



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EDUCATION AND CULTURE COMMITTEE

Tuesday 26 March 2013

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CONTENTS

	Col.
DECISION ON TAKING BUSINESS IN PRIVATE	2139
SUBORDINATE LEGISLATION.....	2140
Teachers' Superannuation (Scotland) Amendment Regulations 2013 (SSI 2013/71).....	2140
Individual Learning Account (Scotland) Amendment Regulations 2013 (SSI 2013/75).....	2157
Education (Fees, Awards and Student Support) (Miscellaneous Amendments) (Scotland) Regulations 2013 (SSI 2013/80)	2157

EDUCATION AND CULTURE COMMITTEE

10th Meeting 2013, Session 4

CONVENER

*Stewart Maxwell (West Scotland) (SNP)

DEPUTY CONVENER

*Neil Findlay (Lothian) (Lab)

COMMITTEE MEMBERS

*George Adam (Paisley) (SNP)

*Clare Adamson (Central Scotland) (SNP)

*Colin Beattie (Midlothian North and Musselburgh) (SNP)

*Neil Bibby (West Scotland) (Lab)

*Joan McAlpine (South Scotland) (SNP)

*Liam McArthur (Orkney Islands) (LD)

*Liz Smith (Mid Scotland and Fife) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Chad Dawtry (Scottish Public Pensions Agency)

Chris Graham (Scottish Government)

Michael Russell (Cabinet Secretary for Education and Lifelong Learning)

CLERK TO THE COMMITTEE

Terry Shevlin

LOCATION

Committee Room 4

Scottish Parliament

Education and Culture Committee

Tuesday 26 March 2013

[The Convener *opened the meeting at 10:01*]

Decision on Taking Business in Private

The Convener (Stewart Maxwell): Good morning. I welcome members to the 10th meeting of the Education and Culture Committee in 2013, and remind members and those in the public gallery to ensure that electronic devices are switched off at all times, as they interfere with the sound system. We would appreciate it if all such devices, particularly phones, were switched off.

Agenda item 1 is consideration of whether to take business in private. Are members content to take item 5 in private?

Members *indicated agreement.*

Subordinate Legislation

Teachers' Superannuation (Scotland) Amendment Regulations 2013 (SSI 2013/71)

10:01

The Convener: Item 2 is to take evidence from the Cabinet Secretary for Education and Lifelong Learning and his officials on the Teachers' Superannuation (Scotland) Amendment Regulations 2013. The item gives members the opportunity to ask any technical questions or seek clarification on the regulations. A motion to annul the regulations has been lodged, which we will consider under item 3.

I welcome to the meeting the Cabinet Secretary for Education and Lifelong Learning, Michael Russell; Chad Dawtry, who is director of policy at the Scottish Public Pensions Agency; and Chris Graham, who is a policy analyst in the Scottish Government's learning directorate. Good morning, gentlemen.

I invite the cabinet secretary to make an opening statement.

The Cabinet Secretary for Education and Lifelong Learning (Michael Russell): Thank you, convener. First, I declare an interest. Although she will not thank me for saying so, my wife is a prospective pensioner—that is the only time that I have referred to her in that way—with the Scottish Public Pensions Agency, and she is a headteacher.

I take no pleasure in speaking in support of the regulations and wish that we did not have to bring them forward, but they are, unfortunately, necessary. I welcome the opportunity to put on record again the Government's commitment to public service pensions that are affordable, sustainable and fair for both public servants and the communities that they serve. I also put on record again our recognition of the hard work and considerable achievements of the teachers and lecturers who deliver high-quality education to children and young people throughout Scotland. At a time of wage restraint and financial hardship, it is wrong to ask such public employees to pay more for their pensions in this way, but the simple reality is that, once again, the United Kingdom Government has forced a situation on us.

Under the current constitutional arrangements, the majority of pensions policy remains reserved to Westminster. That means that the UK Government sets the basic terms for the pensions of most people who provide public services in Scotland. Unfortunately, it has conflated the need for public sector pension reform with its

determination to deal with economic difficulties through an inflexible programme of austerity measures. The Treasury is intent on raising more than £6 billion of extra revenue by increasing pension contributions from teachers, police officers, firefighters and national health service staff, and £0.5 billion of that is to come from Scotland alone.

The UK Government has once again confirmed in writing that it will impose punitive financial penalties that will hit the public service across Scotland if we do not implement the increased employee contributions and deliver the extra income that it demands. In a letter to the Cabinet Secretary for Finance, Employment and Sustainable Growth on 22 October last year, the Chief Secretary to the Treasury said:

"In line with our normal funding rules, in the event that the Scottish Executive chooses not to implement the further increases in contributions, the Treasury would make an according adjustment to the Scottish Executive Budget. Similarly, in the event of any time overrun beyond April 2013 the Treasury would have to reduce the Scottish Executive Budget by £8.4m for every month's delay."

In other words, if we refuse to implement the increases, we face a £100 million reduction for every year in which they are not applied. That is £100 million less for public services in Scotland every year, on top of the cuts that Westminster has already imposed. Of course, there was an additional cut announced in the budget from Westminster last week. A third of that £100 million would be attributable to teachers' pensions.

The reality is that such a burden simply cannot be imposed on communities and on Scotland. In effect, the Scottish Government has no choice but to implement employee pension contribution increases in the public sector for a second year from April 2013.

That is why we have reluctantly laid the regulations that the committee is considering this morning. The regulations seek to apply the increases in a way that shares the burden more fairly than the Westminster proposals. They seek to ensure that lower-paid staff, such as teachers starting out in their career in the profession, will be protected from the increases. They seek to impose a higher burden on those who earn more by continuing to implement the increases on a tiered basis rather than applying the same rate to all. They also apply this further increase in a way that is consistent with previous years and with practice in England and Wales.

That is all I need to say by way of introduction. It is with some reluctance—indeed, with a great deal of reluctance—that I have to commend the regulations to the committee.

The Convener: Thank you for that statement and for the information on the context of this

Scottish statutory instrument. Do members have any comments?

Liz Smith (Mid Scotland and Fife) (Con): I put on the record that I am the recipient of a teaching pension.

You make very clear your reasons for pressing ahead with the SSI. You have made your decision about what you want to do in years 1 and 2. I understand that your policy intention is not yet decided for year 3. Is there scope for change in that?

Michael Russell: I will ask Chad Dawtry to answer the technical question before I answer the policy question.

Chad Dawtry (Scottish Public Pensions Agency): The decision has not yet been taken.

Michael Russell: That is the policy. The decision has not been taken. We have taken it year on year. This goes back a considerable way. There have been a large number of discussions with trade unions and others, which we would want to continue to have. Unfortunately, the financial reality is that we are where we find ourselves today.

Neil Findlay (Lothian) (Lab): What negotiations and discussions have taken place with the UK Government on this?

Michael Russell: Mr Swinney is the responsible minister. Mr Dawtry might want to answer, as he advises Mr Swinney on pensions.

Chad Dawtry: As far as negotiations are concerned, Mr Swinney has had letters from the Chief Secretary to the Treasury, Danny Alexander, saying that the increases need to be applied and that, if they are not applied, money will be taken from the Scottish block.

Michael Russell: In relation to the teachers' pension scheme, my officials have suggested a number of alterations within the envelope, including addressing the issue of retirement date, which I think is a substantial issue, but on every occasion we have received, to be blunt, little or no sympathy and little or no flexibility from Westminster.

Neil Findlay: Mr Dawtry said that a letter had been received. Have there been any face-to-face discussions and negotiations to challenge the UK Government?

Michael Russell: There has been endless challenge to the UK Government. I do not know what point Mr Findlay is wishing to make about that. There has been endless challenge and endless negotiation. It has been done largely by letter because the Westminster Government has been inflexible. I have quoted one of the letters that have dealt with this, which I think have all

been released. On occasions that the issue could be raised, it has been raised. No stone has been left unturned and we will continue to challenge, but we are faced with the reality that, as long as pensions legislation is reserved to Westminster, the Westminster Government has the right to do this and the right to use the terms that you have heard today, such as

“a unilateral reduction in the funding for the Scottish Government.”

Neil Findlay: Mr Dawtry, I wonder whether you could answer the question. You said that a letter was received. What other involvement have you had?

Chad Dawtry: As officials, we have simply had discussions with the Treasury about how it expected these increases to be applied initially.

Neil Findlay: Via mail?

Chad Dawtry: Via email.

Neil Findlay: That has given me more of an understanding.

How many meetings and discussions with the teaching trade unions have taken place and when did they come to an end?

Michael Russell: They have not come to an end; along with Mr Swinney, I am meeting the teaching trade unions this afternoon.

Neil Findlay: What about the discussions on pensions?

Michael Russell: I shall discuss pensions with the teaching trade unions this afternoon. Intensive discussions took place through the Scottish teachers' pension scheme negotiating group, which has discussed the issues at great length. We eventually issued a consultation document on the basis of those discussions, in which a consensus was not reached about how the changes might be applied.

We received submissions, and the consultation period has ended. We concluded that there was still no consensus on what should be done, so we reverted to the original position that was put to the committee, with mitigation for those who earn less than £26,000 a year.

Neil Findlay: Will you summarise the main proposals that the teaching trade unions made?

Chris Graham (Scottish Government): The consistent message from the teaching unions' consultation responses was that they did not support the introduction of increased rates for a second year at all. They categorically opposed further increases. The unions made that clear to us in the discussions that were held through the Scottish teachers' pension scheme negotiating group.

Since April last year, that forum has met regularly to discuss the contribution increases and the longer-term pension reform proposals. The fundamental point that the unions made in the discussions and the responses was that they would not support any increases in employee pension contributions.

Neil Findlay: A section in here says that there was a suggestion of a “lack of evidence” for the alternatives. Will somebody expand on that?

The Convener: Which document are you referring to?

Neil Findlay: I will try to find the quote—I read it earlier this morning.

The Convener: Are you looking at the policy note?

Neil Findlay: Yes. I am sure that the comment is in there.

Liz Smith: It is in the top paragraph on page 2.

Michael Russell: We cannot see the reference.

Neil Findlay: It is in a committee paper.

Michael Russell: Ah—it is in a committee paper. I see that the quote is from a Scottish Public Pensions Agency circular. Chad Dawtry will address the point.

Chad Dawtry: In the discussions that took place, the various parties covered a number of issues about the distribution of the increase. The consultation responses presented no evidence on a consensual basis for an alternative approach. Views differed about whether protection should be extended to a higher level, but none of the parties to the discussions and nobody who responded to the consultation put forward compelling evidence.

Neil Findlay: There is a difference between compelling evidence and consensus.

Chad Dawtry: Yes.

Neil Findlay: Was there no consensus or no compelling evidence?

Chad Dawtry: There was neither compelling evidence nor consensus.

Liam McArthur (Orkney Islands) (LD): I will follow up Liz Smith's line of inquiry about the year-on-year approach. Will you explain the rationale for that? Are circumstances expected to change year on year such that the Scottish ministers could adopt a different approach in year 2 or 3?

Chad Dawtry: The simple position is that this is a UK Government policy, as committee members are aware. According to that policy, there are three increments. In the first year, 40 per cent of the increase was introduced. Scottish ministers looked at how and whether to apply that increase, and the

same process has happened for a second year. We are yet to have complete certainty from the UK Government that it will apply the third-year increase. It would not be appropriate for the Scottish Government to decide on that until we have the UK Government's position.

Liam McArthur: What discussions are taking place at official or political level about what the third year might look like?

10:15

Michael Russell: As I said, we are aye hoping that Danny Alexander might change his mind and that we might get some sense and recognition that the increase is a bad thing and that we do not want to do it. There might be a withdrawal of the letter of 22 October that I quoted. Those are material considerations and we want to ensure that we keep our options as open as we can. However, the hard reality comes down to that £35 million a year, which is what we would have to meet, according to the threats from the Treasury and Danny Alexander, if we did not implement the increase.

Liam McArthur: Just to be clear, the £35 million is built into the block on the assumption that these savings are being made. In a sense, the threat of the withdrawal relates to the fact that that money is there in the expectation that it is deployed in this way.

Michael Russell: The letter says:

"the Treasury would have to reduce the Scottish Executive Budget by £8.4m for every month's delay."

That is for the whole pension contribution. However you choose to describe it, the Scottish Government's budget would be £8.4 million less for every month that we did not implement the increase—there is no ifting or butting.

Liam McArthur: Well, I think that the way it is described is important in the sense that—

Michael Russell: That is how Danny Alexander, a Liberal Democrat minister, described it. He said:

"the Treasury would have to reduce the Scottish Executive Budget by £8.4m for every month's delay."

Liam McArthur: The funding is in the block in acknowledgement of the reductions that are being made.

Michael Russell: The message is either do this or you do not get £8.4 million a month—that is pretty clear to me. I do not think that there is any dubiety there. That is how it was put by Danny Alexander, a Liberal Democrat minister, and that is what it says.

The Convener: As no one else has questions for the cabinet secretary or his officials at this

point, I thank the cabinet secretary and his officials for the information on the Scottish statutory instrument.

Now that we have received a briefing from the Scottish Government on the SSI, the next item is formal consideration of a motion to annul the instrument. I invite Neil Findlay to speak to and move motion S4M-05954.

Neil Findlay: I, too, declare an interest as at some time in the future I hope that I will be a recipient of a teacher's pension and I am a member of the Educational Institute of Scotland.

Like other public sector workers, teachers are struggling at the moment. They have seen the price of everyday items in their household bills, such as food and energy, increase as wages are frozen or increased by significantly less than the rise in the cost of living. Everybody knows that family budgets are under pressure. I am sure that many of us disagree strongly with the UK Government's policies, including the coalition's pensions policy that seeks to increase contributions and make people work longer and get paid less of a pension when they retire. The policy is simply an additional tax on workers that is being used in an increasingly unsuccessful attempt to cut the deficit.

In Scotland, the Scottish Government has failed to challenge the UK Government's assumptions and has accepted its policy prescription on pensions. The main teaching union, the EIS, has entered into negotiations with the Scottish Government in good faith and presented ideas for a revised scheme that would give the greatest protection for the lowest paid and those who have not yet reached the top of the income scale. The union was willing to engage in further dialogue to develop a workable solution, but the Scottish Government was unwilling to give that further consideration. The result is that morale among teachers, who are already under pressure and trying to cope with the new curriculum and the changes that that entails, is plummeting. A ballot seeking union members' approval for industrial action is under way.

Joan McAlpine (South Scotland) (SNP): I have great sympathy for what the member says and for the predicament that teachers and other public sector workers find themselves in. However, given that the cabinet secretary has outlined that it would cost £100 million to rectify the UK Government's decisions, will the member tell us where he would take that £100 million from in the Scottish budget?

Neil Findlay: I think that the cost of the proposal by the main teaching union is nothing like £100 million. Indeed, the union values it at £3 million, so there is a real difference there.

Teachers do not want industrial action to go ahead, but they feel that there is little option. I urge the Scottish Government to get back to negotiations with the stakeholders to try to avoid industrial action.

I move,

That the Education and Culture Committee recommends that the Teachers' Superannuation (Scotland) Amendment Regulations 2013 (SSI 2013/71) be annulled.

The Convener: I seek contributions from members.

Liz Smith: I think that you have shown some sympathy for this in the negotiations, but the primary school sector has raised a point about the distribution of the increases and the likely impact on recruitment and retention. The difficulty with headteachers in the sector has been specifically flagged up, with the latest statistics, I believe, showing that we have 2,064 schools but only 1,868 heads. Although some of that situation is unavoidable in rural communities, the concern is very much that the distribution method will be detrimental to recruitment and retention. What evidence do you have to support your view on this matter and why have you felt obliged to follow the English scales?

Michael Russell: You have asked two separate questions. With regard to our reasons for following the English scales, I note that the scales were set last year in the first comparisons and have been followed because the bands are broader and because of the importance of ensuring a consistency between teaching and lecturing that the Scottish scales do not achieve. The decision was a technical one; the case could have been argued either way; and we have kept the matter under review. However, I do not think that it would have been sensible to change horses in midstream in the second year. The approach allows us to compare the situation north and south of the border. That said, this is certainly a technical discussion that we can have.

With regard to the recruitment of head and deputy headteachers, I do not think that people's sole reason for their becoming headteachers and deputies is to improve their pension or salary. As we know, there are many other motivations; indeed, research carried out in 2009 shows that such decisions are influenced by a range of factors.

My point, however, is that we do not want to do this. If the member were prepared this very moment to call George Osborne in her own party and stop this happening, we would not be having this discussion.

Although I appreciate Liz Smith's question about the difficulties of the banding, I simply point out that, at the end of the day, the discussion with the

trade union did not produce any agreement or consensus on how we should go forward. In our view—and it remains our view—this is the fairest way to apply the increases. Headteachers and deputies had different views but, although such proposals would have enhanced their role, they would have worsened the position of teachers lower down the scale such as probationers and those coming in. Because the position of the headteachers and deputies was in diametric opposition to that of the EIS, it was necessary to strike a balance and this was the decision that was reached in the end.

Nevertheless, I go back to our reluctance in this matter. We would much rather not do this. Ms Smith is a member of the party that is involved in proposing this measure, as indeed is Mr McArthur, and, if they had influence in their parties, it would be great if they could stop this happening. If they cannot, I regret to say that we are unfortunately in the same boat.

Liz Smith: Thank you for that answer but, on the issue of the potential negotiations for year 3, will you give consideration to the primary sector's requests that the differentials in that year be slightly different? Is that possible?

Michael Russell: I—

The Convener: I am sorry, cabinet secretary, but I must clarify to the committee that this is the debate on the motion. The cabinet secretary will have the opportunity to respond to questions in his own speech. I am quite happy for members to ask lots of questions in their speeches, but I would like to have a debate rather than such an exchange. We will call that last contribution an intervention.

Liz, do you have anything else to add?

Liz Smith: Not at the moment, convener. I will come back later.

Joan McAlpine: Relevant to today's discussion is a YouGov poll at the weekend that found that a clear majority of Scots want the Scottish Government to make all tax, spending and welfare decisions. If that were the case, we would probably not be having this discussion because we would have the kind of full control over public sector pensions in Scotland that the Northern Ireland Assembly has in Northern Ireland.

In fact, this was one of the issues that the Scotland Bill Committee, of which I was a member, discussed at some length. Although we wanted full powers devolved to the Parliament within the UK, all the other parties opposed the move. That is why, as far as I can see, the only solution to this impasse is for Scotland to vote yes in 2014. Scotland is better placed than the UK to meet the costs of pensions. We spend a smaller share of our national wealth on social protection

than the UK as a whole. In fact, according to the latest "Government Expenditure and Revenue Scotland" figures, social protection accounted for 42 per cent of total Government revenue in the UK but only 38 per cent in Scotland. We spent 14 per cent of our gross domestic product in Scotland on social protection, while the UK spent 16 per cent. If we want to address the problem of pensions and looking after our hard-working teachers in their old age, this Parliament has to make all the decisions for Scotland, including on pensions. That can happen only if we vote for full independence in 2014.

Colin Beattie (Midlothian North and Musselburgh) (SNP): There does not seem to be a great deal of support—at least around this table—for implementing the changes to the pension scheme. That is appropriate. However, this is inflexible UK Government policy and there seems to be no choice but to implement the changes.

I welcome the fact that Neil Findlay has brought the issue up for debate, because it gives us an opportunity to emphasise the point that here we are, sitting around this table, having to implement a UK Government directive against our will. We have no choice in this. Until we have power to make our own decisions, this will come up again and again. The £100 million clawback that the cabinet secretary has mentioned—the teachers' pension element of that is about a third—is a lot of money and there is no way that the Scottish budget can afford that. The Scottish Government has shown that where it can intervene, it does intervene.

The Scottish Government has intervened in six schemes that are under its control: the schemes at Highlands and Islands Enterprise, Scottish Enterprise, David MacBrayne Ltd, Caledonian Maritime Assets Ltd, the Scottish Legal Aid Board and Highlands and Islands Airports Ltd. The Scottish Government is willing to take responsibility. However, in this case we do not have that opportunity. In effect, as far as Westminster is concerned, it whistles and we dance. That is, unfortunately, the situation that we are in. I deplore the fact that we are in this situation, but we have to accept reality.

Liam McArthur: I, too, should apologise. I should probably have declared an interest at the outset, in that I have a family member who is in receipt of a teacher's pension and one who I think is a former EIS member and who will be in receipt of a teacher's pension in due course, a number of years from now.

We have heard from Joan McAlpine that pensions policy in an independent Scotland would be overflowing with riches that would be funded—I presume—by the second oil boom that, just this

morning, independent economic experts have yet again called into question.

That said, Colin Beattie is absolutely right that one of the problems with negative instruments is that we are asked to pass a lot of them but are not always afforded the opportunity to scrutinise their detail. Colin is also right that a number of us have concerns—not least because of representations that we have received in recent days about how the issue is being progressed by Scottish ministers. I therefore welcome Neil Findlay's motion.

Correspondence from Danny Alexander has been much to the fore this morning. His letter to John Swinney of 16 July says that

"the Public Service Pensions Bill will not constrain the Scottish Government's ability to design and implement schemes which suit Scotland's circumstances. As such, the Scottish government is free to discuss any element of pensions reform with Scottish trades unions".

There is reference to that in the memo from the Scottish Public Pensions Agency, which talks about

"voices from the teachers' side for an alternative distribution of rates but ... the lack of evidence or compelling arguments for the suggested alternatives."

Liz Smith has identified an area of concern in relation to what the Association of Headteachers and Deputies in Scotland says will be the serious impact on the already precarious position of recruitment to senior roles in schools—particularly in primary schools. The cabinet secretary is absolutely right that that is not solely a reflection of concerns on pensions or pay scales. The association makes the point that, whereas in England and Wales there are significant financial incentives to take on headships, those opportunities do not exist in Scotland, so an existing problem will potentially be made worse as a result of the approach that is being taken by Scottish ministers.

10:30

I accept that it will always be part of this Government's narrative to blame everything that it does not like on the Westminster Government and to say that anything that happens through block grant funding is a result of Scottish ministers' munificence. Here is an example in which the discussions with trades unions have identified potential alternative approaches; as Neil Findlay has pointed out, those do not come close to the £100 million that the cabinet secretary mentioned, therefore it would be less disingenuous were Scottish ministers to reflect on the terms of the debate, including their approach to pensions policy in the next two years.

Clare Adamson (Central Scotland) (SNP): I declare an interest that is different from my original declaration to the committee: my husband is a retired teacher and former National Association of Schoolmasters Union of Women Teachers representative.

The cabinet secretary has laid out the problems and issues very well. I do not recognise the £3 million figure that Neil Findlay mentioned. He indicated that teachers' and lecturers' pension contributions represent £35 million—which is roughly a third—of the £100 million yearly reduction that is to be clawed back from Westminster. All sectors of society are suffering from the austerity budget, and no one takes any pleasure in what the Government must do. Our college funding package has been greatly criticised, despite the fact college funding is better protected in Scotland than it is in England or Wales. Last week in Parliament, the Labour Party suggested that the Scottish Government could mitigate the bedroom tax. The budget settlement has taken £107 million of revenue out of the budget already. Were we to accept Neil Findlay's motion, we would have to fill that gap. I do not see how that is in any way possible.

On negotiations with the unions, when we took evidence from the colleges it was evident that, although the EIS is the biggest teaching union, many of the lecturers feel that staff representation is not best covered by that union because many people are not union members or belong to other unions. The fact that consensus could not be reached on any of the proposals in the negotiations between the unions highlights the difficulties. I fully support the process that the Government has gone through. It has consulted the unions widely and has come up with the best possible proposal to protect the lowest-paid workers.

Neil Bibby (West Scotland) (Lab): All committee members will be aware of the strength of feeling on the matter. I have received about 200 emails from teachers in every part of Scotland over the past couple of days urging me and other committee members to support Neil Findlay's motion. I have listened to those concerns and I will support the motion. I urge other members to listen to what teachers are saying.

The cabinet secretary mentioned that the contribution rates will be done more fairly here than in Westminster. An issue that teachers are raising is that tiered rates could be done much more fairly in Scotland in order to protect low-paid and new teachers and to encourage people into the profession. As Neil Findlay said, the EIS and others have been committed to open and meaningful negotiations. The Scottish Government should get round the table again with teachers to

consider their proposals in order to reach a satisfactory conclusion, and not should simply pass on a Tory teacher's tax to teachers in Scotland.

I do not know whether the cabinet secretary is wearing a kilt—I cannot see below the table—but by passing on the Tory teacher tax he leaves himself open to the accusation that he is just George Osborne in a kilt. I urge all members—Scottish National Party members and others—to listen to what teachers are telling us, to support Neil Findlay's motion, and not to proceed with the Tory teacher tax.

George Adam (Paisley) (SNP): I welcome Neil Findlay's motion because, as Joan McAlpine has explained, it shows the major difference between the two futures between which we will decide in 2014. It really is a tale of two Governments: one is trying to work for the people of Scotland and one is just attacking everyone at any opportunity.

I really have some sympathy for the teachers. None of us likes being in this position but, as the cabinet secretary said, we are in it mainly because we would otherwise end up with a £100 million fine—£8.4 million per month. It is almost like that classic gangster movie, "The Godfather", in that Westminster has given us an offer that we cannot refuse. Westminster uses bully-boy tactics when it does everything else.

The big difference is that we are looking to the future that we want for everyone in this country, whether teachers, young people or older people. The only way forward is to have the full powers of independence. This is another perfect example of how we would do something differently in Scotland. I, for one, do not like the idea that the Scottish Government can be bullied by another Government. I want to work towards a better future for our teachers.

Liam McArthur: Will the member take an intervention?

George Adam: Yes, I will.

Liam McArthur: I understand the line of argument that is being prosecuted by George Adam, but I am struggling to distinguish the approach that he accused the UK Government of taking to the Scottish Government from the approach that the Scottish Government takes to local governments, which are similarly fined if they do not accept the Government's policy of a council tax freeze.

George Adam: Having worked in local government, I know exactly how it works jointly with the Scottish Government to deliver services. You have to spend some time in local government to understand how things work there.

This situation is completely different. The Westminster Government wants, in effect, to take money away from every citizen in Scotland and to push through its cuts. Some of the pensions that Colin Beattie mentioned have been sorted by the Scottish Government, because it had the power to do so. However, I believe that the Westminster Government has tried to take powers back in some of those cases. I do not trust the Westminster Government.

Liz Smith: Will the member take an intervention?

George Adam: Everybody is enjoying my bit today. Yes—carry on.

Liz Smith: You are making the point that we are being forced into this by the Westminster Government. If you accept that that pension change will go ahead, do you agree that there is scope in the distribution to take a Scottish line on the matter, rather than necessarily to follow the English line?

George Adam: That is an unusual thing to hear from a Tory committee member. The analogy that I made was that the Westminster Government is, in effect, wearing “The Godfather” clothes. I would not be surprised if the cabinet secretary ends up with a Westminster horse’s head lying in his bed—metaphorically—when he wakes up in the morning. That is the situation that is happening with the Westminster Government as we speak.

The important thing is that we look towards the future and do not find ourselves in this position again. We have to ensure that teachers, and people who work in other professions in Scotland, do not end up in this position. We need to have that mature debate.

Clare Adamson: Will the member take an intervention?

George Adam: Yes, of course.

Clare Adamson: To go back to Liam McArthur’s intervention, do you agree that it is completely absurd to try to conflate the council tax freeze, which keeps money in taxpayers’ pockets, with the Westminster position, which is taking money away from taxpayers?

George Adam: Yes; I said that to Mr McArthur.

The Convener: Will you draw to a conclusion, please?

Liam McArthur: Before he takes another intervention.

George Adam: All I will say is that I have enjoyed the debate. The future, for me, is to make sure that we make the right decision in 2014 so that we do not end up in this position again. It is a

perfect example of why Scotland needs further powers.

The Convener: I will make a short contribution before I ask the cabinet secretary to respond. I will stay away from the colourful metaphors that have been used by a number of members, but I recognise the fact that there is a substantial financial penalty to be paid if the Scottish Government chooses not to implement the policy. I think that the cabinet secretary said that the penalty will be around a third of the £100 million across all public sector pensions, if we were to stop the statutory instrument. I understand that difficulty and I have not heard any direct evidence or suggestions about where that money would come from in the budget.

In addition, as far as I can see from the statutory instrument, the contribution rates are banded, with lower-paid people being asked to contribute lower rates. I welcome that attempt to ease the burden for lower-paid teachers. I highlight those two points and understand the difficulties that the Government faces with UK Government policy on pensions. I now ask the cabinet secretary to respond to the debate.

Michael Russell: I want to make a number of points in response. This morning, when I was considering the likely inputs to the debate, I thought that there would perhaps be a sense of, if not shame, at least reluctance on the part of the Tories and Liberal Democrats to get involved, because the bill comes from Westminster, the problem comes from Westminster and it comes from their parties. I suppose that I underestimated the ability of members of those parties to ignore that and instead to focus their fire on the SNP.

Let me be frank about the matter, because it is absolutely clear: we only have to look at the SSI itself. At the bottom of the second page there is a space for the signature of a member of the Scottish Government. Below that there are some words:

“We consent

Two of the Lords Commissioners of Her Majesty’s Treasury.”

That tells you everything that you need to know about what is happening today. This measure has been imposed on the Scottish Government. That is, without a doubt, yet another enormously strong argument for control of such things to be in Scotland.

Liz Smith: Will the cabinet secretary give way?

Michael Russell: No, I am sorry, I want to finish my point. I heard you earlier; I heard your argument and I disagree with your argument so strongly that I want to conclude my point. It is utterly wrong and disingenuous for those two

parties to make the argument that they are making on this. It is also wrong and disingenuous for them to argue on the detail of the policy, because we would not need to have that discussion if George Osborne and Danny Alexander were not imposing it on Scotland. That is absolutely central to the debate.

Unfortunately, I have not been disappointed by the conflicts and the grandstanding that we have heard from Scottish Labour. The reality is that their approach comes down to the argument that Neil Findlay has put forward; it is not to attack in any significant way George Osborne or anybody else, but to attack the SNP. Their approach is not to attack the £35 million cost of not implementing the increase, but instead to argue that in some sense an adjustment of £3 million would make all the difference.

What would have made all the difference is if this was not happening in the first instance. The £35 million cost equates to roughly 900 teachers. We are reluctant—we do not want to implement the increases—but any argument will end up with such figures. The £3 million that Neil Findlay was prepared casually to pass by represents around 90 teachers: that is a thought, too. Whatever we find under the unreal nature of the Scottish budget—now that budget has been set elsewhere, imposed elsewhere and cut elsewhere; a £50 million cut came from last week's UK budget—we would have to make adjustments in the education budget, which would have meant reluctantly made cuts in teaching numbers and student numbers. Attention needs to be paid to that, as well.

I would be very happy to continue the debate with unions and I would be happy to be as imaginative as possible. We have tried to do that; any implication that we have not tried as hard as we can to make a difference would be utterly false, but at every twist and turn of the saga we have been blocked by Westminster. Nobody should be in any doubt about that—that is what has happened.

The people in this room who could make a difference are the members of the Liberal Democrat and Tory parties. Unless they are prepared to do that, unfortunately, we will go on with this until 18 September 2014.

Liz Smith: Will the cabinet secretary give way?

Michael Russell: No, I will not.

We will then be able to make a real choice about what we are going to do in Scotland. This sets in the sharpest of relief for everybody in Scotland—especially teachers—how much we need to make that choice.

10:45

The Convener: Thank you, cabinet secretary. I invite Neil Findlay to respond to the debate and to wind up. In doing so, he should say whether he wishes to press the motion, or to seek to withdraw it.

Neil Findlay: I will press the motion, convener.

The irony of Mr Russell's alleging that someone is grandstanding will not be lost on the committee—or on anyone else, I am sure. The cynicism in this debate from the cabinet secretary—and some SNP members, I must add—will not be lost on teachers, either. Every issue is now being used as a tool in the attempt to force a yes vote in the referendum. Rather than face up to his responsibilities and take action, the cabinet secretary has given the usual smokescreen. Teachers are told that they will have to wait until some future land of milk and honey—the nirvana of an independent Scotland with Scandinavian levels of social services, pensions and welfare funded by Texan levels of taxation.

Clare Adamson: If the motion was agreed to and the £35 million was clawed back, what would the member cut to fill that gap?

Neil Findlay: It is only the SNP that is arguing that it is £35 million, so that argument does not stand up.

The Scottish Government wants to claim that it will introduce all these different services that are similar to what we see in Scandinavia, but based on taxation levels that will be permanently low and in decline. It wants to claim credit for everything good and to blame someone else—indeed, anyone else—for anything bad. Government, I am afraid, is about taking responsibility, cabinet secretary. This is your responsibility. You are the minister who is responsible and you have the opportunity to take action. I urge committee members to support the motion, which I press.

The Convener: Thank you, Mr Findlay. The motion to annul has been moved. The question is, that motion S4M-05954, in the name of Neil Findlay, be agreed to. Are we agreed?

Members: No.

The Convener: There will be a division.

For

Bibby, Neil (West Scotland) (Lab)
Findlay, Neil (Lothian) (Lab)
McArthur, Liam (Orkney Islands) (LD)
Smith, Liz (Mid Scotland and Fife) (Con)

Against

Adam, George (Paisley) (SNP)
Adamson, Clare (Central Scotland) (SNP)
Beattie, Colin (Midlothian North and Musselburgh) (SNP)

McAlpine, Joan (South Scotland) (SNP)
Maxwell, Stewart (West Scotland) (SNP)

Liz Smith: Convener, can I put something on the record, please?

The Convener: You cannot during the vote.

The result of the division is: For 4, Against 5, Abstentions 0.

Motion disagreed to.

The Convener: Liz?

Liz Smith: I understand why the pension change has to be made, but I think that the cabinet secretary has scope to make different changes in Scotland. I regret the tone that he has taken throughout the debate.

The Convener: Thank you for that.

The committee will report to Parliament on the regulations and confirm the outcome of the debate. I thank the cabinet secretary and his officials for attending the meeting.

10:48

Meeting suspended.

10:50

On resuming—

Individual Learning Account (Scotland) Amendment Regulations 2013 (SSI 2013/75)

Education (Fees, Awards and Student Support) (Miscellaneous Amendments) (Scotland) Regulations 2013 (SSI 2013/80)

The Convener: The next item is consideration of two statutory instruments that are subject to negative procedure. No motion to annul has been lodged in respect of the instruments and the Subordinate Legislation Committee has determined that it does not need to draw Parliament's attention to either.

Neil Findlay: On SSI 2013/75 on individual learning accounts, it appears that the provision of those is increasingly being closed down. Last year we saw the removal of access to individual learning accounts for graduates. Constituents contacted me because they could no longer access finance for ILAs. SSI 2013/75 appears to be yet another deterioration of the scheme, which at one point was wide and successful but now seems to be increasingly difficult to access.

Liam McArthur: The Government's policy note on SSI 2013/75 says that there was consultation on the proposals, which one would expect.

However, the note does not indicate what issues, if any, were raised in that consultation. Although the dearth of representations to committee members suggests that no issues of significance were raised, it would be helpful if policy notes would indicate whether issues were raised or confirm that there had been a nil return.

The Convener: If the committee wishes it, I will write to the Government on its behalf asking the questions that have been raised by Mr Findlay and Mr McArthur, and we can put off the decision about SSI 2013/75 until next week.

Neil Findlay: It would be good to find out the number of people who have access to individual learning accounts, whether that number has increased or decreased and what new criteria have been used to effect that change.

The Convener: Okay.

Clare Adamson: The bulk of the changes to ILAs went through last year. It may be a bit late to revisit changes in the targeting of the scheme. I am not sure that the issue needs a lot of committee time for re-examination.

The Convener: Thank you. Do committee members want me to write to the appropriate minister and seek further information on SSI 2013/75 before we take a decision on it?

Members indicated agreement.

The Convener: The committee has agreed to consider SSI 2013/75 again at the next meeting.

Are members content with SSI 2013/80?

Members indicated agreement.

The Convener: The committee has agreed to hold the next three items in private.

10:55

Meeting continued in private until 12:39.

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