector, and in particular the significant contribution that is made by research-intensive universities such as the University of Edinburgh, which undertakes important work, including its world-leading carbon capture and storage technology, which has the potential to benefit millions of people across the world?

**Michael Russell:** Scotland has five of the world's top 150 universities. I do not think that even France can stand in that league, so we play well out of our league in terms of size. We are also the most cited small nation in the world. We must maintain that, which is why my statement specifically referred to ensuring that the world-class research performance of Scottish universities is maintained. I am absolutely committed to that and will continue to be so.

**Murdo Fraser (Mid Scotland and Fife) (Con):** The cabinet secretary has said previously that the comparative spending gap can be partly filled by efficiencies and philanthropic giving, despite the fact that those, of course, are also being pursued by English institutions. What other funding sources does he envisage using to fill the funding gap other than simply trying to charge English, Welsh and Northern Irish students more?

**Michael Russell:** Murdo Fraser should start being ambitious and stop being so timorous. There is a famous phrase that if you invent a better mousetrap, people will beat a path to your door. If Scottish universities are, as we believe them to be, world leaders in research and teaching and are respected internationally, they will play well outside their league in philanthropy and research funding. They already do so in funding from, for example, the British and UK research councils. There is a variety of other ways in which they can work in that regard. The little Scotlandism of Mr Fraser is famous in the chamber. I am a Scot who is ambitious for our universities and for Scotland. Thank goodness that universities are achieving, because if they listened to Mr Fraser they would achieve nothing.

## Financial Outturn

15:07

**The Presiding Officer (Tricia Marwick):** The next item of business is a statement by John Swinney on financial outturn. The Cabinet Secretary for Finance, Employment and Sustainable Growth will take questions at the end of his statement. There should therefore be no interventions or interruptions.

15:07

**The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney):** I am grateful for the opportunity to inform Parliament of the provisional Scottish Government budget outturn for 2010-11.

At all times, it is essential that we maximise the value of every public pound as we take forward programmes to support economic recovery and deliver high-quality, efficient public services. As a demonstration of this Government's sound financial management, I can report to Parliament that the provisional outturn for 2010-11 is expenditure of £28,475 million against a fiscal departmental expenditure limit budget of £28,487 million—an underspend of just £12 million. That sum is in line with the patterns in recent years and represents less than 0.1 per cent of our fiscal DEL budget, which is equivalent to less than half a day's spending by the Government. The underspend of £12 million represents our headline underspend figure and is a measure of our performance in managing the Scottish block of public expenditure.

The fiscal DEL is now the key control aggregate used by HM Treasury and is made up of the cash resource and capital budgets. The underspend for the resource and capital budgets was £10 million and £2 million respectively. The forecast outturn has been closely monitored all year, with alternative expenditure approved as the forecast underspend position firmed up. That approach ensures that resources are targeted as necessary to support the Scottish economy during these difficult times.

However, in announcing this achievement, we recognise that there is no room for complacency. The efficient and effective management of our budget remains a key characteristic of the Government and will prove invaluable as we move into challenging times for the Scottish budget in the years ahead.

On the other elements of our budget, there is a forecast underspend on non-cash DEL of around £86 million. That is the ring-fenced element within the budget that is intended to cover depreciation,

some impairments and other technical accounting movements. A key element of the underspend related to the depreciation charge on the road network. That is determined by the road asset valuation model, which does not provide a final estimate of depreciation until after the end of the financial year, resulting in a downward movement of £68 million. That makes it very difficult for us to tightly control and manage our non-cash budget.

An underspend on this budget cannot be used to buy goods and services. It does not reflect a missed opportunity to spend more on public services.

The 2010-11 provisional outturn white paper is due to be published in July by Her Majesty's Treasury. In it, the fiscal DEL underspend for the Scottish Government will go on record as being £12 million along with the £86 million non-cash underspend.

I take this opportunity to update Parliament on the processes that surround underspends in our budget. Since devolution, the Scottish Government has been able to carry forward any unspent budget to future years in a process that was known as end-year flexibility. End-year flexibility was abolished unilaterally as part of the 2010 United Kingdom spending review. The Scottish Government had drawn down practically all its unspent end-year flexibility balances in the years leading up to the end of 2010-11. Its cash balance at that stage stood at only £23 million, in contrast with the Northern Ireland Executive's balance of more than £295 million and the Welsh Government's balance of £164 million. Consequently, although the Treasury's unilateral decision to abolish those arrangements and retain all the remaining balances is not welcome, the impact on public expenditure in Scotland is relatively small due to the success of our negotiations with Her Majesty's Treasury.

A replacement for end-year flexibility—known as the budget exchange mechanism—has been set out by the Treasury. It would allow some scope to transfer budgets to future years and would have to be declared as part of our spring budget revision process. The detailed technical rules that the Treasury has proposed create a risk that some unavoidable underspends would not be available for redeployment in future years. That is clearly unacceptable. Along with my finance minister colleagues from Wales and Northern Ireland, I am continuing to discuss with UK ministers the implications for the devolved Administrations to ensure that we have the right to spend the budgets that are allocated to us in the UK spending review—I want to ensure that they are not lost to Scottish public services. That is especially important at a time when the UK

Government is already reducing the total resources that are available to us.

The whole issue underlines the problems with the current fiscal arrangements: we have to wait for the UK to decide how Scotland should best manage its own budget; and we are subject to Treasury rules and arbitrary changes to those rules, about which we are not consulted. Given that uncertainty about future arrangements, I am particularly pleased to be able to announce today such a low DEL underspend of £12 million for 2010-11.

I commend the outturn figures to the chamber. They demonstrate once again the firm grip that the Government has on Scotland's public finances. Since 2007, we have been faced with ever-increasing challenges as a result of the decisions that successive UK Administrations have taken about the public finances. Our response has required competence within government and a commitment to building effective partnerships across the Parliament and more widely across the public sector and civic Scotland. We will not alter from that course as we look to the future.

As all members know, the outcome of the UK spending review places severe pressures on future Scottish budgets. By 2014-15, the Scottish DEL will be £3.5 billion—or 12 per cent—below its 2010-11 level in real terms. Within that, our capital DEL will fall by 35 per cent over the same period in real terms. We will continue to make clear our view that the UK Government is cutting public expenditure too far and too fast. However, it is against that background that we have already published a budget for the current financial year that addresses the cuts of more than £1 billion that have been imposed on us while delivering on key priorities around the economy, the environment and our public services, and we are building majority parliamentary support for our approach.

In the autumn, we will publish our forward spending plans for future years. Those plans will show how we will continue to manage intense budget pressures and how we will use available budgets to deliver on our manifesto commitments and lay the foundations for the future by growing the economy, tackling the carbon challenge and investing in preventative spend to improve outcomes and reduce future costs.

We have already set a clear course on efficiency, pay and public service reform that will continue to ensure the sustainability of our public finances while taking forward our vision for Scotland's economy and her people. Our approach—and Parliament's—will be enhanced by the work of the Christie commission on the future delivery of public services. We welcome the report that the Christie commission has published today. The economic climate and challenges in the public

finances mean that the need to improve service delivery and redesign services to secure greater value for money is pressing.

The Scottish Government has a strong track record of partnership working, improved alignment across the public sector to deliver shared national outcomes, delivery of our simplification programme and improved cross-sectoral working, drawing on the strengths of the third sector and the private sector.

We are determined to go further in delivering our reform programme. We recognise that doing that requires a co-ordinated view to be taken across Government, and our Cabinet sub-committee on public service reform is already taking forward our plans, which will be shared with Parliament later in the year.

With the help of the Scottish Futures Trust, we will continue to extract maximum value for money out of our infrastructure programme, as we have demonstrated recently with both the new Forth crossing and the M74.

As we set out last Friday, we continue to make the case for changes to the UK fiscal framework, such as early and meaningful borrowing powers, which will help us to deliver Scottish priorities in the face of further real-terms cuts to the Scottish block.

There is consensus across the chamber on the need for substantial capital borrowing powers, and there is an overwhelming case for immediate implementation. We will work with this Parliament to use those powers to their best effect and in line with our unwavering commitment to sound budget management.

As the outturn figures that I have announced today make clear, this Government could have made no greater effort to ensure that we use our existing powers and resources to maximum effect, in the interests of the people of Scotland. However, our vision for the future of this country and its finances goes well beyond what we have so far been able to achieve within the current fiscal arrangements. I invite everyone in the chamber to welcome today's figures and what they represent, and to support our efforts to deliver the lasting changes that Scotland needs and deserves.

**The Presiding Officer:** The cabinet secretary will now take questions on the issues raised in his statement. I intend to allow about 20 minutes for questions.

**Richard Baker (North East Scotland) (Lab):** First, I thank the cabinet secretary for his statement. He has made a virtue of securing an underspend of only £12 million and, of course, if the UK Government is going to restrict the potential to use underspend in future years, that is

sensible. However, is the key issue not that the Scottish Government should be able to use underspends—underspends that have been sensibly achieved—as it wishes? Indeed, in the past such underspends gave important flexibility in the budget—the cabinet secretary himself has planned to carry over some £130 million of underspend to next year. Can he confirm whether those funds are still to be carried over? Is it not therefore vital that the Treasury revisits its unilateral decision to retain the remaining balances from last year and that the Scottish Government is granted the flexibility that it should have to spend such funds in the future?

The cabinet secretary also referred to the impending spending review. Given that he chose to delay its publication until after the election, will he publish his future plans at the earliest opportunity? Will he also tell us when the Scottish Government will provide a detailed response to the Christie commission's important proposals for greater efficiency in the public sector, given their significance for public spending in the future and the urgency of these issues?

**John Swinney:** The provision for a carryover of £130 million was made in the winter supplementary estimates by Her Majesty's Government, which involved revising our budget for 2010-11 and inflating our budget for 2011-12. The budget that this Parliament approved in February therefore includes that £130 million carryover, and provision has been made for it under the arrangements that were agreed with Her Majesty's Treasury.

I endorse Mr Baker's comments about the importance of the Treasury reconsidering the approaches that are being taken in the budget exchange mechanism. I am very clear about the importance of us having the flexibility to form a judgment in the latter stages of a financial year about whether there is a stronger argument and a stronger case for delaying expenditure, and therefore carrying it forward to a future financial year, rather than spending that money in the short term on a project of lesser priority to ensure that the money gets spent. One of the innovations in public expenditure in the past few years that I think has been helpful is that of enabling a carryover from one financial year to another.

I accept that there must be limits on that. We must have an effective approach to public expenditure so that vast underspends are not built up. There has to be some control over the process, and the Scottish Government would be happy to agree to controls in that respect if we had that flexibility.

The Government will publish the spending review in autumn, and it will address the issues that Mr Baker raised. I expect the Government to

consider the Christie commission's report during the summer recess. We will report to the Parliament on our response to the commission's findings after the summer recess.

**Gavin Brown (Lothian) (Con):** I thank the cabinet secretary for the advance copy of his statement.

I have a few specific questions. First, can the £12 million headline underspend figure be broken down by portfolio, in the way that the cabinet secretary has been able to do on the combined fiscal and non-cash underspends, to identify whether individual portfolios were out of sync?

Secondly, what is the cabinet secretary's view on having an overallocation for 2012-13?

Thirdly, the Christie commission recommended that

"The Scottish Government should replicate the Office for Budget Responsibility's ... independent fiscal sustainability analysis in Scotland".

Does the cabinet secretary have an initial view on that recommendation?

**John Swinney:** The £12 million fiscal DEL underspend can be broken down. It will take account of decisions that I made in the financial year, in particular in the last part of the financial year, to address areas in which we can maximise the effectiveness of our expenditure. For example, late in the financial year I had the opportunity to bring forward some financial commitments that were made to Network Rail, because of emerging underspends in 2010-11, which avoids a financial commitment in 2011-12. There are instances of financial management and the taking of such decisions to avoid future costs.

I will set out my position on overallocation for 2012-13 when I publish the draft budget for 2012-13 later this year. I point out to Mr Brown that the figures that I announced today originally included an overallocation of £100 million, which has been managed out of the financial performance in 2010-11. Of course, the 2011-12 budget has been set with no overallocation. I want to reflect on the issue, and a judgment that I must make in that regard is about the practicality of any end-year flexibility mechanism that will exist at the time.

In principle, I think that the Christie commission has made a helpful and thoughtful contribution to the debate that supports a number of the areas in which the Government has taken forward arrangements, for example in relation to partnership and collaboration among public sector bodies, particularly through community planning partnerships, and in relation to the focus on single outcome agreements, which might have been controversial in the Parliament from time to time

but seem to have captured the attention of public sector partners and the Christie commission.

If I were to take up the point about replicating the Office for Budget Responsibility's fiscal sustainability analysis, we might get into territory that intrudes on the budget advisory mechanisms that the Parliament has put in place to equip itself with the ability to scrutinise the Government's budget proposals. However, I will consider all the recommendations in the Christie commission's report. As I said to Mr Baker, we will give our response to the Parliament in due course.

**The Deputy Presiding Officer (Elaine Smith):** If members ask short questions and the cabinet secretary gives short answers, I hope to be able to get everyone in.

**Mark McDonald (North East Scotland) (SNP):** The cabinet secretary touched on the problems that will be posed by the budget exchange mechanism. Does he agree that the issue strengthens the case for Scotland to have full control of her finances, which would remove the need to enter into complex and technical negotiations with the UK Treasury and ensure that we had access to and control over our resources?

**John Swinney:** There are strong arguments for the point that Mark McDonald advances, and he makes his case on end-year flexibility well. As I explained to the Scotland Bill Committee yesterday, the issue fits into the important question of having a framework of financial responsibility. I will always accept that it is essential that we have such a framework in place. I could cite other examples, such as the fossil fuel levy. If Her Majesty's Government had a different set of accounting regulations or was willing to act pragmatically in the area, we could open up that source of investment to support our development of renewables in Scotland. Obviously, we are continuing to pursue that issue with Her Majesty's Government.

**Rhoda Grant (Highlands and Islands) (Lab):** I have questions in response to the cabinet secretary's answer to Gavin Brown. Which projects were brought forward for funding from next year to this year? What is the value of those projects and the subsequent savings in relation to next year's budget? Is one of those projects the first foot scheme, which the cabinet secretary recently announced? How does he intend to spend the £130 million end-year flexibility money that he has been able to carry forward? In light of the Christie commission report, will he look at funding preventative spending measures, such as reinstating the healthy living centres?

**John Swinney:** I can give examples of projects that have been brought forward. I increased some of the expenditure to support college places and



bursaries in the previous financial year. I have already mentioned Network Rail, but I also made additional provision for the potholes fund for local government and Transport Scotland and brought forward some capital expenditure in the housing sector into the bargain. Those are just some examples of the expenditure that was brought forward.

Rhoda Grant asked about the utilisation of the £130 million end-year flexibility money. That is all factored into the budget that was approved in Parliament in February this year. I cannot identify precisely where in that budget the £130 million was sent, but it is within the overall control totals that members approved in that budget, together with the accompanying statements that I made in the stage 3 debate, which will have to flow through into the budget revisions during the financial year.

Like the Finance Committee in the previous session, Christie has given us substantial encouragement to intensify our efforts to concentrate on preventative spending, and we will, of course, examine and explore opportunities to enable us to do that.

**Chic Brodie (South Scotland) (SNP):** The cabinet secretary is be congratulated on his husbandry of the nation's finances, but he will be aware that the budgets for local authorities and some non-governmental organisations include the sale of underutilised and non-utilised assets. In view of the impact that the success or otherwise of that approach has on national finances, will he seek an urgent appraisal of the actual versus the planned outcomes for the previous financial year and seek a review of the asset disposal plans of those bodies in this year?

**John Swinney:** Mr Brodie raises the substantial issue of the utilisation of our country's asset base. Local authorities are self-governing institutions, so my ability to scrutinise their asset management plans is limited. However, they are entitled to do that of their own volition.

It is apposite that Mr Neil has just joined me on the front bench, as he is leading work with the Scottish Futures Trust to examine the asset bases of different public sector organisations. The aim of that work is to find opportunities for us to operate more efficiently through the use of those capital asset bases and to dispose of assets that we do not require in order to enable us to invest in the capital infrastructure that we require in the years to come. That piece of work, which involves collaboration between the Government and the Scottish Futures Trust, is under way.

**Margaret McCulloch (Central Scotland) (Lab):** Under the previous Labour-led Administration, level 4 budget figures were published as a matter of course. That gave the

Parliament and its committees the detail that was necessary to fully scrutinise the budget. In the interests of transparency, will the cabinet secretary reverse his decision to withhold level 4 information and ensure that MSPs, parliamentary committees and the wider public are better placed to assess the impacts of underspending and of the budget as a whole?

**John Swinney:** I do not want in any way to sound as if I know too much about the intricacies of every line of the budget, but I recollect that the previous Administration did not publish level 4 budgets as a matter of course. My budget publications have contained the same amount of detail as those of my predecessors. Indeed, I seem to remember that some of my predecessors stood here and vigorously refuted the need for us to have level 4 budgets—in the interests of completeness, I dare say that I was standing on the other side, arguing for the opposite.

The Government has made level 4 figures available to committees—such as the Justice Committee and the Economy, Energy and Tourism Committee—that have asked for them. I will reflect on the issue now that Margaret McCulloch has raised it today.

**The Deputy Presiding Officer:** I reiterate the need for short questions and short answers.

**Willie Rennie (Mid Scotland and Fife) (LD):** I am not surprised that the Scottish National Party has spent almost all the money, considering its pre-election spending spree. The SNP has successfully delayed the bulk of the decisions on public services, using the Christie commission as an excuse.

**The Deputy Presiding Officer:** Could we have a question, please?

**Willie Rennie:** One would think from listening to the finance secretary that he had already delivered the bulk of that report. When will he abandon his plans for a single police force and bring forward plans for the early intervention revolution that the Christie commission recommends?

**John Swinney:** I am not sure that Mr Rennie is in the strongest position to talk about a revolution; he might encourage some insurrection among members on his back benches at the rate he is going.

On Mr Rennie's point, I spent some of the money that I spent in the past financial year because I reached an agreement with his colleagues in the previous session of Parliament about the importance of investing more than I had originally planned in college places and bursaries. I would have thought that the fact that we had done that and delivered on those things would have been welcome.

On the question of a single police force and the Christie commission, we will bring forward our proposals later in the year. I say to Mr Rennie and to Parliament that the largest single budget reduction in a year has taken place between the previous financial year and this one. I set a budget for this financial year before the election while facing the steepest fall in public expenditure that any finance minister has had to face. I do not think that Mr Rennie is on strong ground when he talks about a revolution or suggests that I have delayed important decisions.

**Maureen Watt (Aberdeen South and North Kincardine) (SNP):** As the MSP for Aberdeen South and North Kincardine, I warmly welcome the Scottish Government's commitment to introduce a funding floor for local authorities to ensure that none receives less than 85 per cent of the average. Can the cabinet secretary provide more detail about how and when that will be implemented?

**John Swinney:** The Government gave a commitment that that would be implemented for the financial year 2012-13. We will honour that commitment and set out the details and arrangements around it as part of the spending review later this year.

**John Pentland (Motherwell and Wishaw) (Lab):** The cabinet secretary's so-called prudence is a triumph of luck over judgment: an unintended consequence of running down reserves to plug the black hole in expenditure that Sir John Elvidge recently highlighted. What discussions has the cabinet secretary had with Sir John regarding his view that the Scottish Government's current spending plans are, effectively, unsustainable?

**John Swinney:** I am very interested in Mr Pentland's observation about my utilisation of end-year flexibility, which is what I suppose he means by "running down reserves". If I had not spent, in a careful and planned way over a four-year period, the resources that were in the end-year flexibility, Mr Pentland and his colleagues would be in this chamber today telling me what a mess I had made of the public finances by not spending the money to which we are entitled.

I point out to Mr Pentland that if I had not taken the careful decisions that I took over the past four years, we would not have a cash balance at the Treasury—which we would now have no access to—of £23 million. We might be in the situation in which Northern Ireland finds itself of having a cash balance that it cannot access of £295 million, or the Welsh Government, with a balance of £164 million. Vindication of our decision can be seen in those actions.

On my discussions with Sir John Elvidge, I always found Sir John to be a man who gave

considered advice to ministers. I do not think that it would be appropriate for me to divulge to Parliament the detail of the advice that he gave me in his capacity as permanent secretary.

**The Deputy Presiding Officer:** I call Paul Wheelhouse and ask him to be very brief.

**Paul Wheelhouse (South Scotland) (SNP):** What savings is the Scottish Futures Trust providing to the public purse in these difficult financial times?

**John Swinney:** In its first year of reporting, the Scottish Futures Trust set out savings of more than £110 million. As I said earlier, the trust is now involved in a range of activities, such as taking forward the non-profit distributing capital investment programmes, on which it is working with different ministers, and the asset management issues, on which it is working with Mr Neil. I am confident that we are now seeing the full benefits of the strength of the Scottish Futures Trust and I am glad that those resources are available to the Government in managing a very difficult financial climate.

**The Deputy Presiding Officer:** I thank the cabinet secretary and apologise to Margo MacDonald—I am afraid that we completely ran out of time.

## Taking Scotland Forward: Infrastructure and Capital Investment

### **The Deputy Presiding Officer (Elaine Smith):**

The next item of business is a debate on taking Scotland forward: infrastructure and capital investment. I call Alex Neil to open the debate. Cabinet secretary, you have 10 minutes.

15:37

**The Cabinet Secretary for Infrastructure and Capital Investment (Alex Neil):** Because this is my first speech in my role as Cabinet Secretary for Infrastructure and Capital Investment, I thought that it would be useful to begin with an overview of my responsibilities and to touch briefly on all the main areas of policy for which my colleague Keith Brown and I are responsible.

First, this is probably the first portfolio of its kind in the whole of the United Kingdom, as it brings together the total infrastructure and capital investment of the entire Government. The figures show that that is a substantial responsibility. In the public sector in Scotland we procure £9 billion of material and supplies every year. We have a £2.5 billion mainstream capital investment programme to manage, on top of which we have a £2.5 billion non-profit distributing investment programme. We are responsible for Scottish Water—a company that has a turnover of more than £1.1 billion—as well as for the European structural funds, regeneration, fuel poverty, housing policy and, of course, transport. By any definition, we have a fairly wide range of responsibilities, which we are both looking forward to working on.

Unfortunately, we are coming to the job against a background of substantial cuts in capital spending that have been enforced on us by successive Governments in London to the tune of 36 per cent over the four-year period of the current UK spending round. However, our attitude to the cuts is not to just lie down and take them but to rise to the challenge and to identify new ways of getting more value out of the money that we have, as well as ways in which we can make better use of the asset base in the public sector and use money that has been saved as a result of more efficient use of our assets for reinvestment in essential front-line services.

My function is a combination of my previous responsibilities for housing and communities and some of Mr Swinney's previous responsibilities for infrastructure and capital investment. I pay tribute to the tremendous innovative work that Mr Swinney undertook over the past four years. During that period he presided over £14 billion-

worth of investment in the capital assets of our country. He has been instrumental in starting major new projects, including the south Glasgow hospitals, the Forth replacement crossing and schools for the future.

Only yesterday, along with the Duke of Gloucester, Mr Brown and I had the pleasure of attending the opening of the new section of the M74, a project that has been talked about since 1965, and which we have now delivered as of last night, when we saw the first traffic transgress the new part of the motorway. The M74 will bring together the east and west of Scotland, cutting journey times by up to 10 minutes and, I believe, bringing up to 20,000 new jobs to that part of Scotland.

**Lewis Macdonald (North East Scotland) (Lab):** I am sure that the traffic was guilty of something, but possibly not "transgressing".

Will the cabinet secretary confirm that the success of the M74 project owes a great deal to the initial support and active contribution of Glasgow City Council?

**Alex Neil:** It also, of course, had those from Transport Scotland, Renfrewshire Council and South Lanarkshire Council. I would be the first to recognise that. They, along with me, traversed the M74. They did not "transgress" it; it has been a long day, starting at the Infrastructure and Capital Investment Committee this morning.

On top of that, we have a record housebuilding programme—the highest number for 20 years.

Over the past four years, the Scottish Futures Trust has developed into a major instrument of Government policy and is a model that is now being copied by Governments in other parts of the United Kingdom and, indeed, overseas.

We would all agree that the role of infrastructure and capital investment is absolutely central to improving the economic growth prospects of our nation. Capital investment and infrastructure facilitate and enable the growth of private sector and wealth-generating activity, and they improve the performance of public service delivery. Policies are all dependent on one another. For instance, to have a successful education policy requires us also to have a successful housing policy, because a child who lives in an overcrowded house will not realise his or her full potential at school. They will not do so unless they are living in decent, spacious accommodation. Similarly, to achieve maximum outputs on health, it is far better and more sensible to have good housing, so that old people, in particular, do not need to live in housing that is damp or that can otherwise make them ill, directly or indirectly.

All those services are extremely important. The issue is not just one of investment in new housing, new hospitals, new colleges and new roads; it is also important to maintain our existing assets at a high level. One question at the Infrastructure and Capital Investment Committee this morning was about the role of the road maintenance budget. That is a very good example of where a good maintenance policy, with significant investment, can save us having to spend more money on upgrading, renovating or replacing particular assets.

Funding those assets presents the major challenge in the years ahead. I have already mentioned our mainstream programme and the NPD programme. We are also considering other approaches to innovative funding, not the least of which is more substantial borrowing powers coming to the Scottish Government through the Scotland Bill—I hope—than the powers that are currently proposed.

We are seriously considering the possibility of raising equity capital from pension funds and from individual savings accounts and other institutional funding, along with pension funds and other private institutional funds, for housing and possibly wider infrastructure investment.

The role of innovation is absolutely critical. Of the new housing investment and innovation fund, £20 million is for new council housing, £20 million is for new housing association houses and £10 million is open to all comers for innovative ideas. The innovation £10 million has been oversubscribed by a factor of five; the other two elements have been oversubscribed by a factor of three.

I was glad that the Minister for Housing and Transport this morning announced a major new innovation for the Scottish Government in working with Homes for Scotland—the umbrella organisation for developers in Scotland—to introduce a mortgage indemnity guarantee to help the first-time buyer market, in particular, to get moving. That was a proposal that was also in the Labour manifesto, although I think that it was probably nicked from our January policy document, as every good idea from the Labour Party has been.

I do not want to underestimate the importance of European funding. Tomorrow, the European Commission will publish its set of proposals on European funding for the period after 2013. Again, I am sure that Parliament is united in agreeing that we must make maximum use of European funding. It is likely that there will also be an announcement from the European Commission that a European infrastructure investment fund and a European digital investment fund will be established.

I want to emphasise the importance of the digital strategy and transport to connecting our cities and our rural and urban areas to each other, and to connecting Scotland to the rest of the world. We attach great importance to transport and to our digital strategy and we look forward to receiving a fair share of the £530 million that is being made available across the UK for investment in digital.

That is a brief overview. I believe that the chamber is united over much of what I have talked about. It is important for us to look forward rather than backward and to deliver as much as we possibly can in terms of capital investment for the benefit of our businesses, our people and our nation.

15:47

**Lewis Macdonald (North East Scotland)**

**(Lab):** I congratulate Alex Neil on his appointment as cabinet secretary and on this dedicated parliamentary debate on the new ministerial portfolio of infrastructure and capital investment. If long words and long titles are anything to go by, Mr Neil can look forward to a busy time in his new job.

Mr Brown's job title is a little more self-explanatory. There is no need for a job description to be presented in Mr Brown's speech in order for us to understand the responsibilities of transport and housing. As we have just heard, the responsibilities of both ministers are wider than that, but the headline issues of housing and transport are a good place to start.

Last night, a number of members enjoyed a parliamentary reception that was organised by the Scottish Federation of Housing Associations. That is a sector that I know well. My wife, Sandra, is a board member of Langstone Housing Association in Aberdeen and I am a tenant of Dunedin Canmore Housing Association here in Edinburgh. Of course, the central purpose of housing associations and co-operatives is not to provide market-rent properties in our major cities—although I am grateful that they do—but to provide social rented housing for people on modest incomes. That is also the central purpose of local authority housing.

Mr Neil and his colleagues were re-elected last month on a manifesto that said:

"Overall, our aim is to build over 6000 new socially rented houses each year."

That is an ambitious target, so I lodged a number of parliamentary questions to find out how ministers intend to achieve it. Earlier this month, Keith Brown provided the Government's latest estimate of house completions in the current financial year, which fell only a little short of 6,000. If the Government's target had been to build 6,000

homes available for below-market rent and mid-market rent and for sale through shared equity or shared ownership, the Government might be able to claim that it was on target, or at least close to it. However, the SNP's pledge in its manifesto was to build each year more than 6,000 new homes in the social rented sector, which does not include—under any definition of social renting as it is understood by housing providers—mid-market rental or rent-to-purchase schemes.

It was therefore surprising to receive some more written answers at half past two this afternoon to questions that I had asked about how many affordable homes, and how many homes for social rent, ministers intend to build in each of the next five years. What became apparent from those answers is that a party manifesto pledge of 6,000 social rented homes a year has been transformed into a Government plan for 6,000 affordable homes, which is a much wider category with no guarantee that the main beneficiaries will be those who are on low incomes and for whom social rented housing is the only affordable option. I asked how many homes for social rent would be built, bearing in mind the manifesto commitment. The answer was not 30,000 homes over five years, but that ministers plan

“5000 new council houses during this parliament, but have not set an overall target for council/housing association for social rent.”

That is not what the SNP manifesto said; 5,000 council houses is a long way short of 30,000 new social rented homes over five years.

A few weeks ago, Shelter Scotland described the Government's housing plans as creating a “black hole” between what it intends and what it has funded. The answers that I have received seem to suggest that Shelter Scotland is right.

All housing providers need certainty if they are to plan for the future delivery of new homes. The pot of money that is available to housing associations this year—£20 million in the specified part of the innovation fund, as Mr Neil said—does not allow them to plan ahead at this stage. The cash limit of £40,000 a house means that the associations are not able to focus—

**Alex Neil:** I thank the member for allowing me to intervene. Just to correct him: the £40,000 is not a limit; and the other figure that he gave is not the correct overall figure.

**Lewis Macdonald:** I understand that the overall figure for the fund is £50 million, of which £20 million is assigned for housing associations, £20 million is for councils, and £10 million is for innovation. I also recognise that there are other funding streams. Nonetheless, the way in which the money has been made available to housing providers is such that, in order to propose

schemes, they typically need to propose to build not just social rented housing but other mid-market options as well. That therefore reduces the focus on where housing is more urgently required.

If the number of bids for funding is three or four times greater than the available funding, that could be presented as a measure of success, but it could also reflect the point that there are unmet opportunities, so the Government needs to think about how it can deliver more of the social rented housing that it wishes to deliver.

**Bob Doris (Glasgow) (SNP):** I would like to check something with the member. If the social rented sector were to get involved in mid-market rent and make a profit, then reinvest that in social housing, would the member welcome that? That is what the Scottish Government would like to happen.

**Lewis Macdonald:** Absolutely; that is the kind of model that I would welcome. However, I do not want to see the confusion, that appears to exist, between a commitment to social rented housing and a commitment to affordable housing that encompasses far more types of tenure and levels of rent. That is at least an ambiguity in the Government's position, compared with the SNP's position as it was presented at the election, so we need that ambiguity to be resolved.

The Scottish Futures Trust featured in Mr Neil's opening remarks, and it offers a vehicle for delivering new projects. We recognise that NPD, like other public-private partnerships, can be an efficient way of procuring projects, as long as those projects are properly procured and well managed, so it is important that we can have confidence in that. It is also the case that those projects will require to be paid back over 30 years, so a £2.5 billion commitment on NPD projects in this term implies an annual revenue cost of perhaps £250 million into the 2040s. That is clearly significant and it raises issues about how certain ministers can be about the delivery of such projects.

I want to put a couple of issues on the table so that ministers can respond to them when they close the debate. NPD is planned for Borders rail, and we have seen three bidders for that project become one. I am interested in those bidders' intentions and their certainty that they can deliver on that project. NPD is also the preferred funding model for the Aberdeen western peripheral route which, as ministers know, is mired in legal action. I would like the ministers to indicate whether that legal action has had any impact on the level of interest among potential private sector funding partners, and whether they will consider unbundling the other north-east transport projects that are currently bundled with the WPR.

**The Deputy Presiding Officer:** I am afraid that you must finish now.

**Lewis Macdonald:** We support the proposition that there needs to be more affordable housing. We want a clearer focus on houses that people on the lowest incomes can afford. We would finally like to see an update of the infrastructure investment plan so that all Scotland can engage with forward priorities.

15:55

**Jackson Carlaw (West Scotland) (Con):** I welcome the cabinet secretary to his new responsibility. Although it was a great loss to those of us who had to sit through many a dull afternoon when he was promoted to ministerial office from his previous back-bench role as chief cheerleader for the Government, it was a great consolation to many of us, too. Given that he is not known as being one who has always been completely on the same wavelength as his leader, his promotion to front-line office is—how can I put this?—an inspiration to us all.

When I heard his collection of responsibilities, I thought that it rather sounded as if his was the ministry for avoiding potential banana skins, because among the many things on that list are areas in which Mr Neil's safe pair of hands is being banked on by the Government to steer a steady course. From his first speech in ministerial office, I can see that we are in for a few jolly afternoons as we debate the various responsibilities within his remit.

I congratulate the Government, because I think that the completion on budget and on time of the M74—even if the cars “transgress” it, now that it has been opened—is something about which the Government can be pleased. It is also a fine tribute to our former colleague Lord James Douglas-Hamilton, who in his time as a minister played a key role in ensuring that that project would eventually be completed. We must hope that it and not the Edinburgh trams project is the model for the new Forth crossing, the construction of which is under way and which, in terms of capital expenditure, is the single biggest project for which the minister and the chamber, collectively, have responsibility for ensuring completion on budget and on time.

All that said, there are some legacy issues from the previous session of Parliament, the lack of progress on which members should be concerned about. Some of those fall within the transport responsibility. Where on earth is the Government's ferries review? Last session's Transport, Infrastructure and Climate Change Committee began a consultation on it as far back as 2008, and we were forever making provision in our work

schedule for the anticipated conclusion of the Government's report on the matter. With some optimism, the clerks told us that space would be cleared in the successor committee's work programme to deal with it early in the present session, only for someone to mutter from the background that it might not be until late in the winter that we will hear what is forthcoming. That will be far too late. After all, public subsidy for ferries has increased from some £40 million to more than £80 million, and the new Gourock to Dunoon ferry has, in bringing about a saving of some £1.5 million annually in public subsidy, demonstrated the value of the independent sector, when its use is properly consolidated. Caledonian Maritime Assets Ltd is desperate for a new model that will allow it to renew an ageing fleet. I hope that the Government is not holding back on coming to a conclusion for reasons of convenience—in other words, because of its nervous anxiety about following the mutualisation route, which might be the way forward for the Scottish ferries.

The other great project for which space was cleared in the committee work programme was the bill on water, news of which we await with interest. It will finally unveil, in terms of specific policies and responsibilities, all the poetry of the First Minister's extremely elaborate statement to the chamber. We look forward to that, but I understand that the Infrastructure and Capital Investment Committee should not expect to be detained by consideration of that bill in the early years of this session.

I flag up the issue of winter resilience. Had we not had an election between last winter and the coming one, I think that Parliament would probably have wanted to ensure that we dealt with the issue in the high days of summer, which might be the point at which one is least likely to think about the winter ahead. As a Parliament, we have a duty to ensure that the recommendations of the review that I know the Government will publish after the summer are implemented so that, in the event that we experience another severe winter, we are not found floundering, because I think that the public would find it an unforgivable misjudgment on the part of all politicians were that to be the case.

At this morning's meeting of the Infrastructure and Capital Investment Committee and in the debate, the minister has suggested something of a Wilkins Micawber approach to his responsibility—that is to say that, from having no money, he intends to borrow as much as he can to finance this, that and the next initiative. There is a role for all of that, but I hope that the minister does not max out the Scottish Parliament's credit card but instead uses his responsibility and his ability sensibly, because we know from last year's report by the Institution of Civil Engineers that our roads network is in a serious state of disrepair and

needs proper investment if it is not to collapse completely.

We support the minister and the Government in their objectives for broadband, which we will have the opportunity to debate at greater length.

As we go forward, I hope that the £250 million that we are saving on the Forth crossing project will not be squandered on the election flim-flam that was in the SNP's manifesto, but will instead be directed to specific capital investment projects that will benefit the country.

**The Deputy Presiding Officer:** We move to the open debate. Speeches are to be of a maximum of four minutes—the debate is short.

16:00

**Maureen Watt (Aberdeen South and North Kincardine) (SNP):** I welcome the opportunity to speak in the debate. I, too, welcome the cabinet secretary and the minister to their posts. I am delighted with my appointment as the Infrastructure and Capital Investment Committee's convener and I look forward to working with them and holding them to account, when necessary, in my new role. I am sure that that role will present many opportunities to speak—whether in relation to committee reports, bills that are allocated to the committee or issues in our remit.

I thank the cabinet secretary for appearing before the committee this morning and giving us his views on matters that are in his portfolio, which helped us to develop our work programme. As I will have many opportunities to speak in my role as convener, I will today highlight important infrastructure issues for Aberdeen and the wider north-east.

No one should underestimate the importance of the oil and gas sector not just to the Scottish economy but to the UK economy. Aberdeen is Europe's oil capital. It is an important hub for service companies that have located themselves there, and it is important to keep those companies there as their markets expand globally and they focus less on North Sea oil and gas opportunities, although much potential is still there and people are switching from using their expertise in oil and gas to using it in renewables.

Infrastructure is key to keeping such companies in the north-east. The infrastructure debate has been dominated by the Aberdeen western peripheral route. The cabinet secretary said that the M74 project was first mooted 50 years ago; the Aberdeen western peripheral route was first mooted in the 1950s. The route was all ready for the off in 1996 under Grampian Regional Council, of which I had the privilege of being a member, but subsequent local authorities and transport

ministers messed about with it. As Lewis Macdonald said, the project is now mired in legal challenge by a very few local protesters, who are backed by environmentalists who are mostly from outwith the AB postcode area. That frustrates the vast majority of people in the north-east and was a major issue on doorsteps during the election campaign. Does the cabinet secretary have any idea when the inquiry reporter will let us know the findings of his inquiry? It is completely unacceptable that it has gone on for months. Should a time limit or deadline for concluding such inquiries apply?

The cabinet secretary will know that I wrote to him about the possibility of including in the tender for the Aberdeen western peripheral route a community benefit clause. Given the project's scale, it presents an opportunity for the Scottish Government and its partners to secure additional economic benefits. The inclusion of a community benefit clause that would require the successful contractor and its subcontractors to undertake targeted recruitment and training to help to reduce unemployment—and youth unemployment—in target areas is one additional benefit that could be secured.

**Alex Neil:** Maureen Watt should by now have received a letter to confirm that we will include a community benefit clause in the contract.

**Maureen Watt:** I thank the cabinet secretary very much for taking that forward.

**The Deputy Presiding Officer (John Scott):** On that happy note, Maureen Watt must close.

**Maureen Watt:** I look forward to discussing the proposal in detail. I will close there, Presiding Officer.

16:04

**Helen Eadie (Cowdenbeath) (Lab):** I join other contributors to the debate in congratulating everyone who has been involved in delivering the extension of the M74 ahead of schedule and under budget. I also congratulate the cabinet secretary on attaining his new post. I suspect that I will be the bane of his life on a number of matters, just as I was when he was minister. I look forward to working with him. I extend my best wishes to Keith Brown on the continuation of his appointment and I look forward to working with him, too.

Now that the management team has finalised the task of the M74, perhaps the Scottish Government will consider the possibility of bringing the team to Edinburgh to tackle the Edinburgh trams project. I watched Gordon Brewer on "Newsnight" last night and noted the comments about transport policy in Scotland. My constituents

have expressed their anger that only the voices of Edinburgh citizens are being heard on the Edinburgh trams. It reminds all of us sharply that taxpayers from throughout Scotland should be part of the debate on whether the trams project continues.

The First Minister, the cabinet secretary and the transport minister should initiate an emergency task force of the best brains that they can muster to attack what is now a catastrophic situation. There is no doubt that there is a management and funding crisis.

**Marco Biagi (Edinburgh Central) (SNP):** Will the member give way?

**Helen Eadie:** I do not have much time.

I was pleased when the cabinet secretary spoke about the need to involve European funding. I warmly welcome that. I would like the civil service and ministers to put much more effort into considering European funding. For example, in 2007 to 2020, trans-Europe network funding throughout the European Union is worth £500 billion. In the UK, it is worth £5 billion. Scotland has funding from the TEN for priority axis 14—the west coast mainline. We have had funding for the Edinburgh airport rail link project, which received £2 million from the TEN programme in the 2005 bidding round. We have also had funding of about £150 million from the European Investment Bank for Stepps and Haggs on the M80. The money is there, but civil servants and ministers have to get a grip and work really hard to get it. I am pleased that the cabinet secretary has said that that will be done.

Returning to the trams, I say that this is not the time for anyone in Scotland to take comfort in the failings of Edinburgh City Council or the project management. It is not a time for the blame game; it is a time to stop the Edinburgh trams from continuing to be the laughing stock of the world. We are not just talking about the reputation of a few people who are close to the delivery of the trams project, but the reputation of every Scot in the land. We are and we should be a nation of can-doers and not a nation that tries to identify who to blame and who to litigate against.

On a separate matter, I want to talk about a more local issue—the replacement Forth crossing. I feel sure that Keith Brown, the transport minister, has not deliberately failed to answer a letter that I wrote to him on 30 May. I had to do a chase-up just over ten days ago and got my first acknowledgement but still no reply, and here we are—tomorrow is 30 June.

My letter asked for a meeting with the minister for my constituents from Park Lea in Rosyth. As he may know, over the years there have been a variety of consultations on the Forth crossing. I

have been a big advocate of the new crossing. Various documents have said that my constituents need not worry as there would be no impact on them. As the minister can imagine, my constituents are bewildered to find that, at a time of financial austerity, they will have a £150,000 gantry on their doorstep. The gantry was not in the plans. I ask the minister to address the issue.

**The Deputy Presiding Officer (John Scott):** I call Chic Brodie, to be followed by Malcolm Chisholm. A very tight four minutes, please.

16:09

**Chic Brodie (South Scotland) (SNP):** Like Helen Eadie, I, too, welcome the cabinet secretary and the minister and offer my congratulations on the M74 extension. I suspect, however, from some of the remarks, that we are about to see a selective rewriting of history as far as the Edinburgh trams are concerned.

As the cabinet secretary said, many of the projects that we have talked about are designed to improve the homes and living conditions of many of our fellow citizens and to improve the productivity of the nation by making planned improvements in the physical and digital connectivity between our centres of living and commerce. That is right and important.

In my contribution, I return without apology to elements of my maiden speech to re-emphasise the need for improvements not only in our internal infrastructure, but in those elements of it that will serve to increase and expand Scotland's internationalisation, global reach and achievement of its goals as a forerunner in the drive to attain our climate change aims, renewable targets and export goals.

In my maiden speech, I suggested that we export or die. I emphasised the need to develop our key international ports to open the doors to and from Scotland that will secure the aforementioned goals. Since I made that speech, I have had several conversations, not least with leaders in the renewables industry. It is a key tenet and strong personal belief of mine that the renewables revolution provides us with the opportunity not just to be at the cutting edge of that industry, but to underpin the historic and current worldwide recognition of our manufacturing and engineering skills. If those are disposed properly, we can be a world leader in support, products and services to the renewables industry worldwide—the modern-day equivalent of the industrial revolution. However, those conversations revealed an inadequacy in our port facilities to support that vision. Bluntly put, as it was to me, we have to upgrade our sea and airport facilities, not just for renewables but for



export and tourism. Otherwise, we shall struggle to compete globally.

The previous SNP Government reacted positively by investing in support to some of our ports, and that was welcome. To use a housing analogy, we have laid the foundations. However, to create the windows and doors on the world, which is the vision for the port authorities, with support from our Government, we should embrace the future opportunities that the enhanced and developed port facilities will bring to shareholders, employees and communities alike. I seek that we send a message to them and the planners alike that such port developments will provide financial and jobs opportunities in the sectors that I alluded to. Improvement and action are urgently required.

**The Deputy Presiding Officer:** Thank you; I appreciate your short contribution.

16:12

**Malcolm Chisholm (Edinburgh Northern and Leith) (Lab):** In my last speech on capital expenditure before the election, I said that housing should be our number 1 priority for capital expenditure. I hope that the cabinet secretary will argue for that in the forthcoming spending review. Unfortunately, that will not be the case for this year's budget.

I am particularly concerned about the declining number of social rented houses that will be built in this and subsequent years if the current trend continues. In Edinburgh, for example, according to the council we require 1,600 new social rented houses a year in order to meet the demand for such accommodation. In the last financial year, 600 such houses were built and the prediction this year is that only 300 will be built. Apart from the general budget cuts, the main reason for that is the restriction on the housing association grant to £40,000 per property. The result is that the mix in any new development is changing. In the past, typically 70 per cent of housing might have been social rented and 30 per cent mid market. Now in Edinburgh, it will have to be 50 per cent mid market and 50 per cent social rented. In fact, I was told by the director of a housing association that if the trend continues, he will not be able to build any social rented houses in a few years' time because he will have to borrow so much more because of the reduced HAG levels.

I fully acknowledge that mid-market housing is important for Edinburgh, but social rented housing is even more crucial for the thousands on waiting lists who cannot afford home ownership, shared equity or mid-market housing. In the discussions on the spending review, I hope that the cabinet secretary will make the case for housing in general, but for social rented housing in particular.

It is a matter of great concern that the SNP commitment in its election manifesto to build 6,000 social rented houses has now become 6,000 affordable houses.

**Marco Biagi:** In the spirit of consensus, will the member welcome the City of Edinburgh Council project for 3,000 social rented council homes thanks to changes to the legislative environment made by an SNP Administration?

**Malcolm Chisholm:** I welcome any form of social rented housing in Edinburgh. I welcome the council houses that are already planned, but my last point on housing is to make a plea to the minister to support the bid from Edinburgh to the £20 million council house part of the innovation and investment fund. The main part of Edinburgh's bid is for the demolition and rebuilding of Fort house in my constituency, which has had enormous problems attached to it for some time. We desperately need it to be rebuilt on the current site, so I hope that the minister will look sympathetically on the bid.

I have one remaining minute, and how can I talk about the tram in one minute? The whole debate on the tram is coming to a head this week, so I want to say four things—if I have time. First, I support the call for a public inquiry that my colleague Kezia Dugdale made last week. I think that, as far as possible, we should suspend the blame game. I know that that will not be totally possible, but I think that we should do that as far as possible and let the public inquiry determine who is to blame for what.

Secondly, there has been a debate in the *Edinburgh Evening News* every night this week on whether we should go on with the trams or cancel the project. What the public are not hearing is the cost of cancellation, which is enormous. Cancelling the project would cost £700 million overall, and we cannot borrow to cover a shortfall for cancellation. Therefore, cancellation in the short run will be a lot more expensive than going ahead with the project.

I am glad that the Government agrees with that point. One of my constituents received a letter today from Transport Scotland, which states:

"Given the significant level of public investment to date, it would be unacceptable to leave the tram project unfinished."

That view was also expressed by John Swinney when I last questioned him about it before the election. I hope that the Cabinet Secretary for Infrastructure and Capital Investment can take the same position today.

Finally, let us work together to find solutions, financial and otherwise, that benefit the environment and economy of Edinburgh and Scotland, and let us not do irreparable and

expensive damage to Edinburgh and Scotland by cancelling the tram project.

16:16

**Mark McDonald (North East Scotland) (SNP):** It is amazing what a kicking at the polls does to focus the mind on issues. I must be honest: I am sorry, but calls for us to suspend the blame game when the Labour Party, the Tories, the Liberal Democrats and the Greens bear the responsibility for the tram project frankly stink somewhat.

**Kezia Dugdale (Lothian) (Lab):** Will the member give way?

**Patrick Harvie (Glasgow) (Green):** Will the member give way?

**Mark McDonald:** No, thank you—not at this moment.

I spoke recently in the chamber about the Liberal Democrats going on the road to Damascus on minimum pricing. I appreciate that Kezia Dugdale has had a similar journey on the issue of the trams, and I welcome her turning to the call for a public inquiry. It is a great pity that it has required the pouring of £700 million into a hole in the ground for other parties to realise the folly of supporting the project in the first place.

**Kezia Dugdale:** In this public forum, does the member, on behalf of his party, accept the fact that Scottish National Party councillors in the City of Edinburgh signed the contract for the trams?

**Mark McDonald:** Dear, oh dear. If that is the best that we are going to get, we are in for a long five years. I want to move on from that. At the end of the day, this Government was forced by the Opposition parties to allocate to the tram project £0.5 billion that could have been put to much more worthwhile capital investment projects in Scotland. Those parties will have to reckon with that, as they reckoned on polling day when the electorate delivered their verdict. That is why Malcolm Chisholm, to his great credit, is the last man standing for Labour in the city of Edinburgh, while the rest of the Labour Party candidates were given a good kicking at the polls.

**Jim Hume (South Scotland) (LD):** Will the member take an intervention?

**Mark McDonald:** No, thank you. I have only four minutes, and I have taken an intervention already.

Let us look at a couple of issues in relation to the Aberdeen western peripheral route, which was spoken about earlier. I welcome the cabinet secretary's confirmation that community benefit clauses will be included in the contract. They are extremely worth while, and it is great that my

colleague Maureen Watt raised them and ensured that they are part of the contract.

I echo Maureen Watt's concerns about the protracted nature of the legal case that is taking place. I do not believe for one second that protesters should not have the opportunity to have their concerns heard, but there comes a point at any stage when people have to accept that their concerns have been given a proper airing. That was the stage at the public inquiry: people were given the opportunity to put across their views to the inquiry reporter, who then approved the project to continue. If we were talking about a sentencing taking as long as it is taking for a decision to be made in the judicial review, there would rightly be a public outcry on all sides of the chamber. We must ensure that major projects are not held up for an indeterminate time on that basis.

I want to deal briefly with the bundling argument that Lewis Macdonald made. If we were to go ahead with the Haudagain roundabout project before the AWPR, we would create traffic chaos in Aberdeen. As the traffic displacement modelling shows, the AWPR requires to be in place before the Haudagain work proceeds.

**Lewis Macdonald:** Will the member give way?

**Mark McDonald:** I am sorry—I do not have time.

Decoupling the roundabout from the project would not save any money; in fact, it would lead to further costs. Furthermore, because the AWPR needs to be in place before we can proceed with the roundabout, such a move would not benefit the traffic situation in the north-east.

On housing, I very much welcome the abolition of the right to buy, as it redresses the housing balance in Scotland. For too long, we have been obsessed with private home ownership. There is undoubtedly a place for such ownership, but not to the extent that we lose social housing as a result, and I welcome the focus in that respect.

Just for you, Presiding Officer, I will finish in less than my four minutes.

16:20

**Jim Hume (South Scotland) (LD):** I welcome the opportunity to participate in this afternoon's debate as the Lib Dem spokesman on housing and transport and, of course, I welcome Alex Neil to his new post and Keith Brown on his return to his previous post.

These portfolios are huge and there is plenty for the new cabinet secretary to get his teeth into. I am sure that one objective will be the delivery on budget and on time of the Forth replacement crossing. However, as a south of Scotland

member, I share the concern expressed by many of my constituents about the future of the Waverley line project. As Lewis Macdonald pointed out, earlier this month—and just seven months after the new Borders railway consortium removed itself from consideration—the IMCD consortium withdrew from the bidding process, leaving only one group in the running for the contract to deliver a project of huge significance to the people of the Scottish Borders, Midlothian and Edinburgh. Every time a consortium has egressed, there have been claims about governance issues with Transport Scotland, and I hope that the alleged burden of regulation and contractual wrangling over this project is not a surreptitious attempt by the Government to kick the project into the long grass. As a result, I request that the cabinet secretary this afternoon tells us that we will see trains in Tweedbank in 2014 and seek Government assurances that it is actively encouraging other groups to throw their hat in the ring for the contract.

Under his wide remit, the cabinet secretary is also responsible for ferry services and I imagine that hauliers throughout Scotland will be watching with interest his actions with regard to the Rosyth to Zeebrugge service. After all, the freight service between those two ports is vital for many businesses in Scotland in expanding and maintaining their European operations. That said, questions remain over the commitment of DFDS Seaways to the service, following the removal of the passenger element and the reduction from four to three sailings per week. In his answers to my parliamentary questions about the service, the minister Keith Brown referred to that as

“a commercial matter for DFDS” —[*Official Report, Written Answers*, 24 June 2011 ; S4W-00897]

This morning, the cabinet secretary stated to the Infrastructure and Capital Investment Committee that the Government's approach would be “ambitious” but that cannot be achieved simply by washing one's hands of an issue and watching from the sidelines as DFDS keeps downgrading Scotland's only ferry link to mainland Europe. The Government must take the initiative and not only seek assurances from DFDS over its long-term commitment to Rosyth but encourage the restoration of passenger sailings from Scotland.

**Helen Eadie:** Does the member agree that the cabinet secretary should look into the issue of the grant funding available from Europe for moving freight from roads on to sea routes? In that regard, I totally support Mr Hume's remarks.

**Jim Hume:** I fully agree with the member.

With more than a quarter of a million households in Scotland on waiting lists, the Government needs to concentrate on the issue of

housing. Although fully aware of its budget, it has committed itself to the target of building 6,000 social rented homes a year; however, as we have heard, the SFHA believes that that commitment will be jeopardised without “more investment”, Shelter Scotland has urged the Government to “reflect again” on its capital investment priorities and the Chartered Institute of Housing in Scotland has expressed doubts about the suitability of the national housing trust as the vehicle for meeting that target. Given that only a quarter of those homes will be for social rent with the rest comprising equity and shared equity properties and houses for mid-market rent, the cabinet secretary clearly has difficult questions to answer in relation to one of the Government's flagship policies and he needs to be clear about the number of social rented homes that the Government will make available annually.

I look forward to the cabinet secretary responding to my points to help take Scotland forward.

16:24

**Paul Wheelhouse (South Scotland) (SNP):** As Jim Hume said, transport will be crucial to the economic development of the south of Scotland. I very much welcome the national delivery plan model of investment in the Borders railway. I welcome the commitment that the Government gave recently in answer to a parliamentary question that the railway would be completed in December 2014. I hope that its completion will help to regenerate communities along its route. I also hope that it will be a success and lead to extension of the route to Hawick and beyond.

I take issue with Jim Hume in one respect, in that the project that we inherited in 2007, after his party had been in power, had no capacity for freight and no funding commitment. Indeed, the projected journey time for the route was one hour and 10 minutes, and it was only the work of Stewart Stevenson and Keith Brown—

**Jim Hume:** Funding was committed to the project in the Lib Dem-Labour coalition agreement.

**Paul Wheelhouse:** I may stand corrected, but my understanding was that no firm commitment was given on funding and that it had not been identified.

The Scottish National Party Government has reduced the projected journey time to 55 minutes in the procurement proposals. The project is much better than the one that we inherited, and I hope that it will be much more successful than it otherwise would have been.

We can only wonder, of course, what might have been possible in Scotland today if, like

Norway, we had had an oil fund since 1995. I looked at the value of Norway's oil fund in April this year and found that it was worth £341 billion. The Norwegians allow themselves to use only 4 per cent of the fund annually, not only to protect its value but to avoid causing inflation in their economy by dumping too much cash into it in any one year. However, Norway could afford to spend £13 billion this year on whatever projects it chose.

The south of Scotland has a list of demands for the cabinet secretary for the A7, the A1, the Borders railway, the potential reopening of railway stations at Reston and East Linton on the east coast main line, and the A75. All those projects would be deliverable with the kind of money that would be available from an oil fund. In some ways, the debate that we are having today is perhaps a false one. If Scotland had had control of its resources over the period to which I referred, we would have been in a much more favourable position to fund all those capital projects in the south of the country.

The cabinet secretary's portfolio extends to housing, too. Like some other members, I was at the SFHA presentation last night, where I met a number of members of housing associations from the south of Scotland who raised concerns about the HAG funding and other issues. In particular, they raised a matter that is within the power of another place, which is the charging of VAT on shared services and other areas. I know that a number of local housing associations in the Borders are keen to collaborate to save money, share services and release funding for further capital development. In summing up, perhaps the minister could refer to any efforts that have been made to remove that VAT anomaly and allow housing associations to make better use of their constrained resources in the current year.

I share Jim Hume's view that we must recognise that housing and transport are the two key issues in the south of Scotland.

16:28

**Margaret McDougall (West Scotland) (Lab):** I thank the cabinet secretary for his opening remarks and congratulate him and the minister on their promotion. I welcome Lewis Macdonald to his new role.

In April this year, the charity Shelter stated that 160,000 people in Scotland are waiting for local authority homes. Members will agree that that is a truly shocking figure. Housing is a basic economic need. Without decent housing, a child's life chances diminish alarmingly. At present, one in five children in Scotland lives in houses that have either condensation or dampness, or both, which increases their risk of suffering from asthma and

other respiratory illnesses. One in 10 children in Scotland lives in housing that is overcrowded. How can a child study for an exam or complete homework when they live in such disadvantaged circumstances?

I ask the new cabinet secretary why that issue has been overlooked by the Government and always left at the bottom of the policy agenda, when it is vital to so many people in Scotland.

**Mark McDonald:** Will the member take an intervention?

**Margaret McDougall:** I do not have time.

In the previous session, housing was in the health portfolio; now it is shoehorned into transport. The Government has continuously pushed housing further down the agenda. Scotland needs new houses, yet with a 20.8 per cent decline in the housing and regeneration budget, the Government seems loth to provide them.

The Chartered Institute of Housing in Scotland believes that the Scottish Government may already be suppressing next year's housing budget by reducing the number of approvals for new housing to be built for social landlords. That action would result in default shrinkage in the housing and regeneration budget. Can the cabinet secretary confirm that the budget for housing and regeneration will not diminish?

In North Ayrshire, where I am still a councillor, a recent assessment found a 2,700 shortfall in the number of houses that are needed in that council area. The Labour-held council has taken steps to tackle that. We have created a new housing development investment programme that is designed specifically to target support to the most vulnerable people in the area. We have also developed our housing revenue account business plan, which will guarantee that 1 per cent of the rent increase will go directly into the building of new council houses. That will translate into 50 new houses a year for the next decade. Those are real solutions to real housing need.

Despite the difficult circumstances in which we find ourselves due to year-on-year cuts to the affordable housing investment programme, Labour is working to ensure that we see more investment in social housing.

**The Minister for Housing and Transport (Keith Brown):** Will the member take an intervention?

**Margaret McDougall:** I am sorry, but I do not have time.

There are even areas in which we are working with the Scottish Government. For example, there has been massive investment to regenerate

Vineburgh, in Irvine. That project shows how councils, community housing associations and the Scottish Government can work together to improve the life chances of tenants through transforming communities. However, although the Scottish Government provided housing association grant for the first two phases of the development, I would like an assurance from the cabinet secretary that the funding will be made available for phase 3 to allow the project to be completed.

During my time in the Scottish Parliament, housing will be my priority. I urge the Scottish Government to make housing its priority, too.

16:33

**Marco Biagi (Edinburgh Central) (SNP):** I am grateful for the chance to speak in the debate. Part of its appeal was the opportunity to see at first hand what the cabinet secretary's new title entails and to hear his opening speech. I looked at his title and wondered what it meant; now I have an indication. I recently used a phrase from Gordon Brown's jaw-clenching language: unreconstructed neo-Keynesian macroeconomic demand stimulus. Alex Neil appears to be the cabinet secretary for that, which I welcome.

We have not talked so much about the value of capital investment in directly stimulating the economy although that was a constant thread during the previous Administration and should perhaps not be lost sight of. In the related area of debt financing and using the borrowing power to stimulate growth in these difficult times, I would be interested to know whether the Scottish Government would still like to investigate the opportunity of bond financing subject to the Scotland Bill conferring the relevant powers in the short term.

More broadly, I will speak about public transport. As a non-driver, I am all too aware of how public transport can sometimes be seen to be left out in debate although certainly not in funding, having received record funding from the previous Administration.

I recognise that these are years of short corn, but we in Edinburgh have the darkly amusing prospect that it seems to be increasingly possible to get out of Edinburgh by public transport, whether it is to the Borders, to the north—through the recast timetables—and to Glasgow via either Bathgate or Falkirk. Instead of indulging my paranoia, I will assume that those developments are intended to bring people to Edinburgh. In any case, the developments are to be welcomed.

However, as members may guess, not all public transport projects are created equal. Any conversation on transport with an Edinburgh

MSP—like any conversation with a taxi driver in Edinburgh—has to turn to the trams. It was rich of Opposition members to talk about getting away from the blame game. Frankly, I think that they did so because they expect to lose it.

Almost exactly four years to the day, the Labour Party, the Conservative party, the Liberal Democrats and the Greens sat here and voted through the trams project. A little bit of humility in accepting that would certainly be welcome.

My SNP colleague Steve Cardownie, who is the deputy leader of the City of Edinburgh Council, will tomorrow propose that there should be a referendum for the people of Edinburgh. I take Helen Eadie's point that the people of Scotland deserve to have the chance to give their view on whether public money is spent on the Edinburgh trams, but I do not accept that the people of Edinburgh have already had sufficient chance to give their view on the trams. We are talking about a potential £225 million of borrowing to complete the line to St Andrew Square, as the Liberal Democrats propose. Now, £225 million is not trivial in the context of the Scottish Government; in the context of the City of Edinburgh Council, we are in selling-your-granny territory.

**Malcolm Chisholm:** Does the member acknowledge that cancelling the project would be more expensive, because it would still cost £700 million and there would be £100 million that could not be borrowed, which would have to come straight out of the City of Edinburgh Council's budget very quickly? It would cost far more to cancel the project, aside from the other disadvantages of doing so.

**Marco Biagi:** As well as giving the people of Edinburgh a say, I would be interested in giving the people of Edinburgh sight of the contract that the Labour Party negotiated, which includes secrecy clauses that mean that the breakdown of the cancellation cost has never been made public.

I very much support the new portfolio, as we should not shy away from innovation but should embrace it in delivery and in its economic role.

**The Deputy Presiding Officer:** I call Patrick Harvie, who has three minutes.

16:37

**Patrick Harvie (Glasgow) (Green):** I realised that this would be a depressing debate for a Green to take part in. Thankfully, my pain will last for only three minutes instead of four.

I welcome the cabinet secretary to his new role much more enthusiastically than I welcome his transgression yesterday. I point out the tragic irony for Alex Neil in taking on this role at this time. He has been required to continue the nonsense of

having a 1960s mentality to road building at a time when more enlightened cities around the world are tearing down such infrastructure, because they recognise that that is the better way to serve the economic, social and environmental needs of the urban environment.

I can well understand how fans of Dr Beeching in the 1960s could, while public transport infrastructure that we would value today was being ripped from the ground, delude themselves with the vision of mile after mile of gleaming tarmac, which would never fill up, never clog up and never cause any social, environmental or economic problems associated with congestion, as they simply thought that it was the way to go, but how tragic it is that we are continuing that thinking when we are supposed to be building infrastructure for the 21st century.

Let me point out a couple of more enlightened cities around the world. A few years ago, Seoul removed one of its major freeways, which had carried 168,000 vehicles a day into the city. One of the key planners in the project that removed that piece of infrastructure said:

“As soon as we destroyed the road, the cars just disappeared and drivers changed their habits”—

I see that Jackson Carlaw is laughing—and

“A lot of people just gave up their cars.”

They found from 2002 onwards that a lot of people gave up their cars and others found a different route for driving. In some cases they kept their cars but changed their routes. The highway’s removal made room for the restoration of an urban park and a stream, which is now a focal point and a matter of pride for the city.

In New Orleans in the 1950s, decades before hurricane Katrina, the construction of interstate 10 precipitated Tremé’s decline from one of the wealthiest African-American communities in the city to an area of high poverty and vacancy. The number of businesses in the area fell 75 per cent between 1960 and 2000. New Orleans is another enlightened city that is removing such infrastructure and finding economic, social and environmental benefits from doing so.

Let us imagine the public transport system that Glasgow could have had for the £650 million that has been spent on the M74. It could have had crossrail, the Glasgow airport rail link, a new subway or a new fleet of buses, with a properly regulated service and an Oyster card system to make it all easier to use. Instead we got 5 miles of tarmac.

**The Deputy Presiding Officer:** I call Alex Johnstone to begin the closing speeches. You have four minutes.

16:40

**Alex Johnstone (North East Scotland) (Con):**

So much to say, so little time. I will try to keep my speech short.

Since the SNP assumed power, its housing policy has been an attempt to face in two different directions. On one hand, it is politically mired in the unworkable 19th century socialism that instinctively rails against the private sector; on the other, it recognises that the only way forward for housing, which brings massive benefits to communities and the economy, is closer engagement with the private sector and the free market economy.

Alex Neil’s flagship policy, the national housing trust, has failed to inspire confidence. Only 12 of the 32 local authorities have signed up and, by March this year, only six of the 12 had submitted proposals, with the matter under consideration in a further two. We are promised 1,200 homes under the first round of NHT, but we will be lucky to see 800. The tragedy is that ordinary families will pay the price of the failure.

There is a glimmer of hope. The Scottish Government, bereft of direction, threw in the towel and set up the innovation and investment fund, asking developers, councils and registered social landlords for ideas. The fund is massively oversubscribed and demonstrates that developers and RSLs are willing to engage and deliver homes in new and innovative ways. The SNP has at last realised that, as the Scottish Conservatives have been saying for years, a plodding, simplistic method of housing subsidy is unsustainable and the developer-led model demonstrates that landlords invest, make a return and—this is crucial—reinvest in more housing stock. The Scottish Conservatives think that mixed funding will deliver cost-effective housing outcomes. I urge stakeholders to embrace the idea and move forward with it.

During questions on Mr Swinney’s statement before this debate, I was interested to hear that Alex Neil has been leading for the Government on work with the Scottish Futures Trust on ways to exploit the capital base of public sector organisations. We heard that the Government will rise to the challenge and find ways of making better use of the public asset base. As I listened, the words “Scottish Water” were going through my mind. The way in which the Government is turning its back on the opportunity to realise the value of its assets and ensure that it uses its money for best effect can be demonstrated no better than by the Government’s reluctance to look at mutualising Scottish Water as an option in the longer term. The Government seems to be prepared to exploit borrowing powers that it does not yet have, so that it can invest without having to confront or deal with

the opportunities on which it has turned its back for purely political reasons.

**Maureen Watt:** Will the member give way?

**Alex Johnstone:** I must finish my speech in a short time.

Let us look further at the options that the Government is taking. We heard at some length about the use of the non-profit-distributing model to fund projects. I think that as many as four years ago I said in the Parliament that I thought that the Scottish Futures Trust would begin to deliver when it used a method that was indistinguishable from the public-private partnership model. The non-profit-distributing model that is currently being used is private finance initiative mark 3 and we have reached a point at which it is effective and will deliver. We now have PPPs—they are perhaps under a different and tighter management structure, but they are PPPs nonetheless. I am delighted that we have made progress on that.

16:45

**Rhoda Grant (Highlands and Islands) (Lab):**

I, too, welcome the cabinet secretary and the minister to their new posts.

Infrastructure is the backdrop from which other things that we do grow. We need infrastructure to access services and grow our economy. It is for the Government to provide and manage the provision of infrastructure through its own funding and through the planning system. Where private development puts pressure on infrastructure or requires infrastructure upgrades, it is for the planning system to ensure that that requirement is met and obligations are placed on developers. Where private developers do not find the development of infrastructure to be economically viable, the Government must step in. That is why this wide-ranging debate is so important.

I want to touch on some topics that have been raised. Many members have emphasised the importance of housing. In his opening speech, Lewis Macdonald talked about the SNP's promise in its manifesto to have 6,000 socially rented houses. I hope that the SNP will take the opportunity that is provided by the debate to emphasise that it will stick to that target. If it will not do so, will it say what its target is? Malcolm Chisholm said that he has been told locally that that target will not be met and, indeed, that there will be cuts in socially rented housing development in his area. Paul Wheelhouse also touched briefly on the matter. He used his time to talk about reserved issues, but he also talked about the housing association grant, which has been halved in recent years. That will not help the Government to meet its targets.

We need good-quality housing, because housing impacts on people's health. Margaret McDougall made that point. How can we meet such targets if there is a 30 per cent drop in the housing budget? Not only does investment in housing bring economic benefits; it brings jobs and apprenticeships and boosts local economies. Investment in good-quality housing delivers health and wellbeing for those who live in it.

In his opening remarks, the cabinet secretary said that the funding that has been put aside has already been oversubscribed. That is worrying. We understand that housing associations used to be front funded for new developments, but that has changed, and they are now end funded. That means that there was a peak in housing development last year, but it leaves us with problems for the future. How will that budget be managed without end-year flexibility? If housing development is back funded, how can we be sure when the development will be complete and when the funding will be drawn down? The Government needs to think about those issues and how it will manage housing budgets in the future.

I welcome the Government's adoption of our first foot scheme for first-time buyers, which is an indemnity insurance that allows first-time buyers to put down a smaller deposit to buy a home. We fought for that in the election campaign, and I am pleased that the Government has adopted that policy.

Chic Brodie and Maureen Watt touched on the huge issues of energy and investment in piers and harbours. How can we meet the Government's renewables targets if we do not have piers and harbours that are able to deal with the traffic that will go through them to support that industry and its infrastructure? How will the Government provide funding for the necessary expansion and development of harbours? How will it consider transmission routes? There have been huge delays in the Beaully to Denny transmission line due to planning. I understand that we need further transmission routes if we are going to meet the 100 per cent target for electricity generated from renewable sources. It is not for the Government to provide those, but it is for the Government to provide the backdrop to enable that provision to happen quickly.

Roads are another huge infrastructure issue. Very little has been said about roads, apart from about transgressing the M74. That joke has been done to death, but I wanted to use it again. Something that is not very funny is the quote from the transport minister, Keith Brown, in today's *Press and Journal*, in which he says that it could take "decades" to upgrade the A9. Can we have a timeframe for it? People believed that it was going to come an awful lot sooner and, if we do not have

a timeframe to debunk the “decades” comment, they will be left to believe that the north of Scotland has again been ignored with regard to infrastructure.

There are many other issues that we must deal with, but I notice that I am running out of time. One such issue is water. Will a water bill be introduced? Will Scottish Water remain in public ownership? How will its borrowing powers be delivered, and how can it operate with a funding freeze? We need to look at how we progress capital funding mechanisms while allowing organisations to progress renewables in their own areas.

Ferries are another huge issue. We need to see the outcome of the ferries review, but we also need to look at the Rosyth to Zeebrugge route, which Jim Hume and Helen Eadie mentioned.

A number of members spoke about the trams. Mark McDonald and Marco Biagi were strident in their criticism, but I say to them gently—

**The Deputy Presiding Officer:** I would be grateful if you would close, please.

**Rhoda Grant:** I say to them that the mark of a good Government is not what it promises but what it delivers. I ask the Government to look at the trams project clearly and see whether it can deliver it.

We need to emphasise housing, which fits with today's Christie commission recommendations in that it can provide health benefits as well as homes and jobs.

16:51

**The Minister for Housing and Transport (Keith Brown):** It is a mark of the importance that the Government attaches to this area that it has appointed Alex Neil as Cabinet Secretary for Infrastructure and Capital Investment. It is important in any Government but, at a time like this, when capital is so constrained, it is very important that we look at different ways of trying to attract more capital. I congratulate all the spokespeople who have been appointed to shadow Alex Neil and me.

It would be difficult to answer all the questions that have been asked, as there are quite a number of them, but I will try as best I can. I will first tackle the issue that Lewis Macdonald raised in relation to the target for social homes. The Government's position is clear enough. I have already stated publicly—and the Cabinet Secretary for Infrastructure and Capital Investment said at committee this morning—that we aim to deliver 30,000 affordable homes, which is an average of 6,000 per year, over the next five years. That is

despite the tightest budget settlement since devolution.

We have indicated that, in addition to or within that, we intend to facilitate the building of 5,000 new council houses during this session of Parliament, but we have not set an overall target for council and housing association homes for social rent.

**Lewis Macdonald:** Will the member give way?

**Keith Brown:** I will make some progress first, as there is quite a lot to get through. In addition, within the total affordable approvals, homes will be provided through the innovation and investment fund, the transfer of management of development funding programmes for Glasgow and Edinburgh and the shared equity schemes; by Glasgow Housing Association, the national housing trust initiative and the home owners support fund; and through mortgage-to-rent and mortgage-to-shared-equity schemes.

The target of 5,000 new council houses can be compared with the number that were built previously. It has been said before, but it is worth saying again that the previous Administration, going right the way back to the 1990s, built a total of six homes, all in Shetland. Our target shows a substantial commitment to social housing.

I will take Lewis Macdonald's intervention.

**Lewis Macdonald:** Will the minister confirm, while he echoes the commitment to grow the wider affordable sector, that the manifesto on which his party was recently re-elected specifically states:

“our aim is to build over 6,000 new socially-rented houses each year”?

Is he telling us today that that is not now the Government's intention?

**Keith Brown:** As I said, I have stated in the public domain and the cabinet secretary has made clear—and I have just made clear again—that our priority is 30,000 affordable homes, or around 6,000 per year, over the next five years. That will not be easy to achieve because of the budget cuts.

There are a number of other issues, so I will move on. Jackson Carlaw mentioned the ferries review, on which we intend to consult further following the first informal consultation. The point was made at the end of the debate about the importance of harbours and ports, which are very capital intensive, and the ferries themselves are of course very expensive. We are keen to get that right, so it is right that we take time over it.

Lewis Macdonald made a point about unbundling in relation to the AWPR, as did others. We have to await the outcome of the legal process. That perhaps addresses a point that



Maureen Watt raised. It is not for Government ministers to challenge any courts, so we will not do that. It is important that we respect the legal process. I know that the delay that it has caused has been frustrating for many people. Only after the process comes to an end can we look at how we can proceed. The cabinet secretary said that it would be worth looking at unbundling again at the appropriate time, but not in advance of then.

The cabinet secretary answered a question from Maureen Watt about including a community benefit clause in relation to the AWPR. We have done that in previous schemes and we would be very happy to do it for the AWPR.

Helen Eadie asked about European funding, which I think the cabinet secretary addressed when he spoke first of all. We are trying to look at every single penny that is available from Europe. We have always done that. If Helen Eadie is aware of any funds that we are not accessing, we are happy to hear what she thinks we can do. She said that she had not had a response to her letter yet; I am more than happy to meet her to discuss her constituents' concerns about the Forth crossing.

Malcolm Chisholm made a number of points. We are freeing up money for social rented housing. We published targeted guidance in March which, if adopted by social landlords, could save up to £1 billion against the already-budgeted amount to meet the cost of the Scottish quality housing standard. It is worth pointing out that the 1,273 local authority homes started in 2010-11 was the highest number in a single financial year since 1987-88 and that the 583 local authority homes completed was the highest number in a single financial year since 1994-95. Real progress is being made in that respect. As I indicated in relation to the targets that we have set, we intend to go further.

Jim Hume raised a concern about having a single bidder for the Borders railway. It is our intention to see through the project and our 2014 target remains in place. There are issues to address, but the M74, which many members have mentioned as a positive example, also had a single bidder. Certain things have to be taken into account and we have to have discussions to ensure that the process is rigorous, but it is still possible to see through the project and we will do that.

On the Rosyth to Zeebrugge route, there is no difference between the point that I made that the decision is a commercial matter for the company involved and the point that Alex Neil made, which I understand was in a completely different context, that we should be ambitious in that respect. Of course we have always wanted to see a passenger service on that route, but we

understand the commercial pressures on the company concerned.

Paul Wheelhouse made a good point about the Norwegian oil fund. Would it not be fantastic to have a job like this if we had £300-plus billion of which we could access £13 billion in any given year to do some of the things that we would like to do? That just shows the folly of having squandered the oil wealth of this country. He was right to say that no provision was made by the previous Labour-Lib Dem Government for funding the Borders rail link. It is this Government that has driven the rail link forward and we will continue to do so.

Margaret McDougall made a series of points about council housing, but she did not seem to recognise the fact that the 36 per cent cuts to our budget—crucially, our capital budget—by Alistair Darling, which were subsequently supported by George Osborne, might have something to do with the cuts that we are having to wrestle with. That is the kind of thing that we are having to look at.

As a general rule, I genuinely think that it is important that we look at any good ideas that come from other parties on these issues, because the cabinet secretary has a role in looking at innovative ways of drawing in new funding. However, we can only take such suggestions seriously if members say where the money should come from. At the previous election, it was shown that the idea that one can demand more money for everything and expect to get it is finished.

**Rhoda Grant:** On that note, where will the money come from for the upgrading of the A9? Will it take decades?

**Keith Brown:** It is certainly not our intention that it should take decades. I point out that we are the first Government ever to commit to dualling the A9. Unlike some other parties, we put it in our manifesto. There is a question about funding, but if we were not facing massive cuts in capital funding, it would be much easier to dual the A9 much more quickly. We have made progress already, with £50 million spent, and we will continue to make progress, despite the fact that we are not helped by the cuts from Westminster.

I say to Patrick Harvie that I think that he is completely wrong on the M74—he will not be surprised to hear me say that. The opening was immensely popular. There were queues waiting to get on to it last night, with saltires flying in the first cars to go down the road. There was even a group of hell's angels who seemed to enjoy the road very much.

This morning, both the M8 in the area and the M74 were running very freely, and I hope that that will continue to be the case into the future. The new motorway is very popular, and it is a huge

boon for Glasgow and the west of Scotland. It is exactly the kind of project that the Government has championed in the past and will continue to champion in the future.

## Business Motion

17:00

**The Presiding Officer (Tricia Marwick):** The next item of business is consideration of business motion S4M-00443, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, setting out a business programme.

*Motion moved,*

That the Parliament agrees the following programme of business—

Wednesday 7 September 2011

1.00 pm	Time for Reflection
<i>followed by</i>	Parliamentary Bureau Motions
<i>followed by</i>	Scottish Government Business
<i>followed by</i>	Business Motion
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business

Thursday 8 September 2011

9.15 am	Parliamentary Bureau Motions
<i>followed by</i>	Scottish Government Business
11.40 am	General Question Time
12.00 pm	First Minister's Question Time
2.15 pm	Themed Question Time Infrastructure and Capital Investment; Culture and External Affairs
2.55 pm	Scottish Government Business
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business

Wednesday 14 September 2011

2.30 pm	Time for Reflection
<i>followed by</i>	Parliamentary Bureau Motions
<i>followed by</i>	Scottish Government Business
<i>followed by</i>	Business Motion
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business

Thursday 15 September 2011

9.15 am	Parliamentary Bureau Motions
<i>followed by</i>	Scottish Government Business
11.40 am	General Question Time
12.00 pm	First Minister's Question Time
2.15 pm	Themed Question Time Education and Lifelong Learning
2.55 pm	Scottish Government Business

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business—[*Paul Martin.*]

*Motion agreed to.*

## Parliamentary Bureau Motion

17:00

**The Presiding Officer (Tricia Marwick):** The next item of business is consideration of a Parliamentary Bureau motion. I ask Paul Martin to move motion S4M-00449, in the name of Bruce Crawford, on the timetable for the Offensive Behaviour at Football and Threatening Communications (Scotland) Bill.

*Motion moved,*

That the Parliament agrees that, for the purposes of Stages 2 and 3, the Offensive Behaviour at Football and Threatening Communications (Scotland) Bill be no longer treated as an Emergency Bill, and that—

(a) for the purposes of Rule 9.7.1, the Justice Committee be designated as lead committee; and

(b) consideration at Stage 2 be completed by 11 November 2011.—[*Paul Martin.*]

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

## Decision Time

17:01

**The Presiding Officer (Tricia Marwick):** There is one question to be put as a result of today's business. Before that, however, I ask members to welcome Nicola Clase, the ambassador for Sweden to the United Kingdom, who has joined us in the gallery. [*Applause.*]

The question is, that motion S4M-00449, in the name of Bruce Crawford, on the timetable for the Offensive Behaviour at Football and Threatening Communications (Scotland) Bill, be agreed to.

*Motion agreed to,*

That the Parliament agrees that, for the purposes of Stages 2 and 3, the Offensive Behaviour at Football and Threatening Communications (Scotland) Bill be no longer treated as an Emergency Bill, and that—

(a) for the purposes of Rule 9.7.1, the Justice Committee be designated as lead committee; and

(b) consideration at Stage 2 be completed by 11 November 2011.

## Police Complaints Commissioner for Scotland

**The Deputy Presiding Officer (Elaine Smith):**

The final item of business is a members' business debate on motion S4M-00173, in the name of Margaret Mitchell, on the Police Complaints Commissioner for Scotland.

*Motion debated,*

That the Parliament notes the concern expressed by key stakeholders regarding the proposal to transfer the role of the Police Complaints Commissioner for Scotland (PCCS), the office of which is currently based in Hamilton, to the Scottish Public Services Ombudsman; understands that this would leave Scotland as the only part of the United Kingdom without a free-standing and independent police complaints authority; considers that the nature of police powers, such as the power of arrest, stop and search and use of force, means that police complaints are unique and complex in their nature compared to complaints involving other public services; would welcome a review of the functions and powers of the PCCS, and considers this to be particularly important in light of the ongoing discussion on the restructuring of the Police Service in Scotland.

17:03

**Margaret Mitchell (Central Scotland) (Con):**

First, I welcome the police complaints commissioner, Professor John McNeill, and members of the PCCS staff, who are in the gallery to hear the debate.

The motion before us is vital. It highlights the Cabinet Secretary for Justice's proposal to transfer the role of the Police Complaints Commissioner for Scotland, a non-departmental public body currently based in Hamilton, to the Scottish Public Services Ombudsman. It also seeks

"a review of the functions and powers"

of the Police Complaints Commissioner for Scotland, including in

"the ongoing discussion on the restructuring of the Police Service in Scotland."

Support for such a review approach is shared by diverse key stakeholders, including academics, Amnesty International and police officers both serving and retired, all of whom recognise the distinct nature of the roles and responsibilities of the police and the fact that, crucially, the powers of the police set them apart from other public servants in terms of the oversight and scrutiny of complaints.

That is not to trivialise the complaints that are dealt with by the SPSO; rather, it is to acknowledge the particular nature of police complaints.

To quote Amnesty International, the nature and extent of police powers make them

“the front line of protecting the public’s human rights on a daily basis – whether protecting the right to freedom from harm”—

or the right to life—

“defending their right to property, or prohibiting discrimination on the grounds of religion, race, gender, or sexual orientation ... In order to uphold the Government’s duty to protect the human rights of its citizens, police have legitimate powers to limit the rights of others, most notably in depriving people of their liberty and in the state-sanctioned use of force.”

In other words, policing is about some of the most fundamental principles of how the state treats its citizens. What society needs, and everyone wants, is policing that is accountable and based on integrity. Those principles date back almost 2,000 years, to when the Roman satirist, Juvenal, posed a question:

“Quis custodiet ipsos custodes?”

That means, literally, “Who guards the guards?” The question is just as relevant today, given the recognition of the uniqueness of police complaints from legal and civil liberties perspectives. It is not surprising, therefore, that widespread concern was expressed when, on December 14 last year, the cabinet secretary wrote to the PCC to advise him of the proposal to transfer the functions of his office to the SPSO and asking him, and other stakeholders, to respond by 19 January. At the same time, the cabinet secretary stated that he was looking to initiate this transfer now because of the budget reductions that are faced by the justice portfolio. Quite simply, a consultation of little more than four weeks—held over the festive season—was hopelessly inadequate, and the subsequent extension of the deadline for responses to 31 January was not much better.

In the words of the German sociologist and political economist, Max Weber:

“three pre-eminent qualities are decisive for the politician: passion, a feeling of responsibility and a sense of proportion.”

Although no one doubts the cabinet secretary’s passion for justice issues, sadly, in his handling of this consultation, he was not proportionate. That is worrying, especially with the advent of Scottish National Party majority government. It is disappointing that, to date, no SNP MSP has felt able to sign the motion.

However, tonight’s debate affords the opportunity to analyse some of the facts that are not in dispute, such as the fact that the change that was consulted on is in no way a reflection of the work of the PCCS and the dedication of its staff. On the contrary, the knowledge and experience of the staff were commended by the numerous respondents to the consultation.

The police complaints commissioner is not opposed to a wholesale review of the role and remit of his office. After the four years of the post’s existence, the time may well have been right to examine the commissioner’s powers, and that is most certainly necessary now, against the background of the Scottish Government’s consultation on the future structure of policing.

All four parts of the United Kingdom have independent police complaints departments. Elsewhere, South Africa, Canada, and the Netherlands all have a specialised oversight agency for police complaints, and that is the prevailing trend of police forces across Europe in recent years.

At present in Scotland, under the Lord Advocate’s guidelines, an investigating officer from another force may be appointed in cases of complaints against senior officers or following incidents involving the police use of firearms, road deaths involving vehicles driven by the police and deaths in custody. If Scotland were to move to a single police force, that would result in that force investigating itself, which would almost certainly breach the European Convention of Human Rights—some dubiety exists about even the present system’s compliance.

Finally, it is far from certain that the desired economic or practical objectives that this proposal seeks to achieve will be realised. I will quote two consultees on the matter. Fife police authority says:

“the financial and logistical case has not been sufficiently robust to support this move”

and the Dumfries and Galloway police and fire and rescue authority says that the consultation

“extends to the equivalent of an A4 page containing numerous aspirational statements with no evidence to quantify potential savings to the public purse, potential benefit to members of the public in terms of outcomes arising from the changes, and indeed any indication in practical terms as to how these changes will actually be effected in practice or any indicative cost to be offset against potential savings.”

To consider transferring the powers of the PCCS to the SPSO in isolation and before the review of the structure of Scotland’s police force was deemed to be presumptuous by many consultees, and respondents such as Her Majesty’s Inspectorate of Constabulary for Scotland were firmly of the opinion that a review of the PCCS and consideration of the possibility of transferring powers to the SPSO would be better measured within the context of this wider reform of policing in Scotland. I sincerely hope that the cabinet secretary will support that view this evening and I look forward to his comments.

17:10

**Jamie Hepburn (Cumbernauld and Kilsyth) (SNP):** I congratulate Margaret Mitchell on securing tonight's debate and on her use of myriad acronyms in her speech—it was quite something to follow what she was saying at times. However, the issue is important and she should be congratulated on bringing it to the chamber.

In saying that, I admit that I have not considered the issue in great detail, so I have been interested to read a little more about it in preparation for the debate. I am also interested to listen to what people have to say and perhaps learn a little bit more along the way.

It was very interesting to hear Amnesty International being quoted in the chamber by a Tory. That is not something that I hear all that often. I am probably even less used to hearing Max Weber being quoted in the chamber by anyone, so Margaret Mitchell should also be congratulated on that.

It is the hallmark of any democratic society that the police should be subject to appropriate scrutiny, and by and large, we have that right in Scotland. We have local police boards with elected members and an elected Parliament that can exercise that scrutiny function. It is especially important, however, that when any member of the public feels, for whatever reason, that they have to complain about the police, there should be a rigorous complaints procedure. I did not sign Margaret Mitchell's motion, not because I do not acknowledge the importance of that fact, but because I am not quite sure of my position on the transfer of powers away from the complaints commissioner to the SPSO. Margaret Mitchell raised a lot of concerns, and I am sure that we will get the benefit of Graeme Pearson's considerable experience in a minute. Much of what she said reflects what the police complaints commissioner said when the issue was raised earlier in the year:

"Any perceived scaling back of that oversight would be a regressive step that could erode trust and undermine public confidence in the police."

That would be true, but would a transfer of powers to the SPSO in and of itself mean a scaling back of that oversight role? I am not particularly convinced that it would.

I have a sense of déjà vu in approaching this subject, because I was the deputy convener of the Review of SPCB Supported Bodies Committee during the previous parliamentary session. It might not have been the most scintillating of subject material to deal with, but concerns about the implications of mergers of various commissions or commissioners were raised at that time. I can understand those concerns but, as long as the core service of the body is retained, and as long

as people can be confident that their complaint is being dealt with, there is some merit in creating a simplified landscape.

**Margaret Mitchell:** Does the member acknowledge the unique position of the police, given their powers, which differ substantially from those of other public servants? If he does, does he accept that the issue should be considered within the context of the review of policing, as it will obviously raise issues that will be germane to the review and how we consider merging the two offices, if we do?

**Jamie Hepburn:** I certainly accept that the police have a specific role in our society and specific powers that are different from the different bodies that the Review of SPCB Supported Bodies Committee looked at. Again, that is not necessarily an argument against a merger, although I do not have a set position at this time.

Margaret Mitchell is right to raise her concerns, but I reiterate that a simplified complaints landscape for the public is worth considering, as long as we can protect the core services of each institution.

When she quoted Amnesty International, Margaret Mitchell also raised a number of civil liberties issues, but I am not at all convinced that any merger of the PCCS with the SPSO would in and of itself abrogate any individual's civil liberties.

I must conclude, as I see that I am out of time—that always seems to happen to me in members' business debates. We should recognise the good work that the police complaints commissioner undertakes; I certainly do. I also recognise that it must be a bit of an uncertain time for the PCC's staff, but I think that the proposal is worth looking at and I look forward to hearing what the minister has to say at the end of the debate.

17:15

**Graeme Pearson (South Scotland) (Lab):** I thank the Presiding Officer for giving me the chance to speak in the debate, and I thank Margaret Mitchell for raising an important issue.

These are turbulent times for the police service, given the proposal for reform in the coming years. I acknowledge at the outset that I was heartened by the minister's comments to the Justice Committee yesterday, which seemed to indicate openness on the way forward, but because this debate had been secured I felt that it was important to give some insight into my views on the matter.

Although there is a great deal of police reform in the offing and no matter how it might play out, it will be a case of business as usual for the police service in the coming years, so it is important that

the public have confidence in the systems that are utilised in investigating complaints, regardless of the nature of those complaints and the outcome that is achieved. There is no doubt that the commissioner has achieved a high level of confidence in his handling of complaints over the past four years. An important part of that has been investment in the quality of service in responding to complaints and, more important, in preventing complaints in the first place.

Expertise has been built up in the 16 or so members of staff who work for the PCCS in Hamilton. It must be extremely difficult for them to continue their commitment to the important work that the PCCS does when such a cloud of uncertainty hangs over them. That expertise and commitment need to be invested in. There are worries that if we move forward with new structures, the public will think that those new structures will enable the police service to change inherently and generically, but that will not be the case.

The amount of work that the PCCS does has increased substantially in recent years as people, quite properly, have accessed its services to rehearse any misgivings or reservations about the service that they have received. I suggest to the cabinet secretary that, in any future new set-up for the police service, it will be important that a police complaints commissioner of sorts can link with Her Majesty's chief inspector of constabulary in assisting with the oversight and proper accountability of the police service through a national policing board.

For that reason, I ask the cabinet secretary to maintain the current situation in the meantime, so that a clearer view can be taken of the nature of the police service in the years ahead and so that we can design the police complaints management system better to attune it to the needs of the police service as regards improvement and, more important, to ensure that it can deliver on the need of the Scottish public to have the confidence of knowing that their complaints have been treated seriously and been properly responded to.

I see that I am still within my time, but I have said what I came here to say. I associate myself with all that Margaret Mitchell said in her speech.

17:19

**John Lamont (Ettrick, Roxburgh and Berwickshire) (Con):** I, too, congratulate Margaret Mitchell on securing the debate and on giving the Parliament the opportunity to consider this important issue. We have heard several thoughtful speeches.

The PCCS was established in 2006 and took over powers to review the handling of complaints

about the police on 1 April 2007. As members are aware, the PCCS's main function is to review the manner in which a police force or other police authority has handled a complaint from a member of the public. It has the power to direct the relevant police authority to reconsider the complaint.

The commissioner is appointed by and accountable to the Scottish ministers. The body plays an important role as the organisation that polices the police. In that sense, it is extremely important for police accountability that it is allowed to operate as effectively and independently as possible.

As we have heard, merging the PCCS with the SPSO has been proposed. The proposals were introduced with good intentions but, as Margaret Mitchell's motion suggests, concerns exist about the practicalities of a merger. I will discuss some of those concerns.

First, from a legal and civil liberties perspective the importance of police complaints demands dedicated and specialised oversight. That is not to say that the SPSO deals with unimportant complaints, but complaints about the police often involve complex legal arguments, so a specialist oversight body is more appropriate. If the PCCS were merged with the SPSO, that specialised oversight would, to an extent, be lost. It is interesting to note that most European countries have a specialised police oversight body. To deal effectively with police complaints requires knowledge of criminal law and procedure, the police misconduct regime and the internal policies and procedures that policing bodies apply to all aspects of policing.

The concern has been expressed that a transfer would result in the process becoming more complicated for complainers and less effective and efficient. We should remember that the police are here to keep us safe, so we need an effective and efficient organisation that corrects issues that prevent the police from fulfilling their responsibilities.

The merger's appropriateness has also been called into question because of the timing of the proposals. Given the continuing discussions about the future structure of Scotland's police forces, it seems unwise to press ahead with major changes to the system for dealing with police complaints when significant changes to the policing structure could be just round the corner. I was pleased that the cabinet secretary recognised that when he told the Justice Committee earlier this week that there should perhaps be a pause while further discussions take place on the future of Scotland's police forces.

As for the PCCS's future structure, a discussion must be had about whether to establish some sort

of criminal justice complaints body that incorporates not only the police, but prisons and fire services. The Government should consider that when it returns to the proposals.

Whatever the future structure for dealing with police complaints is, a robust system needs to be in place for dealing with unfounded complaints. Of course, genuine complaints must be dealt with seriously, but unfortunately some people abuse the system in a manner that can be described only as frivolous. Complaints must always be investigated and dealt with, but we must do what we can to avoid the police being distracted from undertaking their important job by those who want to misuse the complaints system.

We all understand that savings must be made in Government spending. However, who polices the police is crucial to ensuring the safety of the people of Scotland. We all want to keep our police forces as efficient as possible. To do that, we need an organisation that is staffed by law enforcement experts who are devoted to ensuring that Scotland's police forces are as professional as possible. I thank Margaret Mitchell again for raising this important issue and providing a timely opportunity to discuss it in Parliament.

17:24

**Alison McInnes (North East Scotland) (LD):** I, too, congratulate Margaret Mitchell on securing this important debate. I support her motion. The Government's proposal to transfer the role of the Police Complaints Commissioner for Scotland to the Scottish Public Services Ombudsman fails to recognise the specific and unique nature of handling police complaints. For our police complaints procedure to be credible and trusted by the public, it must be visible, independent and well resourced. I commend the PCCS for the way in which it does its work.

The legacy paper from the previous parliamentary session's Justice Committee highlighted the matter as something that its successor committee should scrutinise; I hope that that will be possible.

Scottish Liberal Democrats are concerned about the proposals to transfer the role to the SPSO and question whether those proposals are necessary or desirable. As Margaret Mitchell said, police complaints require specific expertise and understanding for proper handling, and we are concerned that the generalist experience of the SPSO is not best suited to that.

It is vital that the Scottish Government consider the unique role that is played by the PCCS at the moment. I would be concerned if the merger was driven by nothing more than a desire on the Government's part to reduce the number of public

bodies to meet some arbitrary target. We know that the current commissioner, Professor John McNeill, has said that handing his role to a general body could damage public confidence and would be regressive. He has argued that continuing down that path would leave Scotland alone in the UK in not having a dedicated police complaints oversight body.

Trust in the police and the willingness of the public to engage constructively with them depend on the powers of the police being exercised reasonably and in accordance with the law. An effective system of complaints oversight is vital to the accountability and transparency of the police. There must be an effective mechanism by which the public can seek to hold the police to account.

As we have heard, the Scottish Human Rights Commission argues that the independent oversight of policing plays a vital role in protecting individual human rights, ensuring public trust and confidence in the police and promoting the efficient operation of law enforcement in Scotland. Those three different aspects operate together to bring about an effective oversight of policing.

The current PCCS argues:

"The uniqueness of complaints about the police requires that the oversight mechanism is not only independent of the police, but also dedicated and specialised."

We agree. The distinction between complaints about the police and those about other public bodies was recognised by Her Majesty's inspectorate of constabulary in 2000 and by the previous Scottish Public Services Ombudsman in 2005. What is different now?

The Scottish National Party seems set to centralise Scotland's police forces into a single force and Scottish Liberal Democrats are the only party that is standing up for local policing. We argue that it is bad for democracy to have a single chief constable responsible to the justice minister. Within that context, it seems even more vital to uphold an effective and independent accountability structure. A number of concerns were raised during the Government's short consultation of stakeholders. Margaret Mitchell highlighted how inadequate that consultation process was.

HM chief inspector of constabulary raised concerns that the skills that are required to review complaints would be diluted within the much larger pool of complaints that SPSO deals with, and called for the issue to be considered in the wider context of police reform.

The Scottish Human Rights Commission has also raised concerns and the Scottish Information Commissioner has expressed concern that because of differences in the way freedom of information laws apply to the two bodies, transferring functions may have the unintended



consequence of reducing the public's right to scrutinise the conduct of investigations into police complaints.

Given the number of misgivings that have been voiced this evening during the debate, I urge the Government to tread very carefully. Changes to the police complaints procedure should be made only if there is a compelling case for change; that case has not been made. It is not enough to argue that the public would benefit from a one-stop shop for public service complaints or that budget savings need to be made. The issues that have been raised by Margaret Mitchell and others tonight deserve rigorous consideration. Our citizens and our police forces deserve nothing less.

17:28

**The Cabinet Secretary for Justice (Kenny MacAskill):** I thank Margaret Mitchell for securing this debate and I thank members for their thoughtful and helpful contributions.

It is probably remiss that the issue has not been debated in Parliament to date. That is not the fault of any individual. We have had the opportunity in Government and Opposition debates to discuss it, but other issues have taken priority.

As Margaret Mitchell and others have said, the issue is important. I join her in thanking John McNeill and his staff for all their hard work and effort. I meet John regularly—I met him last week. I have not had the opportunity to meet all of his staff, but I put on record the Government's gratitude for the good work that they have done. They have improved matters immensely. As I stated to John McNeill last week, it is not just that they deal with the issues that come before them; their good work and efforts have resulted in improvements to how the police deal with issues internally. It is a win-win situation. It is important that we put on record the improvement in standards that has come about and the importance of the staff.

I recognise the difficulties that have been caused by the uncertainty, and I am sorry about that. What I can say about Margaret Mitchell's motion is that not only do I welcome her bringing it here, but it has merit. It is undeniably the case that policing is unique as regards the ability to take away people's liberty and the knock-on effect that that can have on people's employability, as well as on other factors. The behaviour of the police and the ability to scrutinise them are fundamental in the democracy in which we live, so I fully accept that aspect.

We have to recognise that things are changing because of restructuring, and that offers challenges as well as opportunities. We have been

chastised briefly about costs—I will not bandy about the cost of elected police commissioners or anything else—but costs have to be taken into account. I recognise where we are. There has to be a review of the public sector landscape, and a review of the policing landscape is under way. It is important that we take our time to get it right.

**David McLetchie (Lothian) (Con):** I want to pick up the cabinet secretary's point about costs. As I understand the issue, a merger as proposed for the PCCS and the SPSO might save a few hundred thousand pounds in administrative costs. Equally, the driver for reducing the number of police forces—whether to three forces or a single force—is to save tens of millions of pounds. Would it not be a reasonable, proportionate response to say that a tiny fraction of the single police force savings might be applied to ensure that we still have a free-standing complaints service?

**Kenny MacAskill:** That is certainly one idea, and I support many of Mr McLetchie's comments. I have not yet formed a view on police reform, as he well knows. However, I recognise the imperative of making savings. The savings that can be made from any change within the PCCS are vastly different from the savings that can be made from police restructuring. In response to Ms McInnes, I say that savings need to be considered. Even small savings are important in these times, and indeed there are other costs to consider, too.

We remain genuinely open-minded on the issue. We will not rush to a decision. No decision has been made about police reform, and we will take time to pause and reflect. We recognise that arguments in favour of a standalone body to handle police complaints are stronger under a single model. As Mr McLetchie well knows, I have argued that the case for a single model has strengthened, although it has not yet been made. I can give an assurance that we are genuinely open-minded.

In response to Graeme Pearson's valid point, I say that we have to keep the show on the road and maintain good services. I give the commitment that it is our intention, as I mentioned to John McNeill when I met him, to ask the PCCS to continue to do the excellent job that it does as we consider where to go with police reform and possible transfers of PCCS functions to the SPSO.

The 2007 Crerar review proposed improvements to the complaints-handling system, including that the SPSO should oversee all public service complaints-handling processes. In 2008, the Sinclair review made similar recommendations about reducing the number of standalone complaints-handling bodies. That was three years ago. I have always been sympathetic to the principle, as set out in the Sinclair review, of simplifying public service complaints handling. The

current work on the future of policing in Scotland provides the ideal opportunity to review how best that should be done.

Given the important nature of the issue, at the end of last year I sought stakeholders' views on the proposal to move the functions of the PCCS to the SPSO. A variety of opinions were gathered, and organisations took different views. The Association of Chief Police Officers in Scotland is open-minded about the proposals and recognises that they are based on current financial pressures. It emphasises the significant corporate knowledge and experience of the PCCS. It is important that those are not lost. We take those matters and others on board.

The short-life working group has representatives from the PCCS, the SPSO, the Scottish Parliamentary Corporate Body—because of the significance of the issue—and the Scottish Government. I am grateful to all members of the group for their professional and positive contributions. I am also grateful to the commissioner for his on-going work, and indeed his fortitude in continuing with the matters under consideration.

It is important that we acknowledge that circumstances have changed because of the requirement to change the public sector landscape. Circumstances have also changed because of the likelihood of police reform. Although I have not indicated a final outcome, I think that we all acknowledge that the landscape will not stay the same. It is appropriate that we take the time to get things right.

**Margaret Mitchell:** Will the cabinet secretary confirm that no decision on the future of the PCCS will be taken until we know clearly the future structure of policing and its implications for the PCCS?

**Kenny MacAskill:** That follows from the logic of what I have said. I cannot give any guarantees on timescales, because I have obligations to the staff—as Margaret Mitchell and others have said.

We are driving on as fast as we can with police reform, and the issue will be coming back at the end of the summer. We will have to consider the issue carefully—bearing in mind the fundamentally important points that Margaret Mitchell and others have made. The matter is not yet decided, but I put on record that some matters will have to change. We have to get things right. We will use the summer to hear people's views.

I am grateful to Margaret Mitchell for bringing this matter to Parliament, and I am grateful to John McNeill and his staff for the good work that they do. Long may it continue.

*Meeting closed at 17:36.*

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