



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# MEETING OF THE PARLIAMENT

Wednesday 4 February 2015

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Wednesday 4 February 2015

CONTENTS

	Col.
<b>PORTFOLIO QUESTION TIME</b> .....	1
<b>SOCIAL JUSTICE, COMMUNITIES AND PENSIONERS' RIGHTS</b> .....	1
Building Standards (Climate Change) .....	1
Poverty .....	2
Equal Pay (Dumfries and Galloway Council) .....	3
Town Centre Regeneration (Dumfriesshire) .....	4
Youth Homelessness .....	5
Poverty (Highlands and Islands) .....	6
Third Sector (South Scotland) .....	7
Empty Properties .....	8
<b>FAIR WORK, SKILLS AND TRAINING</b> .....	9
Modern Apprenticeships (Disabled Young People) .....	9
Work Programme .....	10
Jobs Fund .....	12
Commission for Developing Scotland's Young Workforce .....	13
Engineering Apprenticeships .....	14
Glasgow College Region Curriculum and Estates Plan .....	15
Information Technology (Careers) .....	16
Employment Conditions (Scottish Government Agency and Contract Staff) .....	17
<b>BUDGET (SCOTLAND) (No 4) BILL: STAGE 3</b> .....	18
<i>Motion moved—[John Swinney].</i>	
The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney) .....	18
Jackie Baillie (Dumbarton) (Lab) .....	24
Gavin Brown (Lothian) (Con) .....	27
Mark McDonald (Aberdeen Donside) (SNP) .....	30
Jenny Marra (North East Scotland) (Lab) .....	32
Linda Fabiani (East Kilbride) (SNP) .....	35
Willie Rennie (Mid Scotland and Fife) (LD) .....	37
John Mason (Glasgow Shettleston) (SNP) .....	39
Malcolm Chisholm (Edinburgh Northern and Leith) (Lab) .....	41
Kenneth Gibson (Cunninghame North) (SNP) .....	44
Iain Gray (East Lothian) (Lab) .....	46
Sandra White (Glasgow Kelvin) (SNP) .....	49
Patrick Harvie (Glasgow) (Green) .....	51
Bob Doris (Glasgow) (SNP) .....	53
Alex Rowley (Cowdenbeath) (Lab) .....	55
Bruce Crawford (Stirling) (SNP) .....	57
Murdo Fraser (Mid Scotland and Fife) (Con) .....	60
Lewis Macdonald (North East Scotland) (Lab) .....	62
John Swinney .....	66
<b>BUSINESS MOTION</b> .....	70
<i>Motion moved—[Joe FitzPatrick]—and agreed to.</i>	
<b>PARLIAMENTARY BUREAU MOTION</b> .....	72
<i>Motion moved—[Joe FitzPatrick].</i>	
<b>DECISION TIME</b> .....	73

**UMBRELLA COMPANY CONTRACTS**..... 76

*Motion debated—[Neil Findlay].*

    Neil Findlay (Lothian) (Lab) ..... 76

    Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP) ..... 79

    Cara Hilton (Dunfermline) (Lab) ..... 81

    Alex Johnstone (North East Scotland) (Con) ..... 83

    Gordon MacDonald (Edinburgh Pentlands) (SNP)..... 84

    The Minister for Youth and Women’s Employment (Annabelle Ewing)..... 86

**CORRECTION** ..... 90

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# Scottish Parliament

Wednesday 4 February 2015

*[The Deputy Presiding Officer opened the meeting at 14:00]*

## Portfolio Question Time

### Social Justice, Communities and Pensioners' Rights

**The Deputy Presiding Officer (John Scott):** Good afternoon. The first item of business today is portfolio questions. In order to get in as many people as possible, I would prefer short and succinct questions and answers.

#### Building Standards (Climate Change)

**1. Rob Gibson (Caithness, Sutherland and Ross) (SNP):** To ask the Scottish Government how building standards can be improved to help mitigate and adapt to climate change. (S4O-03971)

**The Minister for Local Government and Community Empowerment (Marco Biagi):** On adaptation, recent changes to building standards guidance will increase the resilience of new buildings to the possible effects of climate change. In particular, the guidance will address flood risk assessments, flood resilient construction, the control of surface water at source and construction that is resilient to wind-driven rain.

With regard to mitigation, energy standards that are being introduced in October 2015 will reduce carbon dioxide emissions by around 21 per cent for new dwellings and 43 per cent for new non-domestic buildings, when compared with the current standards.

**Rob Gibson:** Is the minister aware that local, Scottish-sourced timber for buildings embeds more carbon than imported photovoltaic equipment does, and that planners do not seem to give timber-constructed buildings preference?

What assessment has been made in order to compare the costs associated with the insulation properties of mass-built conventional housing with the potential of mass-built wooden homes in our fight against fuel poverty and to reduce heating costs for families across Scotland?

**Marco Biagi:** No assessments have been carried out through the building standards system to compare the energy efficiency benefits of different types of construction material. In general terms, the mandatory standards do not favour one form of construction over another. That helps to

avoid issues related to European construction products regulations, under which favouring one form could be considered a barrier to trade. I would hope that planners were aware of that.

We recognise that current new-build energy standards and supporting guidance already make a significant contribution to mitigating fuel poverty. Their contribution will be further increased in October 2015 when the next set of standards is announced.

### Poverty

**2. Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP):** To ask the Scottish Government what support it provides to people facing poverty. (S4O-03972)

**The Minister for Housing and Welfare (Margaret Burgess):** We are committed to tackling the long-term drivers of poverty through early intervention and prevention. That is why, over this session of Parliament, we plan to invest more than £1.7 billion in affordable housing and why, over a three-year period, we are spending around a quarter of a billion pounds on fuel poverty and energy efficiency programmes. It is also why we have contributed to collective investment of more than £274 million in the early years change fund.

Further to that, the First Minister outlined a range of actions to tackle poverty and inequality in the programme for government. As part of that, we are having to provide more than £104 million of devolved funding in 2015-16 to mitigate the welfare cuts that are being imposed by Westminster.

**Christina McKelvie:** I thank the minister for that answer and welcome all the measures that she outlined in it.

Does the minister agree that local authorities play a very important part in delivering some of those front-line services? Is she as horrified as I am at South Lanarkshire Council's proposals to cut the befriending services run by Community Volunteers Enabling Youth, funding for advice services, and teacher and nursery teacher numbers? Now the council leader has thrown her toys out of the pram by refusing to set a budget when budget-setting time comes.

**Margaret Burgess:** I agree with Christina McKelvie that local authorities have a responsibility to deliver services, and the local government settlement is a good settlement through which to do that. However, individual local authorities are responsible for managing their own budgets, and when doing so they allocate the resources that are available to them according to local needs and priorities while at the same time recognising their statutory obligations.

We encourage councils to use their resources to address poverty and inequality. We also encourage them to engage actively with communities in the democratic process of deciding their spending priorities.

**Ken Macintosh (Eastwood) (Lab):** Does the minister recognise that 20 per cent of families that contain a disabled adult live in relative poverty, whereas the figure for families without a disabled adult is only 14 per cent? Has she made an assessment of the impact on disabled adults of rising care charges in recent years? In particular, will she promise to get rid of Scotland's unfair care tax?

**Margaret Burgess:** The Scottish Government has announced that we are looking at care charges with the Convention of Scottish Local Authorities. The Government has outlined a programme to tackle poverty in disabled and other families, including our child poverty strategy. In response to Christina McKelvie's question, I spoke about what we are doing in general about poverty. We are also continuing with our social wage, which is helping families throughout Scotland, including families with disabled children.

#### **Equal Pay (Dumfries and Galloway Council)**

**3. Alex Fergusson (Galloway and West Dumfries) (Con):** To ask the Scottish Government what engagement it has had with Dumfries and Galloway Council and Unison regarding equal pay claims from 2005. (S4O-03973)

**The Cabinet Secretary for Social Justice, Communities and Pensioners' Rights (Alex Neil):** Equal pay for local government staff is the responsibility of councils as employers. The Scottish Government has therefore not had any engagement with Dumfries and Galloway Council and Unison about equal pay claims from 2005.

**Alex Fergusson:** I am grateful for that confirmation.

Many classroom assistants and special needs assistants in Dumfries and Galloway received notification from their union last week of the settlement of their long-running equal pay claim, which the union has been pursuing against the council. Inevitably in such a rural area, many employees did not hear about their ability to claim. I have already heard from a number of my constituents, whose colleagues received sums ranging from a few hundred pounds to several thousand pounds, whereas they will receive nothing, and they have been told by the council that any further claims will be time barred.

I am sure that the cabinet secretary will agree with me that that is not fair, and that it is most certainly not equal. Are there any steps that the

Government can take to intervene in the situation? Will he agree to meet me to discuss it?

**Alex Neil:** I absolutely agree with the member. In my own area, the Labour-controlled North Lanarkshire Council has spent thousands of pounds fighting the workers who are fighting for equal pay. That is outrageous.

I am more than happy to meet the member. Although I have very limited statutory responsibilities in the area, I certainly think that maximum political pressure should be applied to all the recalcitrant local authorities that are not playing fair with their own employees.

#### **Town Centre Regeneration (Dumfriesshire)**

**4. Elaine Murray (Dumfriesshire) (Lab):** To ask the Scottish Government how it will support town centre regeneration in Dumfriesshire in 2015-16. (S4O-03974)

**The Cabinet Secretary for Social Justice, Communities and Pensioners' Rights (Alex Neil):** We published the report "Town Centre Action Plan—One Year On" last November. The report, which was debated in the chamber, sets out the range of actions that the Government is taking to support town centre regeneration. That includes expanding fresh start rates relief for small businesses, increasing opportunities for town centre living and agreeing the town centre first principle with the Convention of Scottish Local Authorities.

Local authorities are best placed to respond to the local needs of their communities and to work with them to develop the right vision for their town centres. The town centre action plan sets the conditions for that to happen. We call on the wider public, private and community sectors to take action to help address the issues that are faced by our town centres.

**Elaine Murray:** Regeneration initiatives involving community groups, housing associations and the local council are under way in several towns and villages in my constituency, but I note that none has been successful in achieving funding through the regeneration capital grant fund.

Can the minister advise me what support is available from the Government to support regeneration in smaller communities? What opportunities is it providing to enable the sharing of good practice in achieving funding?

**Alex Neil:** The town centre regeneration fund was one of the most successful initiatives ever undertaken by the Parliament, which gave it unanimous support. The fund spent £60 million on projects, including some in Dumfries and Galloway. Ideally, I would like to rekindle such

projects but, unfortunately, because of the capital cuts from Westminster, we have been unable to do so.

That said, there are a range of funds that local groups can apply for, depending on the nature of the projects. I will be happy to ask my officials to send the member a list of all funds that may be open to applications.

**Margaret McCulloch (Central Scotland) (Lab):** The Scottish Government previously indicated that both the new start and fresh start relief schemes could support town centre regeneration. However, in response to a written question, I was told that data on the uptake of those schemes is “not held centrally.” How is the Government monitoring the effectiveness of the new start and fresh start schemes?

**Alex Neil:** As is normal, from time to time we do a full-scale evaluation of all those schemes, in co-operation with the local authorities involved. If we monitored everything centrally and collected all the information, we would need another army of officials. It is much better to do a proper evaluation on a timeous basis, either as part of a quinquennial review process or, if that is too long a period, before a quinquennial review, as an independent evaluation task.

### Youth Homelessness

**5. Siobhan McMahon (Central Scotland) (Lab):** To ask the Scottish Government what progress is being made on preventing youth homelessness. (S4O-03975)

**The Minister for Housing and Welfare (Margaret Burgess):** Preventing homelessness among young people is a priority for the Scottish Government, and the work is overseen by the homelessness prevention and strategy group. Homelessness applications to local authorities from 16 to 24-year-olds have fallen from around 15,000 a year between 2003-04 and 2010-11 to under 9,000 a year during 2013-14, which is primarily due to the person-centred housing options approach that is being taken forward by local authorities. The Scottish Government also provides funding for a range of third sector projects that are working to prevent homelessness among young people.

**Siobhan McMahon:** The minister will be aware that family breakdowns, addiction issues and mental health problems are most commonly behind youth homelessness. There is also an employability challenge for young homeless people, as a perceived stigma is attached to homelessness. What housing advice, information or support is being provided to homeless young people, and particularly to those who have been in care, to ensure that their complex needs are being

met? What steps is the Scottish Government taking to address the significant obstacles to employment, training and education that young homeless people face?

**Margaret Burgess:** Siobhan McMahon outlines very well some of the difficulties that young homeless people face. The purpose of the housing options approach, which is a person-centred approach, is to take into account the individual and all the circumstances around homelessness in order to prevent someone from becoming homeless. That includes providing support on a range of issues—for example, referring people to addiction services, or providing money advice support or support with a new tenancy.

There is a statutory duty on local authorities to provide support and advice services to certain homeless people, and that certainly includes young people.

On young care leavers, we strengthened the Children and Young People (Scotland) Act 2014 to ensure that they can continue to get services and after-care services up to age 26. Homelessness teams are also working hard in local authority areas to ensure that young people have a smooth transition from care to settled accommodation. It should be a planned process, through the housing options approach, and young people leaving care should not have to make a homelessness application.

### Poverty (Highlands and Islands)

**6. Rhoda Grant (Highlands and Islands) (Lab):** To ask the Scottish Government what it is doing to tackle poverty in the Highlands and Islands. (S4O-03976)

**The Minister for Housing and Welfare (Margaret Burgess):** In reply to Christina McKelvie, I outlined the national approach that we are taking to tackling poverty. However the challenges of living in rural areas are well understood. Increasing travel and fuel costs and difficulties with access to digital services can often have greater impact in rural areas such as the Highlands and Islands. We are working with others on research to share our understanding of how we can better target support to the rural areas of greatest need. In response to the “2014: Rural Scotland in Focus Report”, we are also refining socioeconomic index tools that will better measure poverty and disadvantage across a rural area. That will help us to better target support to the rural areas of greatest need.

**Rhoda Grant:** The minister will be aware of the incredible 139 per cent increase in claims to the Scottish welfare fund in Highland last year. She will also be aware that the cost of basics is much higher in rural areas, including heating fuel costs,

which she mentioned. That means that fuel poverty is much higher in off-gas-grid areas. Will the minister reinstate targeted fuel-poverty funding and ensure that that assistance is available in off-gas-grid areas?

**Margaret Burgess:** The Scottish Government home energy efficiency programmes for Scotland—HEEPS—initiative is based on areas of deprivation and rurality as well as on the number of people in fuel poverty, and rural areas got extra funding last year for that.

We recognise that there is a problem in off-gas-grid areas, and we have made that case to the United Kingdom Government on more than one occasion. Fergus Ewing has written to the UK Government to ask that the price of fuel in rural areas be looked at. I wrote to Ed Davey to ask him to increase the warm homes discount, and to ensure that it is paid out of central funds and consider how it impacts on rural areas. Although the UK Government is not going to increase the warm homes discount, it has, in the new scheme, taken on board the fact that there is a greater problem in rural areas, and the Scottish fuel poverty forum is represented on the working group.

**Dave Thompson (Skye, Lochaber and Badenoch) (SNP):** The 2p per unit electricity surcharge in the Highlands and Islands contributes a fair bit to poverty in my constituency. Will the minister respond to my energy survey? It showed that 95 per cent rejected the 2p surcharge, and nearly 99 per cent of the 1,700 replies that I received backed public ownership of electricity production and supply.

**Margaret Burgess:** As I said in my previous answer, the Government is concerned about the level of energy bills throughout the country, and especially in the north of Scotland. Fergus Ewing has raised the issue of high electricity bills and charges with the chief executive of the Office of Gas and Electricity Markets, and he has written to the Secretary of State for Energy and Climate Change to highlight our concerns about the impact of the current charging arrangements and the apparent slow progress of Ofgem's further investigation into the matter. We will continue to press for a timely and effective solution.

### Third Sector (South Scotland)

**7. Jim Hume (South Scotland) (LD):** To ask the Scottish Government how it will support and develop the third sector across the South Scotland region. (S4O-03977)

**The Cabinet Secretary for Social Justice, Communities and Pensioners' Rights (Alex Neil):** The Scottish Government recognises the critical role that the third sector plays in addressing

issues of inequality and the needs of disadvantaged communities, and it is committed to supporting the sector across Scotland, including in the South Scotland region. The 2015-16 Scottish Government budget will enable us to continue to invest significantly in the third sector as a key social partner, and we will maintain funding of £24.5 million towards direct support of the third sector.

**Jim Hume:** The cabinet secretary may be aware that funding difficulties that have been encountered by Action on Hearing Loss Scotland have meant that the excellent hear to help initiative is coming to an end across Ayrshire and Arran and the Borders in March. We know that service users potentially face isolation without the support of the initiative. Does he agree that, as we move towards integrating health and social care, health boards need to look at their services to ensure that best use is made of the extra reach and resource that third sector organisations such as Action on Hearing Loss Scotland provide in supporting people with hearing loss in their communities?

**Alex Neil:** The health boards and the new partnerships need to take care of the priorities, and assisting people with hearing difficulties must be a priority. However, I say gently to Jim Hume that if his colleague Danny Alexander had not sliced the Scottish Government's resource budget by 10 per cent, we would have far more money to help the third sector not only in South Scotland but throughout the country.

### Empty Properties

**8. Mike MacKenzie (Highlands and Islands) (SNP):** To ask the Scottish Government what action it is taking to help bring empty properties back into use as housing. (S4O-03978)

**The Minister for Housing and Welfare (Margaret Burgess):** We are bringing empty properties back into use through the support of the Shelter-led Scottish empty homes partnership, the £4.5 million empty homes loan fund and other funding programmes. Scotland's network of empty homes officers have reported that more than 500 empty homes will have been brought back into use in 2014-15, which is up from 278 in 2013-14. We have recently extended the partnership for a further three years, at the end of which we expect that 1,200 homes per annum will be brought back into use.

We are also finalising details on a new £4 million town centre empty homes fund to provide grant and loan funding to increase the supply of housing. It will focus on problem empty homes, which cause blight on their community, and on the conversion of empty commercial space into residential accommodation.



**Mike MacKenzie:** The minister will know that there are significant rural housing pressures. What action is being taken to bring empty properties back into use in rural areas?

**Margaret Burgess:** Action is being taken across Scotland to bring empty homes back into use. I saw a great example of that at first hand in the rural town of Kirriemuir, where the empty homes loan fund has helped to turn a disused church hall into nine units of affordable housing. There are more empty homes loan fund projects in rural areas, and the town centre housing fund also welcomes bids from rural towns.

## Fair Work, Skills and Training

### Modern Apprenticeships (Disabled Young People)

**1. Alison McInnes (North East Scotland) (LD):** To ask the Scottish Government what steps it is taking to improve access to modern apprenticeships for disabled young people. (S4O-03981)

**The Minister for Youth and Women's Employment (Annabelle Ewing):** The commission for developing Scotland's young workforce recognised the need for more action to support young disabled people and made specific recommendations to achieve that. In response, "Developing the Young Workforce: Scotland's Youth Employment Strategy" sets out the framework for how we intend to tackle the issue. For example, Skills Development Scotland is working with Barnardo's, Remploi and training providers to increase the take-up of modern apprenticeships by disabled young people. Skills Development Scotland has also met the BRITE—Beattie resources for inclusiveness in technology and education—initiative and Capability Scotland to discuss ways in which the accessibility of SDS's My World of Work web service can be improved to ensure that it is accessible to all customers.

**Alison McInnes:** With less than 0.5 per cent of modern apprenticeships secured by disabled people, we have a long way to go. The commission that the minister mentioned highlighted that

"The learner journeys of young disabled people are often disjointed and can take longer to complete."

The commission concluded that funding levels and funding rules

"should be adjusted to give them the best possible chance of succeeding".

Will the minister update us on what adjustments have been made to those funding levels and funding rules?

**Annabelle Ewing:** The specific recommendations that have been incorporated in the refreshed youth employment strategy are being actively worked on. It might interest the member to know that there are a number of funding streams. About £3 million has been allocated directly in response to the recommendations of the commission on developing Scotland's young workforce to address wider underrepresentation across our employability programmes. *[Annabelle Ewing has corrected this contribution. See end of report.]* The Scottish Government has provided £2 million for the targeted employer recruitment incentive, to facilitate transitions to sustainable employment. There is also the community jobs fund, which the Scottish Government delivers in partnership with the Scottish Council for Voluntary Organisations and which creates targeted opportunities for those who face additional barriers to employment, including those with a disability.

Of course, more can always be done. The Scottish Government is determined to do all that we can to improve access for disabled people to apprenticeships and therefore to the world of work.

**Bob Doris (Glasgow) (SNP):** The minister outlined the Scottish Government's plans to tackle underrepresentation in the modern apprenticeship programme. Does she agree that, crucially, disabled people need adequate money to live on in the first place and that therefore continued welfare cuts of successive United Kingdom Governments are holding back disabled people completely?

**Annabelle Ewing:** As a former member of the Parliament's Welfare Reform Committee, it is clear to me that the UK Government's changes to the welfare system continue to cause hardship for a significant number of people in Scotland, with disabled people suffering disproportionately. That is unacceptable.

The Scottish Government will continue to do what it can to help those who are most affected, but it is clear that, whatever the exact nature of the powers that may come to the Parliament, they will come with a 20 per cent cut across the board that Westminster will impose. It is sad that, for the Westminster parties, spending £100 billion on new nuclear weapons takes precedence over providing a safety net for some of the most vulnerable people in our country.

### Work Programme

**2. Mary Fee (West Scotland) (Lab):** To ask the Scottish Government how it will roll out the work programme once it is devolved. (S4O-03982)

**The Cabinet Secretary for Fair Work, Skills and Training (Roseanna Cunningham):**

Following the publication of the United Kingdom Government's command paper, we are taking forward discussions with the UK Government, through the joint ministerial group on welfare, on the devolution of the work programme and the other employment services that are currently contracted by the Department for Work and Pensions. Meaningful devolution of those services could provide an opportunity to offer far greater support into work for the unemployed in Scotland, and especially for those who face the greatest barriers to work. Once we have greater clarity from the UK Government on the details of its legislative proposals, we will engage with colleagues from across the chamber and civic society to maximise the opportunity that is afforded in our future services.

**Mary Fee:** As the cabinet secretary knows, many companies are desperately looking for young people to work in the science, technology, engineering and mathematics sectors. How can the work programme be used to boost opportunities in the STEM sectors?

**Roseanna Cunningham:** I say with the greatest respect to Mary Fee that we do not yet know what will be available to us in the work programme once it has been devolved. The things that she discusses will be for us to consider once we are aware of exactly what will be available. At present, it looks as if what is proposed will relate only to the longer-term unemployed—those who have been unemployed for longer than a year—and there are some restrictions regarding the disabled as well.

Until we are aware of what we will be able to do and what powers we will have, it is difficult to answer specific questions. However, I have given a commitment to come back to the chamber and engage with members on specific aspects once we know the detail.

**John Mason (Glasgow Shettleston) (SNP):** What scope does the Scottish Government have to go down a different route from Westminster's, given that, as I understand it, the work programme contracts have been extended despite the Smith commission recommendations?

**Roseanna Cunningham:** In some senses, my answer to John Mason is similar to the answer that I gave to Mary Fee. It looks as if there might be scope to redesign services for the long-term unemployed in Scotland, which would better align future delivery with the Government's policy objectives, but we understand that limitations exist—primarily conditionality and sanctions—that will remain reserved to the UK Government. The UK Government's command paper limits the devolution of contracted services to those that last

longer than a year, which appears to unduly restrict the further devolution of any services.

We continue to discuss the position on the work programme extension in Scotland through the joint ministerial welfare group. We will press for a resolution that meets the needs of the unemployed in Scotland and delivers the spirit and letter of Smith, but it is a little premature for me to be able to go into the detail that members undoubtedly want to know.

**The Deputy Presiding Officer:** Question 3, in the name of Jamie McGrigor, has not been lodged, but a satisfactory explanation has been provided.

### Jobs Fund

**4. Mark Griffin (Central Scotland) (Lab):** To ask the Scottish Government whether it plans to establish a future jobs fund for Scotland. (S4O-03984)

**The Cabinet Secretary for Fair Work, Skills and Training (Roseanna Cunningham):** The Government has invested in a wide range of employment initiatives that are available from day 1 of unemployment and directly help to move our young people into sustainable employment opportunities. Through the youth employment Scotland fund, we are providing support, in partnership with local authorities, to move 10,000 young people into sustainable employment, and through our community jobs Scotland programme, we have supported more than 5,000 young people into job training placements in the third sector.

As members are aware, we recently published "Developing the Young Workforce", which presented our refreshed youth employment strategy. Given all that work, there are no current plans to establish another jobs fund in Scotland.

**Mark Griffin:** Is the cabinet secretary aware of North Lanarkshire Council's youth investment scheme, through which the council has invested over the past three years £7.5 million to secure 5,000 jobs for young people in my region? Does the Scottish Government have any plans to investigate the success of that scheme and are there any plans to roll it out across Scotland?

**Roseanna Cunningham:** I would always want to investigate any schemes that are brought to my attention. If we see successful schemes—by the sound of it, this might very well be one—it is important that we consider whether lessons can be learned in other areas. Of course, that is a decision that local authorities can take. As well as the Government looking at the scheme, local authorities can look at its success and consider it for their areas. I will engage with Mark Griffin on the specifics of the scheme if he wishes to discuss it further.

## Commission for Developing Scotland's Young Workforce

### 5. Nanette Milne (North East Scotland) (Con):

To ask the Scottish Government what progress it is making on implementing the recommendations of the commission for developing Scotland's young workforce. (S4O-03985)

**The Cabinet Secretary for Fair Work, Skills and Training (Roseanna Cunningham):** We are making good progress against the milestones set out in our implementation plan, "Developing the Young Workforce: Scotland's Youth Employment Strategy", which was published in December 2014 and was the subject of some of my responses to earlier questions. I am particularly looking forward to the inaugural meeting of the national advisory group tomorrow, which I shall chair jointly with Councillor Douglas Chapman, the Convention of Scottish Local Authorities spokesperson for education, children and young people, at which we will discuss progress.

**Nanette Milne:** The commission recommended that

"The Scottish Government, working with the proposed new Apprenticeship Supervisory Board, should ring-fence a proportion of all Modern Apprenticeship starts for STEM frameworks. This proportion should be significant and should be above the current level. These STEM apprenticeships should be actively promoted to employers and young people."

Given that the oil and gas sector faces a significant level of retirement among its workforce, what discussions have taken place with the industry to plan for future workforce needs? How many science, technology, engineering and mathematics apprenticeships does the Scottish Government envisage that there will be?

**Roseanna Cunningham:** The delivery of apprenticeships in Scotland requires a partnership between employers, colleges and schools. STEM apprenticeships, engineering apprenticeships and information technology apprenticeships are all things to which we afford a great deal of priority. As Nanette Milne is aware, a great many conversations are taking place about the situation in north-east Scotland. It is important that all employers, including those in areas such as the north-east, engage actively in the work that we are doing, because apprenticeships require employers to take on the apprentices and to continue offering jobs.

I hope that the specifics of the regional difficulties that can arise, such as have arisen in the north-east, will also be addressed through our invest in young people groups. At some point in the near future, I hope to discuss a regional group for north-east Scotland, where the issues that Nanette Milne raises would be a prime area of discussion.

## Engineering Apprenticeships

**6. Linda Fabiani (East Kilbride) (SNP):** To ask the Scottish Government how it encourages engineering apprenticeships. (S4O-03986)

**The Minister for Youth and Women's Employment (Annabelle Ewing):** Through Skills Development Scotland, we have exceeded our ambitious target to deliver more than 25,000 modern apprenticeship starts each year, with 77,402 new opportunities delivered over the past three years. The number of apprentices starting engineering frameworks has gradually increased in recent years. There were almost 500 more engineering apprentice starts in 2013-14 than in 2010-11.

In August 2014, Skills Development Scotland published the skills investment plan for the engineering and advanced manufacturing sector. Developed in partnership with industry, the skills investment plan provides the necessary blueprint for addressing skills supply issues in the sector, including a specific action to better meet employer demand through the promotion of modern apprenticeships in engineering.

**Linda Fabiani:** I thank the minister for that answer, which I will have to read closely, because there was so much in there. Is she aware of the excellent work of the East Kilbride and District Group Training Association, and that the first two apprentices in sign making ever trained in Scotland, entirely through the good work of the training association and their respective employers, recently received their certificates? Will she, and perhaps the cabinet secretary, too, visit the East Kilbride and District Group Training Association during apprenticeship week to see the innovative work that is carried out there?

**Annabelle Ewing:** It is kind of Linda Fabiani to extend the offer of a visit. I am always happy to visit examples of local good practice. Whether I do so during apprenticeship week would depend on my diary commitments, but I shall ask my office to get in touch with her. I noted the member's motion on the subject, and I offer my congratulations to the young apprentices who have completed their sign making apprenticeship and wish them the very best for their future careers.

I also acknowledge the efforts of private training providers such as East Kilbride and District Group Training Association in supporting the Government's ambitions for the modern apprenticeship programme and, indeed, the ambitions of our young people. The target to which I referred, which we have exceeded, is not where we are going to sit. We have set a further, more ambitious target of 30,000 modern apprenticeship starts by 2020.

## **Glasgow College Region Curriculum and Estates Plan**

**7. Patricia Ferguson (Glasgow Maryhill and Springburn) (Lab):** To ask the Scottish Government what steps it is taking to ensure that the Glasgow curriculum and estates plan's proposed transfer of activity to the city centre does not have a detrimental effect on the training needs of people from deprived communities in Maryhill and Springburn. (S4O-03987)

**The Cabinet Secretary for Fair Work, Skills and Training (Roseanna Cunningham):** The Glasgow Colleges' Regional Board is responsible for planning college provision that meets the needs of learners and employers, and it has a legal duty to exercise its functions with a view to improving the economic and social wellbeing of the city. We understand that the Glasgow curriculum plan proposes a 2.5 per cent increase in activity in community locations, including access level courses, supporting more students who live in the most deprived areas, those with low or no qualifications and those who are furthest from the labour market.

**Patricia Ferguson:** I thank the cabinet secretary for that answer and for the information about access courses, which is welcome. However, a great deal of uncertainty has been caused by a lack of clarity in the plan, as it suggests that some specialties or skills and training opportunities will not be available in the local communities where they are most needed. I would be grateful if the cabinet secretary was able to reassure me that that unwanted scenario will not, in fact, transpire.

**Roseanna Cunningham:** The colleges in Glasgow have carried out an extensive review of the region's curriculum offer. A wide range of stakeholders has already been consulted on the plan, and the regional board has endorsed the direction of travel. It is an ambitious plan that recognises the collective resources that are available in Glasgow. The aim is for the transfer of activity not to take place until August 2015.

There is a huge opportunity for college education in Glasgow to be the jewel in the crown and it is important that the many positives for learners and employers are not overshadowed by difficult questions, such as the one that Patricia Ferguson rightly raises. Overall, colleges have always delivered strongly for deprived communities in Scotland, so I hope that I am able to reassure the member that that will continue to be the case in Glasgow.

Students from deprived areas benefit from free full-time education and record bursary support and the results for colleges speak for themselves. Two thirds of those from the 20 per cent most deprived

areas studying for recognised qualifications at college successfully completed their courses, which is up on 2012-13. The latest figures show that 26.6 per cent of students come from the 20 per cent most deprived areas.

That is the backdrop against which the plan that Patricia Ferguson is talking about will be set. I hope that fairness will always be a major consideration, regardless of what aspect of the roll-out we are talking about.

## **Information Technology (Careers)**

**8. Clare Adamson (Central Scotland) (SNP):** To ask the Scottish Government what it is doing to promote the information technology industry as a career choice. (S4O-03988)

**The Cabinet Secretary for Fair Work, Skills and Training (Roseanna Cunningham):** An underpinning theme of the information and communication technology and digital technologies skills investment plan, which was published in March 2014, is to raise the profile of careers in the IT sector.

To help to achieve that, Skills Development Scotland is working in partnership with the industry on a multichannel marketing campaign that is aimed at highlighting the opportunities that are available through a career in IT. The campaign will begin in spring 2015 and will complement the wider careers information, advice and guidance that is already available through the my world of work website.

I hope that that answer is also of interest to Nanette Milne.

**Clare Adamson:** The cabinet secretary might be aware of an event that was hosted by the Oracle academy last week, entitled future job framework, at which the Oracle academy and New College Lanarkshire presented on their joint working. Does she agree that that is an excellent example of the IT industry engaging with local colleges and, in so doing, expanding knowledge and the variety of opportunities in Scotland?

**Roseanna Cunningham:** Yes, I agree with Clare Adamson. That type of collaborative working is a step in the right direction to ensure that people who are entering the labour market are equipped with the knowledge and skills that such a fast-paced and dynamic sector requires.

The Scottish Further and Higher Education Funding Council currently supports seven early-adopter college regions to explore and develop senior-phase vocational pathways. Focusing on science, technology, engineering and mathematics and regions of importance, that activity will bridge the gap between school, college, university and employment for 15 to 18-year-olds.

The pilot projects from Skills Development Scotland will begin to improve representation and will identify best practice that can be shared and replicated. It is of interest that one of those pilots is a partnership project in West Lothian to encourage women into STEM subjects.

### **Employment Conditions (Scottish Government Agency and Contract Staff)**

**9. John Pentland (Motherwell and Wishaw) (Lab):** To ask the Scottish Government how it ensures that the agency and contract staff it employs enjoy fair terms and conditions. (S4O-03989)

**The Cabinet Secretary for Fair Work, Skills and Training (Roseanna Cunningham):** Agency staff are not directly employed by the Scottish Government. The agency staff suppliers are responsible for pay and other terms and conditions of service. However, the Scottish Government works with them throughout the contract period to ensure that the best terms of supply are available.

**John Pentland:** How many people who are employed by the Scottish Government's contractors and subcontractors are employed using so-called umbrella company contracts?

**Roseanna Cunningham:** It would be difficult to establish the exact figure, because the nature of those contracts means that people are set outside the normal employment patterns.

I am aware that there is a members' business debate this evening on precisely that subject. It has been a matter of some concern. I have a meeting in respect of the umbrella contract position this afternoon, and another meeting, which has been rescheduled, with the Labour front bench spokesperson on the matter. We wish to discourage all unfair or unacceptable uses of contracts such as umbrella contracts where possible.

## **Budget (Scotland) (No 4) Bill: Stage 3**

### **The Deputy Presiding Officer (John Scott):**

The next item of business is a debate on motion S4M-12226, in the name of John Swinney, on the Budget (Scotland) (No 4) Bill.

14:40

**The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney):** The Budget (Scotland) (No 4) Bill confirms our spending plans to deliver a more prosperous and fairer Scotland. Although the latest economic indicators continue to be encouraging, we recognise that a strong economy is successful only if it is underpinned by a society that is fair and equitable.

To ensure that all our citizens have the opportunity to achieve their potential, today's budget will invest £16.6 million to implement the findings of the Wood commission on developing Scotland's young workforce; spend £526 million in our colleges and over £1 billion in our universities; expand our modern apprenticeship programme towards a target of 30,000 starts each year by 2020; secure capital investment of around £4.5 billion in our schools, hospitals, homes and transport networks; allocate £81 million to mitigate the most harmful impacts of the United Kingdom Government's welfare reforms; and deliver more than £200 million to support health and social care integration. Those are just some of the measures that we are taking forward to create a fair and prosperous Scotland.

We have also taken progressive decisions on land and buildings transaction tax, which mean that 50 per cent of residential transactions at the lower end of the property market will be taken out of tax altogether, providing a welcome boost to first-time buyers and the property market into the bargain. Over 90 per cent of taxpayers will pay no tax at all or be better off compared with the UK's current tax rates.

Our landfill rates balance concerns about waste tourism with the appropriate financial incentives that are needed to deliver our zero waste ambitions.

We will maintain the most competitive business environment in the UK. Some 95 per cent of non-residential tax payers are better or no worse off under LBTT. Not only will we continue to support the small business bonus scheme, which is worth an estimated £172 million to businesses the length and breadth of Scotland in 2015-16, but we will also invest £11 million to match the poundage for business rates south of the border.

I have taken a prudent approach to forecasting revenues from the devolved taxes, and my forecasts have been endorsed as reasonable by the independent fiscal commission. With tax devolution, however, inevitably comes an increase in the exposure to risk, and I have decided to hold £15 million in 2015-16 to provide insurance against such risk.

Our economic strategy is working, but we must continue to act swiftly to address Scotland's economic challenges. We have established the energy jobs task force to help the economy of the north-east, and we have committed to the apprenticeship guarantee for oil and gas. We give the categorical assurance that we will deploy the leadership, the energy and the resources of our enterprise and skills network to tackle economic problems wherever they emerge in Scotland.

We recognise, however, that in some circumstances the substantive powers to tackle those issues lie outwith our control, and I once again urge the United Kingdom Government to reduce the supplementary charge, invest in exploration credits and back our North Sea oil and gas industry.

Our tax measures will support the housing market, and they are complemented by our investment in housing supply. We are more than two thirds of the way towards delivering our five-year target of 30,000 additional affordable homes by March 2016, including 20,000 homes for social rent.

We recognise that, within that approach, more has to be done to tackle fuel poverty and improve energy efficiency within the housing stock. More than half a million tonnes of carbon and more than £200 million in household fuel bills will be saved over the lifetime of the measures that were installed through our programmes in 2013-14.

Improving energy efficiency not only helps to address both social and environmental inequality but can also improve our housing stock and support our economy by creating and sustaining employment. That is why we are already investing £94 million in 2014-15, which is a higher level of funding than ever before. However, too many people are continuing to struggle with the costs of heating their homes this winter. Having listened to points raised by parliamentary committees, I can announce that we will increase investment in domestic energy efficiency by £20 million to provide a total budget of £114 million in 2015-16. That extra £20 million of investment gives clear and powerful impetus to our efforts to tackle fuel poverty and will have a positive impact on tackling climate change emissions from housing.

**Patrick Harvie (Glasgow) (Green):** As we have consistently argued for many years now, any

increase in this area is welcome, but has the extra £20 million been calculated on the basis of what is necessary to meet fuel poverty targets or to contribute to meeting the climate change targets? The issue of the lack of an assessment of the scale of investment that is needed has been raised not only by us but by committees.

**John Swinney:** We are considering the full extent of the scale of investment that would be required to tackle this issue. Indeed, the matter has been raised with us by the Parliament's Economy, Energy and Tourism Committee. I am not for a moment suggesting that the £20 million that has been allocated today will meet all the requirements in this area, but it represents a solid commitment by this Government to tackling fuel poverty and energy efficiency and to making a constructive contribution to realising our climate change targets, to which the Government attaches great significance. I should also point out that our carbon reduction efforts will be complemented by an additional £4 million of capital funding to support cycling infrastructure in 2015-16. Ministers will announce the details of that investment shortly.

To deliver a fairer society, we must focus on the importance of creating a fair work culture. This Government has targeted its pay policy at those on the lowest incomes through measures such as the Scottish living wage. More than 100 companies across Scotland are now accredited as living wage employers to the benefit of 100,000 individuals, and we aim to expand that number to 150 companies by the end of the year. We will also promote better engagement of employees in business through the establishment this year of the fair work convention.

We are pleased with the progress that is being made, which has been supported by the additional £200,000 that we allocated to the Poverty Alliance in November to encourage more employers to deliver the living wage in Scotland. However, we are determined to do all that we can and, today, I can announce that I will allocate an additional £200,000 in 2015-16 to support further progress in our fair work objectives.

**Neil Findlay (Lothian) (Lab):** I wonder whether in his speech Mr Swinney could advise us as to why the Scottish Government has delayed releasing the guidance on the living wage with regard to procurement.

**John Swinney:** The Government is making clear progress on the implementation of the living wage, and I would have thought that Mr Findlay could have welcomed that.

The health of our population and the education of our young people are two of the Government's most important responsibilities. Our overall

investment in the national health service is building a health service fit for the 21st century. As a result of our front-line investment, patient satisfaction has increased, with 85 per cent of people—an increase of 4 per cent—either fairly or very satisfied with their local health services. Hospitals are cleaner, with MRSA cases reduced by 89 per cent since 2007; more than 600,000 patients have been treated within the 12-week treatment time guarantee; and under the Scottish National Party Government, full-time NHS staff numbers have increased by more than 9,600. According to figures for accident and emergency waiting times that have been released this week, nine out of 10 people were seen within four hours between October and December 2014, and 99 per cent of all A and E attendees were admitted, discharged or transferred within eight hours. That record is better than performance in England, Wales and Northern Ireland.

We have also protected our hospitals. Accident and emergency departments at Monklands and Ayr remain open and since 2007 have handled 827,000 attendances; this year, we will sign contracts for a new Edinburgh royal hospital for sick children and for Dumfries and Galloway royal infirmary; and last week, NHS Greater Glasgow and Clyde took ownership of the new £842 million south Glasgow hospitals, which will transform the delivery of acute healthcare in the west of Scotland. That has been achieved by our commitment to the NHS, by the hard work of every member of NHS staff and through the fair funding of Scotland's health services.

In October, I announced that we would not only pass on the £202 million of consequentials to the NHS but invest more. We have now gone even further. A vote for the budget will see £127 million of extra spending for front-line healthcare in our national health service, taking our total additional investment for 2015-16 to £383 million.

The Cabinet Secretary for Health, Wellbeing and Sport has confirmed that £98 million of those additional resources will boost the funding for territorial boards and tackle delayed discharge. I further announce that the balance of that extra spending will be used to establish a performance fund of £31.5 million in 2015-16 to improve the quality of care and to reduce waiting times.

Scotland's health service will continue to have the benefit of a Government that supports and funds it properly. Our front-line fund for the NHS is not £100 million; it is more than £12 billion. That is real investment in the national health service.

**Jim Hume (South Scotland) (LD):** Will Mr Swinney explain how cutting the budget allocation for general medical services—the funding for general practitioners—is protecting our public services?

**John Swinney:** For Mr Hume's information, I can tell him that an extra £40 million has been put into that budget line.

Yesterday, I had the pleasure of meeting families for whom our additional investment of more than £300 million in expanded early years provision is delivering tangible benefits.

**Malcolm Chisholm (Edinburgh Northern and Leith) (Lab):** Will the cabinet secretary give way?

**John Swinney:** No, not that this stage.

The key focus of our work to tackle inequality is to ensure that Scotland is one of the best countries in the world for children to grow up in. When our youngest children enter school they should have access to the best possible education. The evidence is clear that the foundations of a successful education system lie in the quality of teachers. We have thousands of excellent teachers across Scotland. However, we need not just to maintain but to improve the high standards that we have set.

We have been consistent in our commitment to maintain teacher numbers in line with pupil numbers as a central part of our priority to raise attainment. Over the period 2011-12 to 2014-15, we have provided additional funding of £134 million to local authorities specifically to support them in maintaining teacher numbers.

As part of this year's budget process, we agreed to enter discussions with the Convention of Scottish Local Authorities on educational outcomes, including teacher numbers. However, following the results of the December 2014 teacher census, we reviewed our approach. It is important to stress that we have worked successfully in partnership with local authorities and we remain committed to that partnership; I also recognise the very real budgetary pressures facing all the public sector, including local government, as budgets are set for 2015-16. However, when specific and sufficient funding is available to maintain the employment of teachers, it is not acceptable that the number of teachers declined slightly last year and the ratio of pupils to teachers rose slightly into the bargain.

In discussion with COSLA, and in line with our objective to maintain teacher numbers, I have offered to suspend the penalty for 2014-15 that I was entitled to apply as a result of the fall in teacher numbers, as well as to provide a further £10 million next year on top of the previously allocated £41 million to support the employment of teachers.

At this stage, despite the support of SNP councils, COSLA has been unable to agree to what I consider to be a fair and generous offer of Government support to deliver a good outcome for

our children. As a result, this Government, in order to protect teacher numbers and to deliver the educational standards that we want to see, has no alternative but to make that funding available on a council by council basis if—and only if—councils are prepared to sign up to a clear commitment to protect teacher numbers.

As planned, £41 million is available at the start of this financial year. However, let me be clear: any council that does not make that commitment and demonstrate that it can be achieved will have its share of the £41 million clawed back before April. For those who share our ambition to maintain teacher numbers and deliver on their commitment, a further £10 million is available following the December 2014 teacher census. However, a failure to deliver will result in a further clawback of funding. To each of Scotland's 32 local authorities, I say this: my door is open. I therefore call on each council to make that commitment, access the resources that we have made available, and deliver the teachers that our children deserve.

The education of Scotland's children is the key to their future and to the future of Scotland, but too many of our young people have their life chances narrowed by circumstances that are out of their control. As we signalled in the programme for government, tackling inequality is one of our key priorities. Today, I am announcing the first tranche of additional funding to tackle educational inequality in Scotland. This Government will provide £20 million in the coming year, to be followed by further funding in next year's budget, to focus minds and efforts on supporting those in education who face some of the greatest challenges. Further details on that announcement will be set out shortly.

This budget provides new, affordable and energy-efficient homes, as well as support to first-time buyers who are looking to enter the housing market and assistance to people as they progress up the property ladder. It supports our economy through investment in education and a supportive business environment, and by removing obstacles to people getting into work. It delivers the social wage, protects household incomes and our high-quality public services, and provides funding of more than £12 billion for health. It puts the life chances of our young children at the heart of what we do through investment in childcare, further funding for teachers, and new efforts to tackle inequality and give every child in Scotland the best possible educational opportunity.

It is for all those reasons that I commend the Budget (Scotland) (No 4) Bill to Parliament.

I move,

That the Parliament agrees that the Budget (Scotland) (No.4) Bill be passed.

14:56

**Jackie Baillie (Dumbarton) (Lab):** I welcome the opportunity to participate in this afternoon's stage 3 debate.

Labour approached the budget this year with three very clearly defined asks: a front-line fund of £100 million for our NHS, in addition to the money that is already being put in; a resilience fund of £10 million to mitigate the large-scale job losses; and a Scottish office for budget responsibility, at a cost of less than £1 million, to ensure trust and transparency by providing independent financial scrutiny and economic forecasting.

We also asked that the cabinet secretary sit down with local government to look at the huge cuts that were having to be made to councils' budgets, most notably in education. Despite that request being greeted with much laughter from Scottish National Party members a fortnight ago, that is exactly what the cabinet secretary has done in relation to teacher numbers—but more of that later.

Our budget requests are based on what we believe is in the interests of the country and what is needed immediately. This is no shopping list—we have made a series of measured requests that are all fully costed. Mr Swinney has substantial resources available from the Barnett consequentials arising from the autumn statement, and they can fund in full all our budget requests.

I will start with the front-line fund for our NHS. I listened very carefully to what the cabinet secretary had to say: not one penny more is being allocated to health. The cabinet secretary simply announced what he would do with the remaining £127 million of consequentials that have already been allocated to health. No one can be in any doubt about the pressure that our hospitals and accident and emergency departments are under. Despite the very best efforts of our NHS staff, there is a limit to what they can do without the back-up of adequate resources.

Every week, newspaper headlines highlight the crisis in A and E services. There are stories of older people lying on trolleys waiting for beds for as long as 21 hours. In a case that I know of, a woman who was suffering from acute chronic obstructive pulmonary disease was discharged from hospital in the morning, readmitted to A and E in the afternoon and then spent more than 12 hours on a trolley waiting for a bed. It was clear that she was not fit to be discharged, but such was the pressure on beds that she was sent home far too early, only to end up back in on the same day.



That is inefficient use of NHS resources. Such has been the pressure that we have also witnessed portakabins that had been mothballed for years being pressed into use.

If anyone needs any more convincing, they need only look at the A and E statistics that were published yesterday; the target for waiting times at A and E has not been met. Some health boards managed only 85 per cent against a target of 95 per cent—although, of course, the target that the Scottish Government really wants to drop quietly is the 98 per cent target. The stats are for the last quarter of 2014, before there was significant additional pressure on our NHS. Clinicians tell me that there is no longer such a thing as winter pressure and that such pressure is now the norm all year round.

In January, we saw hospital after hospital under strain. Some, including the Western infirmary in Glasgow and the Royal Alexandra hospital in Paisley, closed their doors to new admissions. I fear that things will get worse before they get better.

We have been subjected daily to stories about the state of the NHS in England, too. The other night, I watched a documentary that exposed the extent of the problem in accident and emergency services. That was bad enough, but it turns out that the situation in Scotland is worse than that in England—and we do not have to contend with the reforms that David Cameron has inflicted on the NHS in England.

The cabinet secretary talked about a budget of more than £12 billion, but what he will not talk about is the Institute for Fiscal Studies report that suggested that there is a real-terms reduction in health spending in Scotland. I seem to recall that the excuse at the time was that account had not been taken of the Commonwealth games, which was in the health budget; today I understand that the excuse is the efficient way in which the cabinet secretary deals with capital. I look forward to the next excuse appearing over the horizon, but I suggest that consistent excuses might be desirable.

I point out to the cabinet secretary that in the period 2007 to 2010, when there was a Labour Government in the United Kingdom, the NHS was given inflation-busting increases, which the SNP failed to pass on fully to our NHS in Scotland. Perhaps if the SNP had done that we would not be in the position that we are in.

Our NHS front-line fund would help to move hospitals to some evening and weekend working, so that elective procedures could be carried out at weekends and diagnostics could take place in the evenings. That would make best use of our hospitals and ease the pressure on A and E.

I am told that the Scottish Government will review the position, but the truth is that we have had reviews and even pilots—at least four in different health boards in 2013—but since then there has been silence. The need is self-evident. The time for review is past; the time for action is now. However, the cabinet secretary has not allocated one new penny today.

I have highlighted the very tight financial settlement for local government and the particular impact that that is having on delivery of education. I am pleased that the cabinet secretary has engaged in discussion with COSLA about maintaining teacher numbers, but it is clear that no agreement has been reached and so he has imposed a deal. I think that that is a first. The concordat to which the cabinet secretary signed up lies in tatters.

The terms of Mr Swinney's offer are curious. I think that the original letter said £8 million, but I heard him say £10 million today, which I take as an improvement, but one local authority said that that was not enough—[*Interruption.*] It was not a Labour-controlled authority. It said that the amount that it would receive would not even cover its advertising bill for new teachers. [*Interruption.*]

**The Deputy Presiding Officer:** Order.

**Jackie Baillie:** Mr Swinney also talked about applying sanctions collectively, which would be administratively difficult to do—never mind unfair.

Most bizarre of all is the SNP's starting point. The SNP's baseline is 2014, when the teacher to pupil ratio got worse and the number of teachers fell even further. Mr Swinney is accepting and building on failure.

**John Swinney:** In her comments, will Jackie Baillie do something helpful and encourage Labour councils to protect teacher numbers?

**Jackie Baillie:** Our position is to maintain teacher numbers. The SNP promised to do just that, but it has failed miserably. We have almost 4,500 fewer teachers in Scotland today than we had when the SNP took charge. According to the Scottish Parliament information centre, spending on education, which showed a steady increase from 1999, has levelled out since 2008-09. Indeed, the Government's figures, which were supplied to the Education and Culture Committee, show an increase of a fraction of a per cent, which is in effect a real-terms reduction in schools spending.

Education is a key tool in the battle against inequality. It is perhaps one of the most significant opportunities to overcome inequality that is provided over a person's lifetime, yet the SNP has presided over a cut in teacher numbers, a cut in college places and a decreasing number of students from the poorest backgrounds accessing

university. The SNP's approach to education actually entrenches inequality.

**John Swinney:** Will Jackie Baillie give way?

**Jackie Baillie:** I will give way in a second.

I turn to the resilience fund. There can be doubt that what we are witnessing in the North Sea with the drop in oil prices has the potential to have a significant negative impact on the economy of Scotland. The scale of the job losses could exceed the scale of the losses at Ravenscraig. Only this week, we heard that Shell is drawing up plans to close the Brent field and that BP is making billions of pounds' worth of spending cuts due to the drop in oil prices. A total of 133,000 jobs in the north-east of Scotland are supported by the oil and gas industry, including 46,000 in the constituency of Gordon, where Alex Salmond is standing in the general election. There may be the risk of an economic tsunami in the north-east, but all of Scotland will be badly affected.

The potential loss of jobs is bad enough, but the loss to public revenue is of the order of £6 billion. I will make that sum real: it is the entire schools budget for Scotland. However, the SNP's response has been so slow that it has been positively glacial. Both the UK and Scottish Governments need to do much more to help one of Scotland's key industries.

Our call for a Scottish office of budget responsibility is about building trust and transparency into the forecasting of the nation's finances. As the Smith agreement transfers even more powers over taxation and welfare to the Scottish Parliament, we need to be sure that our scrutiny inspires confidence. We need a body that is wholly independent of Government and is able to oversee our public finances and economic forecasting in a hitherto unseen way.

I am genuinely disappointed that John Swinney does not appear to have listened to any of our proposals; there can be no denying the need that lies behind them. Our approach is measured, proportionate and costed—the money is there. It appears, however, that rather than work together, the SNP will put party interests before the interests of the people of Scotland. If the proposal comes from Scottish Labour—[*Interruption.*]

**The Deputy Presiding Officer:** Order. I call Gavin Brown. Before he speaks, I encourage members to follow the good example of the Deputy First Minister and to make interventions when standing up and not from a sedentary position.

15:07

**Gavin Brown (Lothian) (Con):** I will begin with what the Deputy First Minister ended with:

education. Although I was not privy to the detail of the discussions between the Scottish Government and COSLA, I cannot help but think that the education of our children will be best served if all levels of government work together to achieve outcomes instead of using a budget speech as a platform for creating a turf war with COSLA. I do not think that that serves any great purpose. Perhaps there are faults on both sides—who knows?—but using a budget speech to kick COSLA when it is not in a position to stand up for itself does not demonstrate—[*Interruption.*]

COSLA is not speaking in this debate, unless I am mistaken.

**John Swinney:** Will Mr Brown take an intervention?

**Gavin Brown:** I will, in a moment.

We should remember that we heard talk earlier of clawbacks, penalties and ring fencing, but just a few months ago the First Minister said in her programme for government that her Government would be a great decentralising one. What, in that case, is decentralising about today's budget announcements?

**John Swinney:** Mr Brown has complained about my coming to Parliament and explaining the outcome of my discussions with COSLA, which, I volunteered, had not reached agreement. Mr Brown would be at the front of the queue to complain if I had made the announcement anywhere other than in a budget speech to Parliament. In fact, I properly informed Parliament about the unsuccessful conclusion of my negotiations with COSLA.

**Gavin Brown:** I think that there was a little more than factual reporting that there had not been an outcome: there was real politicisation of education. I am very happy to listen to COSLA's side of the story before rushing to judgment.

In terms of the changes that we have seen since the draft budget announcement, the three most significant have been made thanks to the Chancellor of the Exchequer and the Scottish Conservatives. We see money—£127 million—flowing to health from the Barnett consequentials through the autumn statement. We see the business rates increase being capped again at 2 per cent thanks to George Osborne, and despite the Scottish Government's saying that it had no plans to do that when it was asked about it in November. We have also seen changes to land and buildings transaction tax, although in our view they go nowhere near far enough. However, we see a 5 per cent band, which is a significant improvement.

However, we have two big concerns about the budget. The first is the impact on the housing

market from land and buildings transaction tax, which is a tax on aspiration and an extra obstacle that will make it harder for families to own their own home. The eye-watering 10 per cent rate still kicks in at £325,000, compared with the £925,000 at which it kicked in under stamp duty. We are concerned that that will have a negative impact on the housing market.

Movement and activity are needed on all rungs of the ladder. If one section of the housing market is hit and punished, that can have an effect on all its other parts. If the Scottish housing market performs badly relative to that of the rest of the UK—stripping out London, of course—will the Scottish Government take responsibility for that or will it blame somebody else, whether that be the UK Government or COSLA?

Our preference was for a tax cut, but we certainly expected the Scottish Government to deliver on its own principle, which it said was revenue neutrality. However, the definition of revenue neutrality appears to have changed over time. Initially, back in October, revenue neutrality meant raising no more or less than the replaced taxes. According to the Scottish Government, that is £198 million for residential LBTT. The second definition of revenue neutrality meant the money being enough to cover the block grant adjustment. The third definition, which appeared more recently, meant the money being enough to cover the block grant adjustment and to put money into a cash reserve. We heard today that that will be £15 million. However, the third definition is not revenue neutral. In the real world, it is known as a tax increase.

That is one of the reasons why it will be impossible for us to support the budget at stage 3. For the Scottish Government, revenue neutrality means exactly what it chooses it to mean at any given time: nothing more, nothing less. However, we can give some numbers. The Scottish Government says that it needs to collect £231 million. When the Scottish Parliament information centre runs the numbers, drawing from the same data source, it says that £242 million will be collected. However, that is based on just 84,000 estimated transactions. We know from a Scottish Government department that 100,000 transactions are predicted over the next financial year. If 84,000 transactions will give £242 million, I wonder what 100,000 transactions will give over the course of the financial year. Is that really just a designed tax increase that the Government can put into its cash reserve or war chest, but which could impact negatively on the housing market and the economy as a whole?

**John Mason (Glasgow Shettleston) (SNP):** Will Gavin Brown give way?

**Gavin Brown:** I have only 20 seconds or so left, so I am afraid that I am not able to do so.

We are concerned about the impact that that will have on the economy—particularly on the housing market, but also on business rates. Things such as the retail levy and the empty property tax have come into force, and there has been a failure to implement a retail bonus.

Slowly but surely, the advantage that we had is being eroded away. For that reason, we will not support the budget at decision time.

**The Deputy Presiding Officer:** We are extraordinarily tight for time. Speeches of up to six minutes would be welcomed.

15:13

**Mark McDonald (Aberdeen Donside) (SNP):** It is clear that Mr Swinney is once again looking to protect the front line, despite the austerity measures that are being imposed on Scotland. The additional money for the health service is welcome.

Let us be clear: the national health service is a vital service that all of us will rely on at some stage in our lives. It is therefore important to protect investment in it. The Scottish Government's spending on the health service is going above £12 billion, and the revenue budget is being protected. In my area of north-east Scotland, there is welcome news for NHS Grampian as a result of that.

The way to test public opinion about how the national health service is operating is to look at patient satisfaction with it. We are seeing high levels of patient satisfaction with the health service as a whole and with accident and emergency services. In particular, the patient satisfaction levels for accident and emergency services are above those of England and Wales. We see a strong record for the health service that is being bolstered by the investment that Mr Swinney is putting in.

The Labour Party stands up and calls for a £100 million front-line fund, set against a £12 billion-plus budget. The money that is being invested in the health service is front-line funding. It is there to fund the front-line services on which people rely.

I do not seek to diminish the individual cases that many of us deal with as politicians. We receive cases of people in our constituencies for whom, for whatever reason, the health service has not performed to the standard that we would expect it to. That will not change, irrespective of the funding levels that are thrown at the health service, because it is a human organisation, and in human organisations errors will occur. The key thing is to ensure that, for the overwhelming

majority of people who go through our health service, the support is there to ensure that they get the best treatment that we can give them. That is what the Government seeks to do.

**Willie Rennie (Mid Scotland and Fife) (LD):** Will the member take an intervention?

**Mark McDonald:** I might do so a bit later, but I want to make progress.

What the cabinet secretary has done on teacher numbers is entirely appropriate. It is clear that COSLA cannot now speak on behalf of all local government, because it has been unable to come to the table on behalf of local government and strike a deal with the cabinet secretary. Therefore, the only option that is left to him is to put the money on the table, and each local authority can declare its intentions.

In my area, I urge Aberdeen City Council to commit to maintaining teacher numbers in order to unlock the finances that are available on the basis of the cabinet secretary's announcement. I hope that other local authorities will follow suit as well, because it is vital to maintain teacher numbers so that our young people get the best education possible.

**Alex Rowley (Cowdenbeath) (Lab):** I agree that we should be doing everything within our power, and local authorities should do likewise, to maintain teacher numbers and improve education. Does the member accept that councils the length and breadth of the country, regardless of their political make-up, are having to make major budget cuts in front-line services, and education services are not exempt from that?

**Mark McDonald:** I am always interested by the Labour Party narrative. On the one hand, it is all for local decision making and the flexibility for councils to make their own decisions. Across the piece in local government, the Government has removed large amounts of ring-fencing that existed prior to 2007. However, in certain key areas, where we have agreed key national priorities, it is entirely appropriate that councils have to fulfil their part of the bargain.

I was on the Local Government and Regeneration Committee with Mr Rowley when we had Labour-led local authorities saying that they wanted flexibility over teacher numbers. That was flexibility not to put teacher numbers up but to cut them. That is unacceptable. The message is clear that local authorities absolutely have to commit to maintaining teacher numbers. If, within the budgets that are allocated to them, they wish to go further, that is fine—I am all for that. At the very least, though, they must take the money that Mr Swinney has put forward and commit to maintaining teacher numbers.

As for my area in north-east Scotland, I mentioned the situation at NHS Grampian. Thanks to the Government's investment decisions, NHS Grampian is now receiving its population share of funding, which the Labour Party never delivered when it was in power. That will be welcomed by staff working on the front line and by patients in the north-east who rely on the health service.

Aberdeen City Council has received the highest cash increase of any local authority, yet when it sets its budget, it will do so from a position in which it holds over a quarter of its revenue in reserve—some £116 million is held in cash reserves—although Audit Scotland recommends that councils hold 3 per cent of their revenue in reserve. I call on the council not only to use the additional money from the Scottish Government but to use it to protect front-line services and invest in preventative activity.

In my last 15 seconds, I say that I wish that the Labour Party would clarify—Jenny Marra is next, so she can clarify it—whether the resilience fund that it proposes is a genuine resilience fund or is, as Jenny Marra said on the BBC just before the budget debate started, an oil resilience fund. What is the resilience fund? Is it a general fund or an oil resilience fund, as she labelled it? Let us have the answer.

15:19

**Jenny Marra (North East Scotland) (Lab):** I am always happy to provide Mark McDonald with the answers. If he had listened to the debates throughout the budget process, he would know that we propose a resilience fund for industries that are under strain. If he had paid attention to the news in his home region of the north-east, he would know that the oil industry is under severe strain, as Jackie Baillie pointed out today. Therefore, the resilience fund would initially be used to support the oil industry.

Unless Mark McDonald has more questions for me, I will turn to the health service. Yesterday, the Government published its accident and emergency figures. It does not do that very often—far less than in England—and we are still not sure why that is. The Government in England publishes its A and E statistics weekly so that patients and families up and down the country can see how their national health service is performing. The Cabinet Secretary for Health, Wellbeing and Sport says that her agencies have advised her to publish figures far less often than that. Yesterday, we found out why.

**The Cabinet Secretary for Health, Wellbeing and Sport (Shona Robison):** I do not know whether Jenny Marra is aware that, for something to be part of an official statistics release, it must be

ensured that it is not subject to political interference. Is she suggesting that we should politically interfere with the way in which official statistics are released? She should clarify that point very carefully.

**Jenny Marra:** I am suggesting that it is the job of Shona Robison, as health secretary, in the interests of the Scottish people and the Scottish NHS, to make decisions about how information is published, on what basis and how often, in the interests of transparency. If she is telling me that she cannot overrule civil servants in agencies, that is a very weak—

**Members:** Oh!

**The Deputy Presiding Officer:** Order.

**Jenny Marra:** That is quite a weak position to be in.

We also found out why the SNP decided last week to downgrade its A and E waiting time target from 98 per cent and keep it at 95 per cent. We thought that 98 per cent might be difficult when the announcement was made last week. Now we discover that 95 per cent, the current target, is itself impossible—and slipping fast.

The figures are worse than those for the same period last year. Things are not improving and they are not even staying the same—they are getting worse. We all know that there are a few key reasons for that. They have been well discussed in the chamber, in private meetings and at meetings with health stakeholders. That is why it was even more surprising that Friday's press release from the SNP sought to see off Scottish Labour's proposal for a front-line fund to ease pressure in our hospitals by announcing yet another review, with the cabinet secretary buying herself another six months before she takes action.

The front-line fund simply reflects SNP policy. It is the right thing to do—Labour and Government members know it. We have the Government's policy papers on seven-day hospital services, evening diagnostics, weekend surgery and round-the-clock discharge. For some reason, however, the cabinet secretary wants to wait another six months before she lets that happen.

We have again seen that reflected today, in John Swinney's budget. The money that has been announced is simply money that has already been announced over the past few weeks. The £29 million that he said was additional is not actually additional—it is health consequentials that were already sitting there.

The task force was put on the back burner. Could it be that it was put on the back burner during the referendum campaign?

**Shona Robison:** Oh, God.

**Jenny Marra:** The cabinet secretary laughs, but the evidence bears this out. The task force was announced in a press release in October 2013. The Government paper said that it would meet every two months, but I have not received an answer to my parliamentary questions on whether it has met at all. Not much seems to have happened.

**Shona Robison:** I am astounded. The task force has met every two months. The PQ is being answered today. The member really ought to move away from the conspiracy theories and let the people who are on the task force get on with the good work that they are doing.

**Jenny Marra:** I am glad that the cabinet secretary was able to clarify that for me today. She was not able to answer that same question when I put it to her last week.

Yesterday, Jim Murphy and I witnessed at first hand the difference that seven-day services would make. At Monklands hospital, the A and E consultant talked us through a chart that showed a significant peak in—

**Mark McDonald:** Will the member give way?

**Jenny Marra:** I would like to make progress, if that is okay.

**The Deputy Presiding Officer:** You should do so in your remaining minute.

**Jenny Marra:** The consultant showed us the difficulty that the unit faces when discharges are not made at the weekend and beds are at a premium when they are most needed, on a busy Monday.

There was no new money in John Swinney's budget today for front-line services, and I ask the Parliament to consider—

**Shona Robison:** Will the member give way?

**Jenny Marra:** I am happy to take an intervention from the health secretary if she would like to go again.

**Shona Robison:** I wonder whether Jenny Marra might have a bit of self-awareness, in that she is talking about an A and E unit that she and her party wanted to close. Will she congratulate us on keeping it open so that she and Jim Murphy could have the pleasure of visiting the excellent facilities in Monklands hospital?

**The Deputy Presiding Officer:** Jenny Marra is in her last 10 seconds.

**Jenny Marra:** There is no new money in today's budget for front-line services in the NHS. The health secretary knows as well as I do how

desperate the situation is and how the Government needs to invest.

15:26

**Linda Fabiani (East Kilbride) (SNP):** I was stunned yesterday to see photographs of Jim Murphy standing outside Monklands A and E, and I am even more stunned today to learn that Jenny Marra thought that it was worth raising that in the chamber. I remember fighting an election in Lanarkshire a couple of years ago when an awful lot of the campaign was based on the Labour Party's proposals to close A and E units.

That sums up what the Labour Party, under its new leadership and regime, is doing right now, which is saying, "Let's find an issue—any issue—and have a go," with absolutely no self-awareness of the role that it played in creating the problem in the first place. I suggest that some kind of collective memory should kick in before that goes any further.

The people of Scotland are not fooled. They are rolling about their living rooms right now, listening to the machinations of the Labour Party, not least among which is the suggestion that it will ensure that we get more powers for Scotland. My goodness—if the Labour Party had been true to that over the past few years, perhaps we would not be having the wrangles over the Smith commission agreement and the rolling back from it that we have seen from the Labour Party, the Conservatives and the Lib Dems, in their wee partnership. Instead, Labour would have been sticking up for Scotland.

It was the same when I listened to Jackie Baillie's analysis of John Swinney's opening speech. There was nothing in her speech that said, "Do you know what? We agree with you that equality and fairness should be at the heart of everything that we do; that we should be boosting our small business to improve our economy and our communities; and that education is really important for our children."

**Jackie Baillie:** I do not often disagree with Linda Fabiani in the chamber but, on that point, she clearly was not listening. I said that education is a key tool in tackling inequality and talked about the importance of education. Will she therefore revise her comments?

**Linda Fabiani:** No, I will not, because Jackie Baillie belongs to the same party that is paying off teachers in Glasgow—

**Jackie Baillie:** That is not true.

**Linda Fabiani:** I am sorry; I will take back "paying off". Jackie Baillie is in the same party as those who are reducing teacher numbers and raising class sizes in Glasgow and those who are

running South Lanarkshire Council and have not got their budget through because the SNP group says that the council should not be increasing class sizes and reducing teacher numbers. Perhaps Labour Party members should get together and talk about their vision for this country instead of being all over the place in the way that the party is.

Labour should start by welcoming the fact that an A and E unit was kept open in Lanarkshire and that the bedblocking and patient-flow situation is therefore not nearly as bad as it might have been if the Labour Party had had its way. It should welcome the extra funding that has been put in to tackle delayed discharge; the joined-up approach that we are starting to take to social care and hospitalisation for our elderly; and the fact that the Government believes that education is so important for children that it is taking steps to ensure that no child in Scotland should be unfairly disadvantaged because of the political machinations of whatever group happens to be running an area.

Labour should welcome the fact that we are trying to address fuel poverty and the need for greater domestic energy efficiency, which have been issues in this country for many years. Above all, I ask Labour to welcome the fact that some of the reduced budget that comes to Scotland is being spent on mitigating the effect of welfare policies that are hammering people across the country.

**Jackie Baillie:** Will the member take an intervention?

**Linda Fabiani:** No, thank you—we have heard enough from the Labour Party. It cannot even welcome free higher education or free prescriptions that provide free medical attention at the point of need. The Labour Party has gone so far from its roots that hatred of the SNP is much more important to it, and its members scramble about and talk about resilience funds, offices for budget responsibility and a fund for the NHS—I cannot remember what Labour calls it.

**Members:** The front-line fund.

**Linda Fabiani:** Labour talks about a front-line fund for the NHS, but it cannot welcome or work together on some of the things that are happening and are welcomed by civic society, to which the Labour Party used to listen.

Perhaps I was wrong in what I said earlier: Labour members should not get together and talk to each other, as there seems to have been far too much of that already. They should start to talk to the people of Scotland and find out why their support has gone down the tubes, and join those of us who really want to make a better future.

15:31

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

The context for the budget is an economy in recovery. There are now 168,000 more jobs in Scotland than there were when the UK Government came to power; employment is up by more than ever before; gross domestic product is up above the level that it had reached before the recession; and unemployment is down. We should remind ourselves that that is all based on a plan that SNP and Labour members said would not work.

Although the economy is in recovery, the NHS is in crisis. I do not like to use the word “crisis” frequently, but that is exactly how we must describe the NHS as we see it today. The remarks from John Swinney and Mark McDonald showed a creeping complacency about what the NHS is facing just now.

**Mark McDonald:** Will the member give way?

**Willie Rennie:** Not just now.

Those who meet NHS workers regularly understand the enormous pressures that they are under just now, partly as a result of demographic changes but partly because the SNP took its eye off the ball during the referendum. The SNP was distracted by its obsession with independence, and we are seeing the price that has been paid by our hospitals.

**Shona Robison:** Will the member give way?

**Willie Rennie:** Not just now. I do not like to use the word “crisis”, but there is no doubt—we have seen the figures on A and E waiting times this week, which have plunged below the level of waiting times in England—that the NHS is in crisis.

**Shona Robison:** Will the member give way on that point?

**Willie Rennie:** Not just now.

It is also clear that the colleges are under extraordinary pressure. Part-time courses have been cut and full-time courses are not quite full time any more, at a time when industry needs an increasing number of skilled workers. Targets on class sizes and cancer waiting times have been missed. On teacher number targets, I have to say that for the Government to attack local government for its own failure to meet its targets is below acceptable.

**Mark McDonald:** Will the member give way?

**Willie Rennie:** Not just now.

All that shows that, at a time when we needed the Government to focus on the big challenges that public services face, it took its eye off the ball to focus on independence.

**Mark McDonald:** Will the member give way?

**Shona Robison:** Will the member give way?

**Willie Rennie:** Not just now.

We have made a realistic and costed set of proposals. The Deputy First Minister knows that Liberal Democrats have taken a constructive and costed approach to the budget process in every single year. We do not oppose budgets on the basis of being opposed to everything that the SNP says. We look at budgets on their merits. That is the approach that we have taken in the past. We supported the Government when it increased funds for colleges and house building, when it ensured that thousands of two-year-olds got 15 hours of nursery education each week and when it provided free school meals for children in primary 1 to 3. On every single occasion when the SNP proposals met our ambitions, we supported them, so, when we oppose, we do not do so just for the sake of it; we oppose for realistic reasons.

Again this year, our proposals were realistic and costed. We wanted the NHS to get the investment that it needed, including for mental health. We wanted all the Barnett consequential to be transferred to the NHS, unlike in previous years. We identified that the additional funds that the Scottish Government has received through the pharmaceutical price regulation scheme should be spent on mental health.

Our second recommendation was that the Government should match the level of support in England for childcare for two-year-olds. In England, 40 per cent of two-year-olds get 15 hours a week, but the figure in Scotland is only 27 per cent. We are two thirds of the way there, but there is still a bit of a way to go. We know that that is the best educational investment that we can make.

Our third recommendation was on student loan repayment thresholds. In England, graduates start to repay their loans once they earn £21,000 a year but, in Scotland, the figure is down to £16,950. We believe that graduates cannot afford to pay that, and that we should therefore give them extra support. Mr Swinney, to his credit, has said that he is investigating the matter. We welcome future discussions on that.

Colleges have been at the forefront of the SNP's cuts in recent years. However, with this year's budget, college funding is still not back up to the level that it was at in 2011-12, when it was £544 million. There is a big shortfall, and students are paying the price as a result.

Those were the reasonable tests that we set the SNP Government for the budget this year. I am sorry to say that the Government has not met those tests and that therefore we will be unable to

support the SNP's budget. The SNP took its eye off the ball in the referendum.

**The Minister for Transport and Islands (Derek Mackay):** Why not spend more on Trident?

**The Deputy Presiding Officer (Elaine Smith):** Order, please.

**Willie Rennie:** We have now seen the price that people are paying as a result. We believe that that is unacceptable, which is why we will not support the budget.

15:37

**John Mason (Glasgow Shettleston) (SNP):** I welcome the extra funding that the cabinet secretary has been able to provide, and specifically the £20 million for domestic energy efficiency and the £10 million for teacher numbers. I welcome the fact that £15 million has been held back. That is not a huge sum of money, but it sends out a good signal, particularly given the profligate Labour Government at Westminster that we had in the past, which spent all that it had and more. I was somewhat surprised to hear Gavin Brown suggest that we should be much more optimistic about what we think we are going to get in and then spend it before we actually get it.

We should put on record the good management of the budget by John Swinney and the SNP Government. To date, there has not been the opportunity to borrow and get into the sort of difficulties that have been got into at Westminster. There have been achievements. Capital projects have stayed very close to budget and have sometimes come in well below; projects that were in trouble when other people ran them, such as the trams, have been sorted out when they were taken over; and revenue expenditure has stayed remarkably close to the budget. All of that bodes well for the future when we will have more powers.

I will mention some welcome projects in my constituency. The new Garrowhill primary school building opened recently, thanks to the Scottish Government and Glasgow City Council. In the past month, the Commonwealth games village has started to be occupied by owner-occupiers and tenants. That is great news for local folk and incomers, and it is certainly boosting the east end of Glasgow.

Sometimes, it is good to remember past budget decisions when we begin to see their fruits. If we want to have more emphasis on outcomes rather than inputs, that requires patience on all our parts to see that happen. To some extent we have discussed all this at the Finance Committee and paragraph 192 of the committee report touches on

it. I very much agree with the Government's comment that

"The assessment of outcomes is complex and it is neither practical nor feasible to attribute each pound spent to a single outcome. In reality, most interventions, actions and activities will influence a whole range of outcomes."

That shows a more mature approach to budgets, which we need to move towards. I very much welcome the commitment to future funding, especially the £390 million for affordable housing, which I think is an increase of 21 per cent over the current three-year period.

We all have to accept that we have to make choices in budgets and that, if there will be more for the NHS, there must be less for something else. I do not think that we have heard very much on that this afternoon. We can all see where more money could be spent. For example, on Monday I met reps from the National Union of Students and discussed their concerns about the college bursary system. Some students are clearly struggling financially. By comparison, higher education students seem to have more certainty earlier in the academic year about what their income will be. Although the issue might be partly a question of moving resources, there is also a question about how resources are disbursed in the two sectors.

The main thing that I want to speak about is the block grant from Westminster, which is still a key part of the Scottish budget and is likely to remain so for some time to come, albeit that it will be gradually reduced. If anyone was going to design a system for the UK from scratch, would it not be logical to decide the main UK-wide part of the budget first, after which each of the devolved Administrations would build on that? Once we knew the block grant and the income tax allowances and rules, we would set our bands and rates. Once we knew UK VAT rates and expected income, we would know how much we had to spend.

With land and buildings transaction tax, the Scottish Government did a very thorough consultation, listened to a wide range of responses and set its rates some months ahead—although that was criticised for being too short notice. By contrast, the Westminster Government changed stamp duty land tax at a few hours' notice, with no consultation, which resulted in ludicrous scenes such as house buyers and sellers being pulled off golf courses to make instant decisions to avoid tax.

We have two fundamentally different styles of Government: one is trying to be inclusive, consultative and modern; the other is stuck in a traditional mindset and loves theatre over substance. My concern is that we are asking for trouble. If this Parliament is expected to



strengthen its fiscal framework, I have no problem with that. However, is there matching openness at Westminster to move into the 20th century and produce a budget like any modern organisation should?

I fear the signs are not good. Last week at the Finance Committee, I asked Danny Alexander, the Chief Secretary to the Treasury, about modernising Westminster; I would have thought that a Liberal Democrat would be open to that. However, I fear that I was not greatly encouraged by his response. He talked about it being easier administratively to change rates and bands than the likes of personal allowances. Is that really the basis of how the UK or Scotland should set its budget—ease of administration? Surely it should be based on the major decisions first, before moving on to the finer detail; that is, UK-wide decisions should be made first and then Wales, Northern Ireland and Scotland could build on that.

The Smith commission report talked about intergovernmental working. There is a very good quote on page 5, which I probably do not have time to read out. It talks about concern about needing a better relationship and “greater respect” between the two Governments. However, if Scotland broadly will set its budget first and Westminster will have the opportunity to play games and catch Scotland out, how will that be productive or lead to greater respect?

I am very happy to support the budget at stage 3. We are likely to face more complex budgets in future. A major factor will be the powers that this Parliament is given and another major factor will be the attitude of Westminster: does it want the UK to work better, or does it want to build up tensions that will cause problems in future? We shall see.

15:44

**Malcolm Chisholm (Edinburgh Northern and Leith) (Lab):** This is a historic day, as we are setting tax rates for the coming year as well as hearing what the Government is going to spend the money on. It is appropriate to spend some of the debate discussing that first issue. I do not dissent from the decisions that the cabinet secretary made on LBTT, but I share some of the concerns that Gavin Brown voiced about our understanding of the tax. Given that it is the first of many devolved taxes that we are to have, it is important that we have clarity and transparency.

Gavin Brown has perhaps read the same Bill Jamieson article that I read about LBTT, in which Bill Jamieson said:

“few acronyms are more calculated to empty a room these days than L&BTT ... MSPs can be excused utter bafflement as to how much L&BTT will actually raise.”

Perhaps the cabinet secretary, in winding up, will give some answers on that.

The problem really arises from the shifting meaning of revenue neutrality. As Gavin Brown pointed out, on 9 October it was described as

“raising no more or less than the taxes that they replace.”—  
[*Official Report*, 9 October 2014; c 39.]

When I questioned the cabinet secretary in committee last week, he said that it was enough to cover the block grant adjustment, and his letter of 22 January to the Finance Committee said the same. However, on the same day, the First Minister said in the chamber that revenue neutrality was enough to cover the block grant adjustment and to put money into the cash reserve. We are all still utterly baffled, so if an explanation could come in the wind-up, that would serve the interests of transparency, although most of us will no doubt have to ask the cabinet secretary to explain his explanation.

On spending, the demands of the Labour Party have never been clearer or more consistent. There are three and they are the same as they were at stage 1. The first is for £1 million. The Scottish Government should consider the option of inviting the Scottish Fiscal Commission to produce the official macroeconomic and fiscal forecast for Scotland. Those are not the words of the Labour Party but those of the Finance Committee, so the whole issue of forecasting has been put on the agenda by the Finance Committee, and Labour is merely articulating that as a specific budget request that does not cost a great deal of money.

The second demand is the resilience fund, which is not an oil fund but an emergency fund to help areas that are affected by job losses. I do not really see how anybody could argue against that. I have not heard the Scottish Government's arguments against that, but it is clearly not minded to accept that request.

The third, and major, demand from the Labour Party today is the front-line fund for the NHS. At the stage 1 debate, I pointed out that it was merely implementing Government policy, because the Government also supports seven-day services. I quoted from the Scottish Government's seven-day services position paper, which says two interesting things that back up what Labour is demanding. First, it says that there are actions that could be taken immediately that would result in a rapid improvement in patient care, prior to the reporting of the task force that has been meeting on the subject for rather a long time now.

Among the various suggestions was the idea of spreading elective surgery, which is what Labour is asking for. The Scottish Government's position paper said:

"There is an argument that spreading elective surgery over more days to avoid the Monday, Tuesday, Wednesday congestion would help both scheduled and unscheduled care."

That is something that Jenny Marra also referred to, and it seems to me that, from the very arguments of the Government, we can justify the position that we have put forward on the budget.

Of course, we have to make hard choices in the budget. It does not mean that we do not support the objectives that Linda Fabiani outlined, but we have to choose, and clearly the health service, having had a long period of steady progress, has in many respects started to go into reverse. That is something that we have to respond to.

**Bruce Crawford (Stirling) (SNP):** I seek clarity, as I may have missed something, and I hope that Malcolm Chisholm will forgive me if I did. I am pretty sure that, at stage 1, Jackie Baillie also suggested that there should be more money for local government, and I have not heard Labour restating that today. Is that Labour's position?

**Malcolm Chisholm:** We did not say that today and it is not the correct interpretation of what Jackie Baillie said at stage 1 either.

We must respond to the crisis. The barometer of the problems, of course, is what is happening in accident and emergency, but it is closely related to the big increase in the number of bed days occupied by delayed discharge patients. I am never unkind to the Cabinet Secretary for Health, Wellbeing and Sport, but *The Herald* ran a cartoon of a delayed discharge patient in bed, and the hospital manager was telling the patient not to worry because

"the Health Secretary has a long-term plan."

Reviews are good, but—

**Shona Robison:** Will the member give way?

**Malcolm Chisholm:** I am in my final minute. Can I take an intervention, Presiding Officer?

**The Deputy Presiding Officer:** We are rather tight for time. It would need to be a quick one.

**Malcolm Chisholm:** I am sorry. I never like being unkind to Shona Robison but I have to be because the Presiding Officer tells me to be.

Reviews are good, but there is an urgency about what is required now.

I would have liked to know more about the performance fund, which is why I was trying to intervene on the finance secretary in his speech. Perhaps he can explain how it will be distributed in his closing speech.

In principle, the delayed discharge money that Shona Robison announced should be distributed according to the formula, but I argue that, as a

one-off, it should be distributed on the basis of the boards that currently have the biggest problem with delayed discharge.

15:50

**Kenneth Gibson (Cunninghame North) (SNP):** I welcome this opportunity to support the 2015-16 budget bill.

Scotland has made clear its desire for more powers to be devolved to the Scottish Parliament since the Smith commission reported and the UK command paper was published the week before last. Indeed, a YouGov poll on Monday found that support for Scottish independence was at a record high of 53 per cent. It seems that the Scottish people share the SNP view that the Smith commission proposals are a watered-down version of the panicked promises that were made just before the referendum.

Even Gordon Brown seems to be riding on the SNP's coattails by claiming that the Smith commission's report was too weak. It is interesting that the comments that he made last November, in which he expressed grave concerns about devolving control of income tax to the Scottish Parliament, sang a different tune. His previously expressed concerns about devolving tax control to Holyrood have now taken a back seat to Labour's urgent need for naked political survival three months tomorrow.

There are no signs that, after five years in power, the UK Government has any intention of loosening the noose of austerity from the neck of the UK economy. Members should recall that, only last month, Labour voted with its Tory pals for a further £30 billion in cuts. Such an approach has been condemned by several leading economists. Olivier Blanchard, chief economist of the International Monetary Fund and a Massachusetts Institute of Technology professor, claimed that the Conservative party leadership is "playing with fire" in continuing to pursue austerity policies. In addition, a report published by Paul De Grauwe—a London School of Economics professor and an adviser to the European Commission—said that a unilateral application of austerity policies is not only ineffective in resuscitating the economy but more often than not leads to greater state problems such as civil unrest.

If last week's success of Syriza in Greece has taught us anything, it is that the people will ultimately have their say on the budgetary actions of the state. In a statement on future UK spending, the Office for Budget Responsibility announced that

"Between 2009-10 and 2019-20, spending on public services, administration and grants by central government is projected to fall from 21.2 per cent to 12.6 per cent of

GDP and from £5,650 to £3,880 per head in 2014-15 prices.”

That cut of almost one third of public spending will impact mainly low-income families, with welfare recipients, low-paid workers and pensioners bearing most of the brunt.

Labour has fundamentally contradicted itself time and again by claiming to have Scottish interests at heart while voting for policies that are detrimental to Scotland and the Scottish people, particularly those who are most vulnerable to public spending cuts.

It is imperative that the SNP Government uses the economic levers that it has to tackle inequality. That is why I am delighted that, in the 2015-16 budget bill, we will deliver welfare reform mitigation of £81 million. The cabinet secretary's land and buildings transaction tax and Scottish landfill tax will encourage first-time home buyers, which will stimulate house building and work synergistically with the additional £125 million investment in affordable housing.

My view on more expensive houses differs from Gavin Brown's. The tax level for them will serve to dampen house price inflation and, ultimately, save money even for the people who will pay that additional taxation. The new rates satisfy the principle of revenue neutrality that Mr Swinney laid out in October—again, I disagree with Gavin Brown on that. Creating a system in which the first £145,000 of every residential purchase is tax free means that, in more than 90 per cent of transactions, people will pay the same in taxes on their new homes as, or less than, they would pay under the current UK arrangements, as the cabinet secretary pointed out.

The Scottish Government is committed to increasing employment and promoting a burgeoning Scottish economy. I was delighted that, at a time when Scotland has unemployment rates below those for the UK as a whole, the budget will enhance employment by providing £16.6 million to support youth employment through the commission on Scotland's young workforce.

As we have heard, the budget invests in the public sector, boosting the NHS by an additional £383 million. In contrast with George Osborne's austerity measures, which are crippling local government in England, the Scottish Government has delivered a fair settlement for our local authorities, enabling the delivery of shared priorities such as education, free school meals and childcare. We note no calls from the Opposition parties for additional spending in those areas.

The bill demonstrates the Government's commitment to tackling inequality, with more than £100 million being committed to delivery of the living wage and implementation of a two-year

public sector pay policy that increases the minimum uplift for those who earn less than £21,000 a year.

A variety of investments that are outlined in the budget demonstrate the Government's efforts to support a more prosperous Scotland and measures to improve opportunities at all stages of life. For example, £160 million will be invested in early learning and childcare and, as John Mason mentioned, we will see an extra £20 million for delivering energy efficiency. In addition, £615 million will be invested to provide the most competitive business taxes in the UK, and almost £1 billion will be invested in capital projects through the non-profit-distributing model.

The bill is a testament to the SNP's abilities to act prudently within the constraints set by the UK Government in terms of the devolution of powers and Tory austerity measures, sadly supported by Labour. In short, the budget augments the Scottish economy, boosts employment, tackles inequality and invests in public services.

We can compare that with Labour's irresponsible shopping list. We heard about the £100 million. To my mind, that figure seems to be plucked from thin air. It has no detail behind it that I have been able to see, and there is no detail of where that money is to come from. If we look at other recent Labour statements, we see that, on 29 December, Kezia Dugdale suggested 100,000 new homes be built in Scotland, and whatever happened to the legendary Glasgow airport rail link?

**The Deputy Presiding Officer:** Will you draw to a close, please?

**Kenneth Gibson:** On 12 November, Jackie Baillie said:

“Fifty million pounds is a small amount of money”

to

“cancel Scotland's care tax”.—[*Official Report*, 12 November 2014; c 28.]

Whatever happened to that? Perhaps Ms Baillie could tell us.

Labour is all over the place on the budget, so I am pleased that we have a responsible and prudent Scottish Government that can deliver a sensible budget for the people of Scotland.

15:56

**Iain Gray (East Lothian) (Lab):** Our focus in this budget debate and indeed in the whole budget process this year has been health and the NHS, and there are good reasons for that. It is the single biggest component of the Scottish Government's budget, and it is also the area in the most urgent need of attention, given the stories of crisis that we

regularly read or hear about, particularly in relation to accident and emergency services and bed blocking. However, it is also a natural thing for us to do, because it was Labour that created the national health service. It is the thing of which we are most proud and we will always defend it first and foremost, so that has been our focus.

However, if Labour's proudest achievement is universal healthcare, Scotland's proudest achievement in public services is universal education. It is almost 500 years since the predecessor to this Parliament enacted the famous school-in-every-parish legislation, so it is also right that we judge not just the budget that we are discussing but the Scottish Government's record in almost eight budgets, now, on how it has supported education.

As with health, the story is that much was promised but little has been delivered. In that regard, the budget for 2015-16 is one more chapter. Listening to Mr Swinney's opening speech, we would imagine that the Scottish Government had delivered on its promises on schools and education, that it had sustained teacher numbers and that basically everything was right. Nothing could be further from the truth.

In 2007, the SNP's promise was that it would maintain teacher numbers as they were at that time. In 2011, its promise was that it would look first to maintain the recent improvement before continuing with progressive reductions in class sizes and improved pupil teacher ratios. The reality is that teacher numbers reduced in 2008, in 2009 and in 2010. They went down in 2011, in 2012 and again in 2013, and as Mr Swinney mentioned, they dropped last year, in 2014. We now have almost 4,500 fewer teachers than when the SNP came into power.

The story on pupil teacher ratios is the same. There was an improvement from 2007 to 2008, but in every single year after that pupil teacher ratios have worsened year on year. As for the core promise of class sizes of 18 in primaries 1 to 3, when the SNP came into power, 15.3 per cent of P1 to P3 pupils were in classes of 18 or fewer, and the figure is now 12.9 per cent. On every one of those promises, the situation has worsened.

We are beginning to see some of the effects, particularly of the loss of teachers. The introduction of new exams has been delayed and, as we saw last week, appeals are being squeezed out to save money for the Scottish Qualifications Agency's central budget. This week, Moray Council suggested that it might have to close schools because it does not have enough teachers; the EIS told the Education and Culture Committee that our schools are running on the good will of teachers and that the situation cannot go on; and headteachers have referred to the

potential for total disaster. Clearly, education requires some attention in this budget.

**Bruce Crawford:** I am sure that Iain Gray is genuine in the points that he is making, but can he tell us what additional spend Labour would make in local government to support the issues that he has raised?

**Iain Gray:** I am talking about a situation that has taken eight years to develop. If the member is suggesting that a single amendment to the budget could reverse that, I have to tell him that I do not think that that is possible.

However, I will comment on the action that the cabinet secretary has taken today. When he introduced the budget, he told us that he was going to bring forward educational outcome agreements with COSLA that were going to be agreed in consultation with local authorities, parents and teachers. I say to Linda Fabiani that I would welcome such agreements, but it begs the question of why, after eight years, the Government is only now beginning to think about the outcomes that it would like from our education system. It also begs the question of what happened to those promises to sustain teacher numbers, and the EIS, in particular, was quick to rumble this move as a cover for abandoning them.

To be fair, the cabinet secretary responded to that by turning to his usual scapegoat: local government. First, he made local government an offer that it could not accept of an amount of money that was nowhere near what would have been required to deliver what he was asking for. Today, he is trying to make it an offer that it cannot refuse. This is the man who used to boast in budget debates about the concordats that he had signed with local councils; now he is reduced to bragging about the ultimatum that he has issued to them.

The truth is this. Faced with the growing evidence from teachers, headteachers and councils—[*Interruption.*]

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

**Iain Gray:** —that local authorities do not have enough resources to sustain teacher numbers, Mr Swinney's answer is to claw resources back. It is hard to see how that will do anything except accelerate the drop in teacher numbers for which he is already responsible.

What will Mr Swinney do with this money that he claws back? Perhaps he can add it to his own education department underspend, which at the last count stood at £165 million while our schools lack the resources they need.

**The Deputy Presiding Officer:** Please draw to a close.

**Iain Gray:** The truth is that, as always, this budget fails our education system, and it will be parents, teachers and pupils who pay the price.

16:03

**Sandra White (Glasgow Kelvin) (SNP):** Once again, I thank the cabinet secretary for his speech and his announcement of extra revenue, particularly for the health service, for energy efficiency measures and for tackling fuel poverty. Indeed, the last of those is very important, given that the lack of heating in households can lead to ill health and other inequalities.

I welcome the cabinet secretary's announcement that teacher numbers will be protected and increased. Having listened very carefully to Iain Gray, I have to tell him that, in the Glasgow Kelvin constituency that I represent, the problems with teacher numbers and class sizes are being caused by Glasgow City Council. I would appreciate it if Mr Gray spoke or wrote to some of the parents of pupils at Hillhead primary school about the situation that they find themselves in as a result of Glasgow City Council closing schools and not having a big enough school for the pupils in question. It is an absolute disgrace. He cannot blame this Government for what is happening, particularly in my constituency—the blame lies fully with Glasgow City Council.

**Iain Gray:** The member cannot seriously be saying that, when the Scottish Government makes promises to parents and then starves local government of the resources that it requires to deliver them, it is somehow not the Government's fault.

**Sandra White:** The Government did not starve Glasgow City Council of any moneys; Glasgow City Council took it upon itself to build a school without taking cognisance of the evidence from parents that the school could not provide for pupil numbers. Now it has an absolute mess in which children cannot even get into their local school. That mess is being called in thanks to the Greens and the SNP group. The blame lies firmly at the door of Glasgow City Council. We will look into whatever is happening there. The member must recognise that it is not just about the Government.

I have listened to Opposition members on the health service. Willie Rennie, who is not here at the moment, referred to a "crisis", and that word has been bandied about. It is as if they want to give everyone bad news consistently in order to frighten them. We have fantastic people working in the health service. How do Opposition members think that those people feel every time the Labour Party and the Lib Dems in particular say that the

NHS is in crisis? They talk as if the NHS is falling apart. It is not falling apart.

**Alex Rowley:** I was interested that Willie Rennie used the word "crisis". This morning, I had a phone call from a lady who had arrived at a hospital in Fife at a quarter to 8. She was due to go for a gall bladder operation. She was prepped and saw the consultant and the anaesthetist. She was sitting in her bedclothes, ready and waiting. At 11 o'clock, she was told to go home because her operation had been cancelled. Is that acceptable?

**Sandra White:** That is not acceptable. I am sure that if Alex Rowley wrote to the Cabinet Secretary for Health, Wellbeing and Sport, she would look into that case. I do not cover the Fife area; I cover the Glasgow area. *[Interruption.]*

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

**Sandra White:** I answered Alex Rowley, Mr Gray, so let me carry on, please.

I want to let members know the good news about the health service. I talk to people in my constituency, including patients, doctors, consultants and nurses. They are not all saying that the NHS is in crisis. Let us look at the figures. NHS consultant numbers are at a record level, with a 36.8 per cent increase and more than 1,300 whole-time equivalents since 2006; overall, NHS staffing is up 7.6 per cent; the number of qualified nurses and midwives is at a record high; the number of NHS medical and—this is important, because they are sometimes overlooked—dental consultants is at a record high; and the number of GPs is up 5.7 per cent. The number of senior managers is down 29.3 per cent; people have always called for that, because we want staff at the coalface, not just at the managerial level.

**Jackie Baillie:** Does Sandra White accept that vacancies are also up and that posts are vacant for much longer? More people are being treated in the NHS, but demand is outstripping the number of staff available.

**Sandra White:** It is good that more people are being treated. Jackie Baillie mentioned that vacancies are up. We have more staff, so more people are applying for jobs. That can only be a good thing.

The NHS is not deteriorating and it is not in crisis, although that is the impression that the Opposition parties are giving to people. That is a dangerous thing to do—and it is disingenuous—not just for the people out there, but for the staff who work in the NHS. We should think very carefully about what we are saying. Another member asked—I think that it was Gavin Brown—why we do not work together. We have been trying to do that. We have listened to people not just in the various parties, but throughout the country.

We are trying to agree a budget. John Swinney has proposed a very sensible budget. Opposition members are constantly talking about the NHS being in crisis and saying that it is falling apart, even though, as I have just read out, staff numbers are increasing. That is rather disingenuous; it frightens people. I am not saying that that is what the Opposition parties are trying to do—I would never say that—but people need to sit down and think very carefully about what they are saying.

I will support the budget at decision time. I hope that the Opposition parties will think very carefully about not supporting the budget.

16:09

**Patrick Harvie (Glasgow) (Green):** This budget, like several recent budgets, takes place in a context in which we see continual pressures on public services, particularly those at local government level, and continuous public sector pay cuts in real terms, even if there have been moves to ameliorate the situation at the lowest end of the wage scale.

We are also discussing the budget in the context of continual challenges in meeting the targets that we have all signed up to on issues from climate change to fuel poverty. In particular, there is a recognition that energy and transport are areas in which not enough progress is being made from the point of view of social justice and environmental priorities.

At the same time, there is a crisis that could be turned into an opportunity in the energy sector, yet the Scottish Government continues to make appeals to the UK Government for tax breaks for more fossil-fuel exploration. That will only dig us deeper into the hole that we are in and leave our economy ever more exposed to the vulnerability of the carbon bubble when we could be looking to a new energy future that is based much more on renewables and public and community ownership.

In that context, we have continued to ask the Scottish Government what budget will be associated with the new body wave energy Scotland. Last week, the Deputy First Minister said that money from the energy budget would be allocated to that, but we still do not know what the figure will be. I hope that greater clarity can be provided on that.

In addition to those issues of context, we put several issues on to the agenda for discussion with the Scottish Government. Energy efficiency is by no means a new topic for the Greens in budget negotiations, but it is one on which we still believe that not enough progress has been made. The cabinet secretary mentioned the provision of an additional £20 million on top of the £94 million that

was announced for energy efficiency at stage 1. Steps in that direction are, of course, welcome, but expenditure on energy efficiency remains short of what the non-governmental organisations that are specialists in the sector have been calling for as the bare minimum annual spend.

It would be wrong for the discussions that take place each year to end up merely as horse trading. We should be taking a coherent approach to the issue and conducting an assessment of what is needed to reach the targets that all political parties have signed up to. The Economy, Energy and Tourism Committee recommended that—it called for a full cost analysis to be carried out of what it will take to reach the statutory target on fuel poverty. That has not happened, so it is difficult to know how much closer the extra £20 million will take us to that crucial target and the social justice and environmental goals on which we agreed in setting it.

The cabinet secretary mentioned that an additional £4 million would be provided for cycling. As not just a regular cyclist but someone who wants our transport system to be transformed and to move towards a more sustainable model, I believe that that must be a step in the right direction. The Deputy First Minister said that more information would be provided about how that money will be deployed. It will have some positive effects but, although I am sure that some good will be done with that £4 million, the investment that the Government is providing does not yet represent the concerted shift in transport policy that I believe is needed. I am talking about a transport system that allows money to circulate in local economies and strengthens the resilience of those economies, but which does so within environmental limits and saves people money.

It is also not yet clear what additional measures will be taken to address the air pollution that arises from transport, which is particularly acute in certain parts of Scotland. We argued for such measures to be taken in the same context of sustainable transport.

We also argued that there would be a need—albeit one that was on a smaller scale in budgetary terms—for local authorities to be able to build their skills and capacity in relation to unconventional gas techniques such as fracking if such applications were to come through. In the light of the moratorium that has been announced, which is very welcome, it is clear that that is not such an urgent priority, although we reserve the right to return to the issue if the moratorium is ever lifted and local authorities find themselves burdened with the threat of unconventional gas applications. If they are to be able to deal with such a situation adequately, we will need to skill up their staff.

I would argue—and I have put this to the cabinet secretary—that the same kind of opportunity exists, through small investment at local authority level, to add skills in relation to renewable energy. There is the opportunity for every local authority to build up a local energy company that can not only contribute to our country's energy needs cleanly but generate revenues for the authority.

We are missing a trick in that regard. The barrier is partly to do with skills. Local authorities simply do not have people who know what needs to be done to get under way on the issue. The cabinet secretary might have decided that today is a day to take what I am sure that he regards as a robust approach with local government, rather than an empowering approach. I encourage him to consider the opportunity that I described.

I had hoped to be able to give three cheers on the three main themes that we raised. I might have been willing to settle for two cheers. It seems that there might be scope for one and a half cheers, so I might reserve my position when we come to vote at the end of the day.

16:15

**Bob Doris (Glasgow) (SNP):** It is often said that politics is about spending priorities. If that is true, it is undeniable that the Scottish Government has prioritised health spending again for the financial year 2015-16.

It is worth putting on record the significant cash uplift that the NHS has had under the SNP Government. In the five years up to and including the year of the budget for which we seek parliamentary approval, the NHS will have had a real-terms increase of 4.6 per cent. That should be contrasted with the 10 per cent by which the UK Government has slashed the Scottish resource budget in real terms. That shows the Scottish Government's priorities.

**Jackie Baillie:** Will the member take an intervention on that point?

**Bob Doris:** I ask Ms Baillie to let me make progress. I might take an intervention later.

All Barnett consequentials from health spending have been given to our NHS in each and every year, as promised. That commitment now extends over the next parliamentary session, should the SNP Government be re-elected in 2016. NHS funds sit at more than £12 billion in 2015-16 alone. The Scottish Government's commitment to our NHS is evident for all to see.

**Jackie Baillie:** Does the member agree that between 2007 and 2010, when a UK Labour Government gave the NHS inflation-busting increases, the SNP did not pass those increases on to the health service?

**Bob Doris:** I ask Ms Baillie to sit tight and not to worry, because I will contrast the condition of the NHS in 2006-07, when Labour was last in power, with the situation today. I assure Ms Baillie that the NHS's condition today is far superior to its condition when Labour was in power.

The Scottish Government's commitment to giving our NHS financial backing is self-evident. I hope that that can be accepted across the party political divide and that we can have a new, constructive conversation about how best to spend record levels of financial support for the NHS. That is the chat that we should be having.

The budget will provide additional funding of £173 million from the Scottish Government to support health and social care integration. If members support the budget today, they will help to achieve that.

The budget will also help to sustain the huge increase in staffing that we have had under this Scottish Government, compared with the situation when Ms Baillie's party was in power. As we heard, there are 1,300 more consultants in the NHS and more than 1,700 more full-time-equivalent nurse posts than there were under the last Labour Government.

However, it is about not just nurses and doctors but pharmacists, allied health professionals and a range of social care staff. We require the right skills, in the right place and at the right time if we are to deliver the health and social care service that we want to see. There is no room for complacency, but it is important to point out the progress that has been made.

There is a commitment to maintain the progress on delayed discharge that has been made since 2007. I am delighted by the £15 million partnership deal, which is supported by the budget and will involve the NHS, the Scottish Government and—I have to say on this occasion—COSLA taking action.

I met Robert Calderwood, the chief executive of NHS Greater Glasgow and Clyde, recently. He told me that money has already been put to good use in Glasgow. There are an additional 120 step-down care beds, to better support older people who are clinically fit to leave hospital but do not yet have social care packages in place. That is the reality of what additional funding from this Government can do on the ground in Glasgow.

We all know about recent challenges in relation to delayed discharge, but we can get some perspective on that by comparing it with the position in 2007: delayed discharge has reduced by two thirds since then and the average delay is down by 50 per cent. We have short-term challenges but long-term progress under this Government, with financial support sustained over

a period of time despite huge cuts from the UK Government.

The budget will also ensure that the first tranche of an additional £100 million over three years will be invested specifically to enhance social care services. That money is aimed at ensuring that medically fit patients can be more speedily discharged from hospital, where appropriate, with appropriate care packages put in place; it will also help deliver preventative actions that I hope will help older people to avoid having to go to A and E.

We should therefore put the budget and the commitment on the national health service into some kind of context. Yes, we will always hear claims for more money. For example, we heard on 13 January from Neil Findlay about only West Lothian Council—not other councils—which I believe he said had a shortfall of £108 million; we heard from Jackie Baillie that we could get rid of care charges, which I believe would be at a price of £50 million; Johann Lamont wanted to cap childcare costs, but SPICE says that that could cost up to £1 billion; and we heard a call from Iain Gray for more money for teachers that was totally uncoded: there was no explanation of where even one penny of it would come from.

It takes this budget by the SNP Government to balance the books, despite huge austerity cuts from the UK Government, and to prioritise the NHS. We have done that here this afternoon, but all I hear from other parties are empty promises. They will scurry about Scotland promising everyone money for everything but do nothing to stop the £30 billion of UK austerity cuts coming from London, to which the Labour Party has signed up in order to win right-wing votes in south-east England.

I know who I stand with on this budget, and it is not Scottish Labour and Mr Murphy; it is John Swinney, our Deputy First Minister. I commend his budget to members.

16:21

**Alex Rowley (Cowdenbeath) (Lab):** I certainly will not be able to support this budget today, because I think that it fails on a range of fronts that need to be tackled.

Sandra White said earlier that the Government was committed to the NHS and that others were talking the NHS down. My personal experience and my family's experience is that the NHS has always been there for us, and we could never repay what the NHS has done for our family. There are families in communities up and down Scotland who would say the same. However, that does not mean that we do not ask questions about the NHS. It was the greatest creation of last century, and in this century, regardless of what

party we are in, we have a duty as politicians to stand up and fight to make the case for the NHS.

I told Sandra White about the case of the lady with the cancelled operation, who suggested to me that there were 10 cancellations this morning. I will take that matter up with the health secretary when I meet her tomorrow. I will also call for an inquiry into NHS Fife's practices, because another patient has died. We saw the accident and emergency waiting times that came out yesterday for NHS Fife. Again, they were not acceptable.

The point is that Mr Swinney comes along here today and tells us that patient satisfaction is up, cleaning results are up and that accident and emergency figures are up. The situation is a bit like the emperor's clothing. We would expect the health service to be improving, but where it is not—as in the case of NHS Fife, where it is bouncing from crisis to crisis—we need to be able as elected politicians to speak up about that.

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

**Alex Rowley:** Sorry, but not just now.

I want to touch on a number of other points. Mr Swinney talks about a fairer society and says that the economic strategy is working, but one of the major failures of this budget is that it fails to ensure that everyone can enjoy the benefits in Scotland of a stronger economy. At present, 160,000 people are unemployed in Scotland and are certainly not reaping the benefits. There are many more who are not registered as unemployed but who are out of work and have no skills, so they cannot access the jobs that are there. In my constituency, we see pods being built in Rosyth and elsewhere to house workers coming from abroad, and employers tell me that they cannot get skilled people locally. At the same time, we have seen a 37 per cent cut, amounting to about £60 million, in college budgets since 2007. For me, that does not equate to some kind of fairness.

**Bob Doris:** Like others, I do not doubt the sincerity of Labour members' speeches, but a budget has to be agreed this afternoon. How much money is the Opposition Labour Party pledging for Scotland's colleges? Is that costed? How many places will there be? Can Labour deliver that, or is that just a soundbite to garner favour with whoever is being talked to at any given time?

**Alex Rowley:** We put forward the figure of £100 million for the national health service, because that is a key priority. It is clear that there is a crisis in the national health service in Fife. The £67 million that has been taken out of the colleges over the past seven or eight years will not be put back in one budget. That is the point that Iain Gray made.



I am absolutely appalled by the Deputy First Minister's attack on local government. He knows that, right across Scotland, local authorities are absolutely struggling with the budgets that they are trying to deal with. In Fife, for example, the deputy leader of the council advised me that the council was faced with a bill for some £3.5 million for pension costs at the end of last year. There are many other costs.

Every local authority is looking at cutting education budgets. There is no doubt about that. I had always taken the Deputy First Minister at his word when he said that he wanted to work with councils, but he has come to the chamber and tried to politicise the relationship between local government and the Scottish Government without recognising the major problems that local authorities face.

There have been year-on-year cash cuts in real terms in local government. The council tax freeze has not been properly funded. As a result of that, cuts are taking place in front-line services. It is difficult to see how, with those budget cuts, education will be able to continue with the current level of services.

Mr Swinney offered to talk to individual councils. I certainly hope that the council in my area and council leaders and education spokespersons across Scotland are knocking on his door and presenting the facts to him. I hope that they will also be able to present the facts to the public.

We must move away from the phoney war between local government and the Scottish Government in which the Teflon Deputy First Minister is prepared to blame local government but not prepared to take responsibility. Our teachers, our parents and, most importantly, our children who are coming through the school system and cannot get jobs are not enjoying a share in the wealth of the Scottish economy. They deserve far better.

16:28

**Bruce Crawford (Stirling) (SNP):** I am glad to have the opportunity to contribute to this stage 3 debate on the Scottish Government's Budget (Scotland) (No 4) Bill.

Setting a budget can be a difficult and challenging enough task when the backdrop is a budget allocation that is growing in real terms. We need only talk to former Labour finance ministers to find out just how challenging a job it was even in those circumstances. However, setting a budget in the teeth of a reduction since 2010 of about 10 per cent in available spending power makes budget setting substantially more challenging—especially if we are trying at the same time to stimulate

growth in the economy, to create a fairer society and to improve public services.

The primary aim of any budget must be to improve economic prosperity, because without such conditions it will prove to be even more difficult to support our vital public services. Any Government that has the full normal fiscal levers at its disposal starts, of course, with a significant advantage in attempting to stimulate an investment-led recovery, but as the finance secretary does not enjoy that situation, we must judge him on how he uses the tools that he has available.

I am glad that in his budget John Swinney's infrastructure investment programme will now be worth more than £8 billion over two years, with a further £1 billion extension to the non-profit-distributing infrastructure pipeline. Key infrastructure projects include the Forth replacement crossing, which is costing about £1.4 billion and is contributing directly, at peak, about 1,200 jobs; the new south Glasgow hospital, which will cost £142 million and will support 1,500 job on site; and, of course, Scotland's schools for the future building programme, which will deliver 91 new schools by March 2018. An additional £140 million will also be provided to deliver two new college campuses. Those are the types of infrastructure projects that will drive the economy forward, create jobs and improve the prosperity of Scotland.

I cannot help but reflect on the pre-recession period before 2008, when financial resources were much more freely available. In some respects, I regret that Governments did not at that time commit a larger share of expenditure to infrastructure improvement. I believe that had they done so our economy would have proved to be much more resilient to economic shock than it was in the reality that we all know. That is obviously a retrospective position; we cannot go back and undo the past.

Perhaps, however, we can learn from the lessons that history teaches us in that regard. That is why I am pleased that today the finance secretary is utilising all the revenue-spending room that he can prudentially apply in order to get finance into much-needed infrastructure spend.

I am also pleased that he has today announced an additional £20 million for energy efficiency measures, to help to reduce not only fuel poverty but our climate-change footprint on the planet. I am also pleased because, crucially, Scotland's only glass-wool insulation production facility is located in my constituency of Stirling in the shape of the firm Superglass. The company has experienced significant trading challenges as a result of negative changes to the UK Government's green deal programme. I hope that

the excellent quality of Superglass's products will be borne in mind in decisions on how the spend is to be deployed as we try to develop the budget—in particular, when we consider that there are still a significant number of homes that still need appropriate levels of loft insulation to be installed.

In the time that I have left, I will turn to the position of the Labour Party on the budget. During the stage 1 debate and today during stage 3, Labour spokespersons have put forward arguments that the budgets for both health and local government should see more resources being applied to them. There have also been calls for a resilience fund of some sort. If I have it right, they specifically asked for £100 million to be added to the health budget and a less specific amount to be added to local government. Neither Malcolm Chisholm, Iain Gray nor Alex Rowley were able to give an exact sum for what they would commit to local government in the future. They are obviously not as brave as Jackie Baillie. She said at stage 1 that she would like to see an additional £1.8 billion, or anything up to that sum, provided to councils. I see Jackie Baillie shaking her head as if that is not a fact. If she goes to columns 31 to 33 of the *Official Report*—

**Jackie Baillie:** Will Bruce Crawford take an intervention?

**Bruce Crawford:** Oh, yes. I am delighted to take an intervention.

**Jackie Baillie:** That is very kind of the member. If Bruce Crawford reflects on what the *Official Report* says, he will see that £1.8 billion is the amount that the Scottish National Party has removed from local government.

**Bruce Crawford:** Interestingly, Jackie Baillie has not suggested today that we put one penny back, if that figure was correct. The *Official Report* says that the First Minister asked Jackie Baillie a question. She said:

“I have a simple question for Jackie Baillie. I am hearing that she wants to give more money to local government.”

Jackie Baillie replied:

“I said that the issue is too big to be resolved ... It absolutely is. ... We are talking about £1.8 billion”.—[*Official Report*, 21 January 2015; c 33.]

It has been committed to paper that Jackie Baillie wants to put that amount in—a number that none of the people around her were brave enough to put forward.

I fully respect Labour's right to propose additional expenditure; that is the right of any party in this chamber, even if the figure of £1.8 billion for local government, in the context of a fixed budget, does seem to be quite extraordinary. In putting forward such proposals, however, Labour also has the responsibility to Parliament and the people of

Scotland to identify which budgets would be cut by an equivalent amount.

It is no wonder that Labour is struggling in the polls; it is no wonder because it has shown absolutely no responsibility in the budget process here today. Labour will continue to suffer in the polls until it learns what responsibility is all about.

16:34

**Murdo Fraser (Mid Scotland and Fife) (Con):**

Bruce Crawford made a fair point. Labour members need something of a reality check: if they are going to pledge to spend more money, they need to say what areas of the budget should be cut.

It is not just Labour members who need a reality check, if I may say so. In these debates, we have become used to hearing SNP members complain about the level of budget settlement that is received from the UK Government. Today we heard Mark McDonald, Kenny Gibson and others making just that point.

As I pointed out in the stage 1 debate—I make no apology for repeating it this afternoon—in reality the budget for 2015-16 is the highest we have ever had to deal with in cash terms. It might not be the highest in real terms, but it is the second highest: only in 2009-10 was it higher, and in each of the past 16 years, with that one exception, the budget was lower.

When we hear SNP members talk about “savage cuts” or the budget being “sliced to ribbons”, we need to put that in context. For all the complaints about austerity, the Scottish Government has historically had huge sums to deal with. Today, it has given no indication that it is a Government that is having to count the pennies.

Gavin Brown mentioned business rates. We firmly believe that all the business-related consequential coming up from UK Government spend should be passed on in rates reductions. Otherwise, the competitive advantage that Scottish businesses have had—which we have very much welcomed—will be eroded. The Scottish Government should have ensured that the additional sums coming up here from down south reflected the support for retail premises that exists south of the border by mirroring that support in Scotland, or by passing the sums on to business in some other way.

I make no apology for raising again the proposal from the Scottish Government to introduce rates on sporting interests, which will have a negative impact on the rural economy.

It is, however, in relation to LBTT rates that we have the greatest disagreement with the Scottish

Government. Mr Brown set out our proposed alternative to the approach that is being taken by Mr Swinney on LBTT. We believe that a 10 per cent rate kicking in at £325,000 will have an adverse affect on many individuals who would not regard themselves as wealthy. We have some supporters in that view. Even that leading member of the yes campaign, the independent Midlothian councillor Peter de Vink, has expressed concern about wealth creators being chased south of the border by the measure. I heard Councillor de Vink on the BBC's "Morning Call" programme on 22 January. That is the man who stood shoulder to shoulder with Mr Swinney on platforms as part of Yes Scotland. He said:

"I don't like the direction of travel ... Scotland will be known as a high tax country ... this sends out all the wrong signals. We shouldn't be hitting wealth creators, we need to keep them here ... I am deeply, deeply disappointed."

When even Mr Swinney's closest allies are taking such a dismal view of his tax plans, he can hardly blame us for being critical of them.

On the phone-in programme that I was listening to, Mr Swinney's plans took a pasting from callers, but with one exception: someone called Dave from Blairgowrie, who called in to support Mr Swinney's proposals in fulsome fashion. Dave had a voice that sounded remarkably like that of Mr Swinney's constituency assistant, Councillor Dave Doogan. Surely it cannot be the case that the only people who are prepared to support Mr Swinney's taxes are his own staff members and he has to instruct them to spend their time calling radio phone-in programmes to support his position.

**Alex Johnstone (North East Scotland) (Con):** I don't know: the First Minister has done it.

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

**Murdo Fraser:** A number of other people who are involved in property, including estate agents, have expressed similar views. They do not see why Scottish house purchasers should be disadvantaged compared with those south of the border. That is why we have proposed increasing the threshold for the 10 per cent rate to £500,000.

Then there is the issue of revenue neutrality. In this Mr Swinney has been consistent—or so it seems. In announcing the proposed LBTT changes on 9 October 2014, he said that the tax would be

"raising no more or less than the taxes that they replace."

As Gavin Brown has pointed out, however, the term "revenue neutral" now appears to have been changed, so that it has had not one definition, not two definitions, but three. At First Minister's question time on 22 January, revenue neutrality was taken to mean not simply

"raising no more or less than the taxes that they replace"

but also included money to go into a cash reserve. It seems, therefore, that there are now three definitions of revenue neutrality. Definition 1 is that the taxes should raise

"no more or less than the taxes that they replace"—[*Official Report*, 9 October 2014; c 39.]

Definition 2 is "enough to cover the block grant adjustment"; and definition 3 is "enough to cover the block grant adjustment and put money into the cash reserve." So, here we have Mr Swinney squirreling away £11 million in Barnett consequential that could be applied to LBTT, and putting it into his cash reserve.

We have been clear that we do not want Scots to pay higher taxes than people elsewhere in the UK. We believe that, when the Scottish Government says that it believes in revenue neutrality, it should do what it says. We also believe that Scottish businesses should not see their competitive position in relation to businesses elsewhere in the UK being slowly eroded.

For all those reasons, we cannot support the Scottish Government's budget today. In the words of Peter de Vink, Mr Swinney's close ally in the yes campaign, it is setting Scotland on the wrong road. Although, in the great scheme of things, the figures might appear to be relatively minor, it is a direction of travel that sets a worrying precedent. For all those reasons, we will, I regret, be voting against the budget at 5 o'clock today.

16:41

**Lewis Macdonald (North East Scotland) (Lab):** Yesterday, I heard the Cabinet Secretary for Health, Wellbeing and Sport say:

"We need to do more".

She was responding to the accident and emergency figures that were published this week, which showed the performance of Scotland's NHS going in the wrong direction. She was right, and it is that need to do more that we have asked the Government to address, above all, in supporting Scotland's NHS.

In December, the number of people attending A and E units who were not treated within the Government's four-hour target fell below 90 per cent for the first time in nearly two years. Shona Robison said that that was because of unprecedented pressures. On one level, she was right. Professor Malcolm MacLeod of Forth Valley royal hospital in Larbert told *The Scotsman* earlier this week:

"Every year we get busier and busier."

He was right, too. As more people live longer, each year is likely to see more demand than the year before. The pressures would be all the

greater if we were faced by, for example, an epidemic of influenza. However, health boards already face a challenge in meeting the pressures to which Ms Robison referred.

Last week, I visited the emergency department at Aberdeen royal infirmary with a number of colleagues, and heard about the concerns of senior staff. NHS Grampian is more than 300 nurses short of what it needs to deliver the services that patients are entitled to expect. Some, but not all, of that figure can be met by bank nurses working for the health board on an ad hoc basis. However, even after that is taken into account, more than 100 posts are unfilled. It is no wonder that NHS Grampian and other health boards find it hard to meet their targets, despite the fantastic commitment and effort of those who work in them.

There are not enough nurses or senior medical staff, and Grampian is not the only health board that struggles to recruit the staff that it needs to provide round-the-clock emergency services.

**Shona Robison:** Will Lewis Macdonald take this opportunity finally to welcome the additional national resource allocation committee funding for NHS Grampian, and the fact that additional nurses are planned for the Grampian area, which will help to address some of the issues that he is outlining?

**Lewis Macdonald:** Any step towards the NRAC formula—which the Government promised some eight years ago would be put in place—would, of course, be welcome. That small step perhaps goes a little way in that direction. However, we have to recognise that the pressures that I have described are not so easily dealt with.

Of course, likewise, the passing on of health consequentials today is also welcome. That will do a little to help. However, it is not enough. The Government needs to do more, as we said here two weeks ago and have said again today. That is why we have made a case for a front-line fund to help to ease the pressure on A and E units and NHS services in general. We propose that £100 million from the remaining Barnett consequentials that are available to ministers be used to allow out-of-hours access for patients to hospital and primary care services. A front-line fund would signal a willingness to explore new ways of delivering healthcare outwith the standard working week and, by making it easier for people to be treated close to home, it might even reduce the number of patients who are forced to travel for treatment to other health board areas, or to turn to the private sector.

**Sandra White:** Lewis Macdonald mentioned private healthcare. Do he and his colleagues agree with John McTernan, who was recently appointed by Scottish Labour's leader, Jim

Murphy, and who said that Labour is committed to £20 billion of cuts if elected, and that

"The NHS needs the savings that privatisation creates"?

**Lewis Macdonald:** I certainly regret the trend in the NHS to refer more and more patients, including many of my constituents, to private sector providers, because services cannot be provided in the local board area.

We asked at stage 1 for ministers to discuss future funding with local government. As we heard earlier, Mr Swinney has done so and has found an additional £10 million to offer councils. However, the way in which he announced that today can hardly be described as a step in the right direction. Indeed, Jackie Baillie said that the historic concordat between the Scottish Government and local government "lies in tatters" following the Deputy First Minister's speech today, and Alex Rowley spelled out what that would mean.

**Derek Mackay:** Will Lewis Macdonald take an intervention?

**Lewis Macdonald:** As Mark McDonald revealingly said, COSLA no longer speaks for local government—not because some councils might withdraw from COSLA but because it could no longer deliver the deal that the Scottish Government wanted.

Mr Swinney criticised local councils on the grounds that they had received specific and sufficient funding to maintain teacher numbers, which is why he plans to impose clawbacks and penalties. It sounds very much as if ring fencing is back, as if the concordat is over, as if local councils will pay a price in clawbacks and penalties for not doing the Government's bidding, and as if consensus somehow comes to an end the moment when other people fail to agree with the Government.

**Derek Mackay:** Will the member give way?

**Bruce Crawford:** Will the member give way?

**The Cabinet Secretary for Education and Lifelong Learning (Angela Constance):** Will Mr Macdonald give way?

**Lewis Macdonald:** I give way to Angela Constance.

**Angela Constance:** Let us get down to brass tacks. Will Lewis Macdonald here and now call on all Labour councillors to protect teacher numbers?

**Lewis Macdonald:** In this debate, I will call on Mr Swinney to abandon his plans to take money away from councils—the very money that could be used to improve the situation—[*Interruption.*]

**The Deputy Presiding Officer:** Order, please. We cannot hear Mr Macdonald.

**Lewis Macdonald:** I am sure that Ms Constance will recognise that many councils throughout Scotland are unable to recruit staff and need support from the Government, rather than the penalties that have been proposed.

The Government needs to do more not only to protect our most important public services, but to respond to pressures on our productive economy. The oil economy is in a very different category from the NHS. Every decision in Scotland's national health service is the Scottish Government's responsibility, and every penny that Scottish health boards spend is provided from Mr Swinney's budget. In the oil and gas industry, by contrast, most of the big decisions are made not by Governments but in the boardrooms of multinational oil companies around the world. In the past few days, we have heard of decisions by oil majors such as BP and Shell to cut global investment to the tune of billions of dollars.

As a result, urgent action is required here. We know that many thousands of jobs are at risk in Aberdeen and throughout Scotland as a result of the low price of oil. Indeed, Bob Dudley of BP spoke yesterday about the price remaining low for the near-to-medium term, which means that he foresees no recovery in real terms over the next two to three years.

If pressure on the NHS is the biggest challenge facing our public sector, the consequences of the on-going low oil price are the biggest issue facing our private sector and the wider economy. I agree with the Scottish Government that fiscal measures by the UK Government can help in the longer term and would signal Westminster's recognition of the problem's urgency. I am glad that both Governments supported the oil jobs summit in Aberdeen this week and agreed to work together on a city deal for the Aberdeen city region.

However, the Scottish Government could and should do more in the light of its having stewardship of the Scottish economy. We have pressed again today for a resilience fund to give local councils the flexibility to support sectors of the economy that face sudden economic shocks—whatever sector and whatever area might be involved. Ministers have not responded positively to that proposal, which is disappointing. They promote the merits of PACE—partnership action for continuing employment—which I welcome, because it is important that workers who are facing redundancy get the support that they need. However, it is essential that the Government assesses the potential impact on the wider economy of a continued low oil price. I believe that, if it does so, it will see clearly the case that we have been making for a resilience fund.

**The Deputy Presiding Officer:** I am afraid that you must close, please.

**Lewis Macdonald:** In the meantime, we will continue to remind ministers that they need to do more in public services and in the productive economy. We will do that in part by voting against the budget tonight.

16:49

**John Swinney:** I will begin with the subject of land and buildings transaction tax and will try to address some of the issues that Mr Brown and Mr Chisholm raised. The Government has consistently maintained the position that we do not want to raise any more from land and buildings transaction tax and landfill tax than would have been raised had the previous taxes remained in place. When I ran the assessment of the existing tax provisions, as amended by the chancellor in the autumn statement, the revenue sum generated was £461 million. I suppose, to be absolutely consistent on the point, revenue neutrality should have been defined as raising £461 million.

The problem was that I could not get agreement with the United Kingdom Government on the estimate. In fact, the United Kingdom Government believed that the taxes would raise £524 million. After two years of procrastination by, and endless dialogue with, the UK Government in trying to get to a block grant adjustment figure, the Chief Secretary to the Treasury and I sat down and had a discussion that, in essence, went along the lines that my number was £461 million and his was £524 million and, on a tremendously sophisticated basis after two years' worth of procrastination, we then decided to split the difference. So the figure is £494 million.

As I want to deliver revenue neutrality, that raised the issue for me of whether it should be defined by the estimate of £461 million or by the block grant adjustment of £494 million. I made it absolutely clear that I was not going to inflict on the Scottish Government's budget a loss of £33 million because the block grant adjustment is higher than I think that it reasonably should be. If Parliament thinks that I should have signed up to that, Parliament can have that opinion, but I am prepared to defend my actions in that respect.

Having focused on £494 million, I had to work out how much has to be raised in residential land and buildings transaction tax to fill the gap—because I have not changed my proposals on non-residential transactions and landfill tax, I have no need to change my estimates. Therefore, the amount of money that has to be raised is £235 million, to ensure that we can deliver comfortably on the numbers. That is the explanation for Mr Brown, and it was all set out in my letter to the Finance Committee of 22 January, which explains the entire narrative. Parliament wants me to be clear and transparent with it about all the elements

of the calculation, and that is exactly the basis on which the Government has come to its conclusions.

**Gavin Brown:** The new definition of revenue neutral seems to include putting £15 million into a cash reserve, as we heard today. Does the cabinet secretary not accept that that is a tax increase rather than revenue neutrality?

**John Swinney:** No, because the £15 million does not come from the revenue raised by land and buildings transaction tax; it comes from the allocation from the autumn budget consequentials. That is the happy and cheerful answer to Mr Brown's war chest point, so he can call off the Scottish Conservative attack dogs.

The question of health funding has been central to the debate. As I set out earlier, under our original published plans, the Government would have increased the health service budget by £202 million for 2015-16. However, as a consequence of the decisions that we have taken on the autumn statement and on the budget in October, we will increase the health budget by £383 million, which is a substantial increase in the resources that are available to the health service in Scotland.

The Cabinet Secretary for Health, Wellbeing and Sport has already announced that some of the money will be used to support NRAC funding, which I would have thought might have got a more cheerful response from Lewis Macdonald. If that is what he describes as cheerful, I would hate to see his reaction to a broken pay packet. There is £32 million for new drugs pressures and support for boards and £30 million for delayed discharge and waiting times, as well as the resources that I announced today for performance, capacity and quality so that we focus on strengthening the health service in every way that we can.

**Jackie Baillie:** Does the cabinet secretary accept that, in what he has just outlined, welcome though it may be, there is not one penny that he has not already announced in the chamber?

**John Swinney:** There will be £383 million more next year than there was this year for the running of our national health service, and in the financial context in which we must operate that is a pretty substantial additional investment.

Let us follow through the logic of the Labour Party's position. Jackie Baillie said today that all the money in the Barnett consequentials should go to health. We will cast a veil over the fact that only £65 million of consequentials is available to be allocated and that Jackie Baillie is trying to deliver £100 million, which is an arithmetic impossibility. If she is saying that all the Barnett consequentials must be allocated to health, that means that the Labour Party is not prepared to support the additional investment that we are making in

improving educational attainment, in tackling educational inequality, in trying to boost teacher numbers in our schools and in energy efficiency. On that logic, the Labour Party is turning its back on all that investment, which I thought it might have supported.

Jackie Baillie said in the chamber today that Labour's position was to maintain teacher numbers.

**Jackie Baillie:** Absolutely.

**John Swinney:** "Absolutely," she says. I am glad that I have sedentary confirmation of the point. It is always nice to hear that muttered from the side.

Iain Gray said that the pupil teacher ratio had deteriorated and numbers were falling, and that something had to be done about it. I have come to Parliament and said what I am going to do about it. I say to Alex Rowley and to anybody who thinks that I do not take dialogue with local government seriously—frankly, Alex Rowley should know all about that—that I have done more than any other minister in this Government to cultivate a strong and positive relationship with local government. However, when we are putting money into a settlement and seeing teacher numbers go down, not up, the Government is entitled to call time on those arrangements.

When Iain Gray was asked by Bruce Crawford what money the Labour Party would put in to protect teacher numbers, which it is apparently committed to protecting, the answer was absolutely none whatsoever. I painfully regret that I have not been able to get to a mutual agreement with the Convention of Scottish Local Authorities on teacher numbers, but if I am to respond positively to what is clearly a majority opinion in Parliament—that teacher numbers should be protected, which this Government believes and which the Labour Opposition apparently believes—I will have to bring to Parliament constructive and positive action to tackle the issue, and that is what we will put to local government in Scotland.

The final point that I want to make is about the investment that we are making in our young people and our wider investment in the education environment in Scotland. We set out our determination to tackle educational inequality and today we have made the first clear statement of further investment of £20 million to do that. Today, it looks as if the Labour Party will vote against £20 million to tackle educational inequality in Scotland, and that is a matter of profound regret.

**Willie Rennie:** Will the Deputy First Minister give way?

**John Swinney:** Not at this moment.

The Labour Party will also vote against the allocation of £526 million to the college budget in Scotland, on the basis that that is not nearly enough. Well, £526 million is more than any Labour Administration in Scotland ever delivered for the college sector in our country.

**Willie Rennie:** Will the Deputy First Minister give way now?

**The Presiding Officer (Tricia Marwick):** Sorry, but the Deputy First Minister is in his final minute.

**John Swinney:** The setting of budgets is a difficult and challenging task for any Administration. In the financial context in which we operate—I say to Murdo Fraser that our budget has reduced in real terms by 10 per cent since the Conservative Government came to office—we are managing to deliver public services in an effective way for the people of Scotland.

The Labour Party has demonstrated today that it is unfit to come to Parliament and deliver a coherent argument on how to handle the budget. Apparently, it was all to be about health, then it was to be about local government, and then it was to be about colleges. Actually, it did not amount to enough money for any of Labour's proposals.

This is a strong budget that is focused on the needs of the people of Scotland, and I encourage Parliament to support it.

## Business Motion

17:00

**The Presiding Officer (Tricia Marwick):** The next item of business is consideration of business motion S4M-12230, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, setting out a business programme.

*Motion moved,*

That the Parliament agrees the following programme of business—

Tuesday 17 February 2015

2.00 pm	Time for Reflection
<i>followed by</i>	Parliamentary Bureau Motions
<i>followed by</i>	Topical Questions (if selected)
<i>followed by</i>	Scottish Government Debate: Attainment
<i>followed by</i>	Business Motions
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business

Wednesday 18 February 2015

2.00 pm	Parliamentary Bureau Motions
2.00 pm	Portfolio Questions Finance, Constitution and Economy
<i>followed by</i>	Scottish Labour Party Business
<i>followed by</i>	Business Motions
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business

Thursday 19 February 2015

11.40 am	Parliamentary Bureau Motions
11.40 am	General Questions
12.00 pm	First Minister's Questions
<i>followed by</i>	Members' Business
2.00 pm	Parliamentary Bureau Motions
<i>followed by</i>	Scottish Government Debate: National Marine Plan
<i>followed by</i>	Stage 3 Proceedings: Community Charge Debt (Scotland) Bill
<i>followed by</i>	Business Motions
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time

Tuesday 24 February 2015

2.00 pm	Time for Reflection
<i>followed by</i>	Parliamentary Bureau Motions
<i>followed by</i>	Topical Questions (if selected)

*followed by* Stage 3 Proceedings: Legal Writings  
(Counterparts and Delivery) (Scotland)  
Bill

*followed by* Business Motions

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Wednesday 25 February 2015

2.00 pm Parliamentary Bureau Motions

2.00 pm Portfolio Questions  
Rural Affairs, Food and Environment;  
Justice and the Law Officers

*followed by* Scottish Government Business

*followed by* Business Motions

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Thursday 26 February 2015

11.40 am Parliamentary Bureau Motions

11.40 am General Questions

12.00 pm First Minister's Questions

*followed by* Members' Business

2.30 pm Parliamentary Bureau Motions

*followed by* Scottish Government Business

*followed by* Business Motions

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time—[Joe FitzPatrick.]

*Motion agreed to.*

## Parliamentary Bureau Motion

17:00

**The Presiding Officer (Tricia Marwick):** The next item is consideration of a Parliamentary Bureau motion. I call Joe FitzPatrick to move motion S4M-12231, on sub-committee membership.

*Motion moved,*

That the Parliament agrees that Elaine Murray be appointed to replace Graeme Pearson as a member of the Justice Sub-Committee on Policing.—[Joe FitzPatrick.]

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



## Decision Time

17:00

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

The first question is, that motion S4M-12226, in the name of John Swinney, on the Budget (Scotland) (No 4) Bill, be agreed to. Are we agreed?

**Members:** No.

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

### For

Adam, George (Paisley) (SNP)  
 Adamson, Clare (Central Scotland) (SNP)  
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)  
 Allard, Christian (North East Scotland) (SNP)  
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)  
 Biagi, Marco (Edinburgh Central) (SNP)  
 Brodie, Chic (South Scotland) (SNP)  
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)  
 Burgess, Margaret (Cunninghame South) (SNP)  
 Campbell, Roderick (North East Fife) (SNP)  
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)  
 Constance, Angela (Almond Valley) (SNP)  
 Crawford, Bruce (Stirling) (SNP)  
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)  
 Dey, Graeme (Angus South) (SNP)  
 Don, Nigel (Angus North and Mearns) (SNP)  
 Doris, Bob (Glasgow) (SNP)  
 Dornan, James (Glasgow Cathcart) (SNP)  
 Eadie, Jim (Edinburgh Southern) (SNP)  
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 Fabiani, Linda (East Kilbride) (SNP)  
 FitzPatrick, Joe (Dundee City West) (SNP)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)  
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)  
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)  
 Hyslop, Fiona (Linlithgow) (SNP)  
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)  
 Keir, Colin (Edinburgh Western) (SNP)  
 Kidd, Bill (Glasgow Anniesland) (SNP)  
 Lochhead, Richard (Moray) (SNP)  
 Lyle, Richard (Central Scotland) (SNP)  
 MacAskill, Kenny (Edinburgh Eastern) (SNP)  
 MacDonald, Angus (Falkirk East) (SNP)  
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)  
 Mackay, Derek (Renfrewshire North and West) (SNP)  
 MacKenzie, Mike (Highlands and Islands) (SNP)  
 Mason, John (Glasgow Shettleston) (SNP)  
 Matheson, Michael (Falkirk West) (SNP)  
 McAlpine, Joan (South Scotland) (SNP)  
 McDonald, Mark (Aberdeen Donside) (SNP)  
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)  
 McLeod, Aileen (South Scotland) (SNP)  
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)  
 McMillan, Stuart (West Scotland) (SNP)  
 Neil, Alex (Airdrie and Shotts) (SNP)  
 Paterson, Gil (Clydebank and Milngavie) (SNP)  
 Robertson, Dennis (Aberdeenshire West) (SNP)

Robison, Shona (Dundee City East) (SNP)  
 Russell, Michael (Argyll and Bute) (SNP)  
 Salmond, Alex (Aberdeenshire East) (SNP)  
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Sturgeon, Nicola (Glasgow Southside) (SNP)  
 Swinney, John (Perthshire North) (SNP)  
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)  
 Torrance, David (Kirkcaldy) (SNP)  
 Urquhart, Jean (Highlands and Islands) (Ind)  
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)  
 Wheelhouse, Paul (South Scotland) (SNP)  
 White, Sandra (Glasgow Kelvin) (SNP)  
 Wilson, John (Central Scotland) (Ind)  
 Yousaf, Humza (Glasgow) (SNP)

### Against

Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Baker, Richard (North East Scotland) (Lab)  
 Baxter, Jayne (Mid Scotland and Fife) (Lab)  
 Beamish, Claudia (South Scotland) (Lab)  
 Bibby, Neil (West Scotland) (Lab)  
 Boyack, Sarah (Lothian) (Lab)  
 Brown, Gavin (Lothian) (Con)  
 Buchanan, Cameron (Lothian) (Con)  
 Carlaw, Jackson (West Scotland) (Con)  
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)  
 Davidson, Ruth (Glasgow) (Con)  
 Dugdale, Kezia (Lothian) (Lab)  
 Fee, Mary (West Scotland) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)  
 Fergusson, Alex (Galloway and West Dumfries) (Con)  
 Findlay, Neil (Lothian) (Lab)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Goldie, Annabel (West Scotland) (Con)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Griffin, Mark (Central Scotland) (Lab)  
 Henry, Hugh (Renfrewshire South) (Lab)  
 Hilton, Cara (Dunfermline) (Lab)  
 Hume, Jim (South Scotland) (LD)  
 Johnstone, Alex (North East Scotland) (Con)  
 Kelly, James (Rutherglen) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)  
 Macdonald, Lewis (North East Scotland) (Lab)  
 Macintosh, Ken (Eastwood) (Lab)  
 Malik, Hanzala (Glasgow) (Lab)  
 Marra, Jenny (North East Scotland) (Lab)  
 Martin, Paul (Glasgow Provan) (Lab)  
 McArthur, Liam (Orkney Islands) (LD)  
 McCulloch, Margaret (Central Scotland) (Lab)  
 McDougall, Margaret (West Scotland) (Lab)  
 McInnes, Alison (North East Scotland) (LD)  
 McMahon, Michael (Uddingston and Bellshill) (Lab)  
 McMahon, Siobhan (Central Scotland) (Lab)  
 McNeil, Duncan (Greenock and Inverclyde) (Lab)  
 McTaggart, Anne (Glasgow) (Lab)  
 Milne, Nanette (North East Scotland) (Con)  
 Murray, Elaine (Dumfriesshire) (Lab)  
 Pentland, John (Motherwell and Wishaw) (Lab)  
 Rennie, Willie (Mid Scotland and Fife) (LD)  
 Rowley, Alex (Cowdenbeath) (Lab)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, John (Ayr) (Con)  
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)  
 Smith, Drew (Glasgow) (Lab)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Smith, Liz (Mid Scotland and Fife) (Con)

### Abstentions

Finnie, John (Highlands and Islands) (Ind)

Harvie, Patrick (Glasgow) (Green)

Johnstone, Alison (Lothian) (Green)

**The Presiding Officer:** The result of the division is: For 64, Against 53, Abstentions 3.

*Motion agreed to,*

That the Parliament agrees that the Budget (Scotland) (No.4) Bill be passed.

**The Presiding Officer:** The next question is, that motion S4M-12231, in the name of Joe FitzPatrick, on sub-committee membership, be agreed to.

*Motion agreed to,*

That the Parliament agrees that Elaine Murray be appointed to replace Graeme Pearson as a member of the Justice Sub-Committee on Policing.

## Umbrella Company Contracts

### The Deputy Presiding Officer (John Scott):

The final item of business is a members' business debate on motion S4M-11720, in the name of Neil Findlay, on the umbrella company contracts scam. The debate will be concluded without any question being put.

*Motion debated,*

That the Parliament welcomes the demonstration, which was organised by the unions, UCATT and Unite, and held at the UK Parliament on 26 October 2014, to highlight what it considers the scandal of so-called umbrella company contracts; condemns what it believes is the increasing number of employment agencies that are involved in this legal tax scam; understands that such contracts allow the cost of processing wages, employers' national insurance and holiday pay to be passed on to workers, and impacts on people working in Lothian and across Scotland; recognises what it sees as the exploitative nature of these contracts; understands that, in some cases, they have allowed employers to pay workers less than the minimum wage; notes the negative effect that it considers such arrangements have on workers' morale and productivity, as well as a loss of tax revenues to the Treasury, and further notes the calls on the UK and Scottish governments to use their procurement strategies and their powers and influence to end bogus self-employment and to ensure that this scandal is not allowed to continue.

17:03

**Neil Findlay (Lothian) (Lab):** Nothing surprises me any more about the way in which the biggest players in the construction industry treat their workers. The lengths that some companies will go to in order to cut wages, erode conditions and increase profits at the expense of ordinary working people is a familiar story for too many construction workers. We see skilled tradesmen—brickies, sparks, joiners and so on—who work on some of the biggest construction projects in our country, building the houses, schools and hospitals that we all rely on, being systematically ripped off time and again.

The reality is that some things never change. At start of the previous century, Robert Tressell wrote about the very same practices in his classic book, "The Ragged-Trousered Philanthropists". He wrote about how the bosses used greed, deceit, and intimidation to exploit and control building workers, how they kept wages down as profits soared, and how they used the threat of the sack and hunger to keep workers in their place. The classic scene where the great money trick is explained by Frank Owen has simply been reinvented by the construction bigwigs of today. History does indeed repeat itself.

In the 1970s, the lump labour scheme brought about the national building trade strike and then the case of the Shrewsbury pickets, who are still campaigning for justice.

We have had the blacklisting scandal. Still none of the companies has owned up, apologised or compensated their victims, yet, to this day, we are awarding them contracts such as those for the Victoria and Albert museum in Dundee, the Aberdeen bypass and the new Dumfries hospital.

We have had the exploitation of agency workers and bogus self-employment; now we have the umbrella companies scam. Steve Murphy, the general secretary of the Union of Construction, Allied Trades and Technicians—UCATT—calls the latest attack on workers' rights

“the most devious and complex yet”.

That is some claim.

How does it work? Umbrella companies are a direct response by the companies to the United Kingdom Government's decision to ban employment agencies from falsely claiming that construction workers were self-employed.

Companies and agencies pretended that workers were self-employed to avoid paying employers' national insurance contributions. Lobbying by the construction unions and workers themselves forced the Government's hand. What did the employers do? Did they pay their national insurance and accept that their scam had been rumbled and was over? Did they hell; they never do. They simply moved on to their next cunning plan: a 21st century version of the great money trick.

Employment agencies use a complex pay structure to pass on to workers the costs of employers' national insurance and the processing of their pay. They are able to pass on those costs, which employers would normally meet, by putting an umbrella or composite company between them and the staff they recruit. By using those companies as middle men to pay workers, the agencies engineer a situation in which the amount that a construction worker receives in their pay packet is often a lot less than the rate that was agreed when he or she took the job. In some cases, people who expect £13, £14 or £15 per hour actually receive the minimum wage plus whatever amount the umbrella company sees fit to pay on top.

The agencies also encourage workers to submit bogus or exaggerated travel and food expenses claims to boost their wages and make up the money that the umbrella company takes from them. One pay slip that a worker recently passed to me shows basic pay of £277 and expenses of £389. If the worker gets caught claiming false expenses, Her Majesty's Revenue and Customs takes them, not the agency or contractor, to task.

In this great money trick, everyone gains except the person who does the graft. The agencies gain

from saving the cost of employers' national insurance. The umbrella company gains from making a profit by charging the workers a fee for processing pay and producing a payslip that is often so bamboozling that the employee cannot fathom out what they should or should not be paid. The contractor benefits in the long term from lower staff costs.

The arrangement is spreading like wildfire throughout construction and other sectors. I attended a lobby of the Parliament by Unite, UCATT and the GMB prior to Christmas. There, I heard of workers from the Denny power station whom it had happened to. Workers on the new university accommodation that is round the corner from the Parliament building—run by the arch-blacklisters Balfour Beatty—are subject to payment via umbrella companies. I am advised by Unite that umbrella companies are being used by contractors on the Ineos site at Grangemouth and at the fabrication yard at Methil. We also suspect that they are being used on the Forth bridge contract and many others.

Of course, it is not just the workers but the Government and the taxpayer who lose out. An analysis by UCATT has revealed that the Government receives significantly less tax when a worker is employed via the scam. That is because, when an umbrella company pays a worker less than the rate that he or she agreed, there is less income tax and national insurance to pay, and the expenses that it uses to top up pay are entirely exempt from tax and national insurance. Therefore, someone who earns £500 a week via an umbrella company pays £3,800 a year less in tax and national insurance than they otherwise would have paid. There is also an impact on pension arrangements and holiday pay. On top of that, pernicious zero-hours contracting is being brought in.

What should happen? I recognise that some of this requires action at a UK level, but as always there are things that the Scottish Government should and could do. Trade unions are calling for employment agencies and other employers to be obliged to employ workers directly and not via umbrella companies. The hourly rate that is agreed between a worker and an employer, including an employment agency, should be the rate that the worker is paid. There should be a legal duty to make payment arrangements transparent and easy for the worker to understand. It should be obligatory for employers to reimburse travel and other expenses in addition to a worker's hourly rate, and holiday pay should never be rolled up into a worker's weekly pay. All forms of bogus self-employment should be abolished.

A lot of that could be achieved via public procurement guidance and in tender specification

and scoring, but that requires political will. Only last week, writing in the *Morning Star*, Richard Leonard of the GMB exposed the Government's duplicity on blacklisting at the V&A in Dundee. On Friday, we heard that the Government has delayed the procurement guidance on the living wage until after the general election. It does not have a good record on these issues.

I welcome the offer from the cabinet secretary, Roseanna Cunningham, of a meeting on the issue and I thank her for that, but I hope that, 104 years after Tressell's death, we can get some action to end such Victorian practices.

17:11

**Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP):** I thank Neil Findlay for bringing the issue to the chamber. I was delighted to sign the motion to allow it to come here. I have to thank a few people before I get to the body of my speech, because for the past couple of years there have been three men in my life, from a trade union point of view, who have helped to inform me—and keep the Parliament informed—of some of the things that have been going on in the construction industry. Stewart Hume, Neil Milligan and Greig McArthur, who are with us today in the gallery, have been immensely helpful to me in ensuring that I understand the issues that they are experiencing.

One of the clearest things about any scam is that there is an in-built cycle—with a sales pitch, a recipient and an unchallengeable deal that costs money—that is essential to making it work. That is why most get blown out fairly rapidly. Once people are aware, they are empowered to avoid it. I hope that the fact that this seedy business is under discussion today is achieving just that awareness. I hope that, equipped with knowledge that they may not have at the moment, workers across the construction industry trades will have the collective power, through their union, to say no.

Colleagues have already explained how umbrella companies work for employers and agencies while they fail for workers. If members have ever set their eyes on a payslip that has been run through this deliberately confusing system, they will know why so many people are baffled about why they are suddenly receiving anything up to a third less money at the end of the week.

Many workers do not realise that they have signed up to pay their employer's national insurance contributions, lose their holiday pay and pension rights and perhaps also be subject to a weekly fee of about £30 for the payroll company. Such deductions come via employment agencies that are engaged in this practice. Not only does

the agency not pay the employer's national insurance contributions, it gains that additional fee. Contractors benefit because they get experienced workers for reduced labour costs.

That dissembling is intentional, of course. Normal payslips show deductions and their purposes clearly. On umbrella company payslips, there is no itemisation of the deductions. Workers just see a lower final amount than they expected.

Then there is another complicated layer involving expenses. We heard about that from Neil Findlay. Workers have been told that they can make up the balance of their normal pay by claiming expenses such as travel and subsistence. The impact that that has on pension contributions is immense, so it is not just an issue for workers' weekly payslips; it is also an issue for when they eventually retire. Many people who are on contract—as we heard, many construction workers are employed on short-term contracts—are already entitled to claim travel and subsistence, so it really is part of the scam.

Expenses payments are tax free because they are reimbursements. Umbrella companies provide a legal opportunity to top up low wages with that mechanism. For those who do not have any travel or subsistence costs, the wage will stay at the low end of the scale. Many, or perhaps most, are coerced into accepting these new arrangements. They are really being told, "Take it or leave it," and, as most workers cannot afford to leave it, they have to take it.

The deductions that are suddenly introduced offer no benefit to the worker; instead, they benefit only the employers, who no longer have to pay their portion of national insurance contributions. They might also add in a fee, and they will potentially manage to avoid taxation on a massive scale. Indeed, I know that many of my colleagues in this place already do not agree with some of the companies that avoid tax.

There are losers above and beyond the workers themselves. For a start, there are lower tax revenues for the Treasury, and the NHS loses out, too, because unpaid national insurance contributions mean less for hospitals, nurses and doctors.

**Neil Findlay:** I accept that some of these issues lie with the UK Government, but does the member not accept that if we in this Parliament had the political will, we could agree to amend the procurement legislation or the procurement guidance to wipe out some of this at that stage in all public procurement?

**Christina McKelvie:** If Mr Findlay was up to the minute with his information, he would know about the consultation that is with the Scottish Trades Union Congress right now. Perhaps he should go

and talk to his pals in the Labour Party who are involved in that process.

**Neil Findlay:** Will the member give way?

**Christina McKelvie:** I am nearly finished.

The fact that this is all entirely legal does not seem to be bothering HMRC in the least. The best that it can manage is to say that it might update the guidelines so that workers better understand what they are getting into. However, the skilled tradespeople who work on construction sites do not normally have the luxury of being able to say, "No, thanks—I won't bother taking the job."

Yet again, this is a clear example of how Westminster control leaves us in Scotland helpless to act on behalf of the workers who are victims of abuse. We need power over employment rights, not a submission to the Smith commission from the Labour Party while it was helping its wee Tory pals. We need to kill this practice before it takes official hold and becomes normal, acceptable working practice rather than an abhorrent scam.

**The Deputy Presiding Officer:** Could you draw to a close, please?

**Christina McKelvie:** People in employment expect and deserve decent and fair treatment, and Governments are obliged to ensure that such obligations are enshrined in law and delivered in practice. Unite has made very clear its opposition to this abusive system and has clearly set out the ways in which it needs to be addressed. The UK Government must play by the rules and honour its responsibilities towards working people and those working men up in that gallery today.

**Neil Findlay:** Nation, not class.

**The Deputy Presiding Officer:** Order.

17:17

**Cara Hilton (Dunfermline) (Lab):** I congratulate Neil Findlay on securing this important debate. The umbrella company scam has been ignored for too long, and I hope that today we can send out the message that we in Scotland do not accept this type of exploitation and abuse.

I take this opportunity to commend everyone who has worked so hard to push this issue on to the political agenda, particularly the trade unions UCATT and Unite, whose representatives I was pleased to meet outside the Parliament earlier. UCATT has produced an eye-opening report called "The Umbrella Company Con-Trick", which outlines the scale of the problem and its impact on workers and shines a light into the dark and murky world of the umbrella companies that have boomed in the past year. Indeed, a recent episode

of "Dispatches" estimated that 200,000 workers across the UK are currently being paid via umbrella companies, and many of them are working on Britain's biggest public construction projects.

As a result of this scam, a worker has to pay not only their own national insurance contributions but the cost of processing their wages and their employer's national insurance contributions, too. Trade unions have estimated that payment via an umbrella company is costing construction workers as much as £120 a week and, as Neil Findlay has pointed out, costing the Treasury £3,800 a year in lost revenue for an average worker.

These scams not only hit workers hard in their pockets but undermine collective national agreements and make it difficult for unions to organise and stand up for their members' rights at work. As Christina McKelvie has made clear, workers who refuse to accept the conditions are treated with contempt and simply do not get the work. To add insult to injury, thousands of these highly skilled workers are now officially being paid only the minimum wage rather than the rate for the job and are forced to rely on expenses and performance pay to top up their wages.

Of course, it is not just wages that are hit; workers are also losing out on pension entitlement and holiday pay. Payslips are often so complicated that is difficult for any worker to understand how their pay has been calculated. The amount that they get paid is often a lot less than the rate that was agreed. In fact, many workers are losing out on hundreds of pounds every month. Zero-hours contracts are fast becoming the norm and, for many workers, job security has gone out the window. Many are being left with no idea how many hours they will be working or how much money they will be bringing home from one week to the next, with the result that thousands of highly skilled and valued construction workers are left feeling exploited, undervalued and demoralised.

There is no doubt that the use of these contracts is unfair and exploitative. They are being used by unscrupulous employers to maximize their profits and to evade their taxes and employer responsibilities. Workers up and down Scotland and across the UK are paying the price.

What we are seeing might only be the tip of the iceberg. Indeed, in some areas it has become impossible for workers to find jobs where their pay is not through an umbrella company. Given the opportunity that the scams present to legally cut workers' pay and employment costs and boost profits, unless we take action to crack down on the abuse there is every chance that the umbrella companies will spiral and spread to other sectors of the economy, too. It will be a race to the bottom in which every worker will lose.

It does not have to be like this. In Wales, the Labour Government is acting to outlaw the use of umbrella companies on its construction projects. That is a step in the right direction and I hope that, today, the minister will take the opportunity to say that Scotland will follow Wales's lead.

Last year, the Scottish National Party voted against Scottish Labour's plans to ban umbrella companies from winning public sector contracts. I hope that the minister will think again and commit to using the Scottish Government's procurement powers to ban the use of such contracts in all public sector contracts.

Workers on umbrella contracts cannot afford to wait any longer. They deserve better than inaction from the Scottish and UK Governments. Paying workers through an umbrella company is unfair, unjust and unacceptable. The Scottish Government has the opportunity to show which side it is on and to end the misery that workers are facing. It has the opportunity to act now, as Wales has done, to end the scandal of umbrella companies and ensure that no company that is involved in these dodgy practices is engaged on any public contract in Scotland.

17:21

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

I thank Neil Findlay for bringing the issue before Parliament. I will not attempt to repeat anything that has been said, but I hope that I will set out a clear position from this side of the chamber that indicates the level to which we support the view that was put forward.

As Neil Findlay pointed out, there is in fact nothing new under the sun here—the schemes that are being described in the debate have had their counterparts in previous times and legislation has been required to cut out such practices. However, the whole notion of the bogus self-employment racket has caused a great deal of concern across our labour force for a long time. It is interesting that the attempts to remove the loophole have resulted in another opportunity for the contract scam to make an appearance.

Companies that are in difficult positions are often faced with options to do inappropriate things, but are driven to do so perhaps by the structure that exists. In the broader sense, although the Government has been working for some time to reduce tax thresholds, the fact that national insurance remains as it was before has caused unacceptable decisions to be made. Perhaps it would be appropriate, if in the future we look at cutting the tax of the lower paid, that we consider exemption from national insurance contributions as a potential option to cut the temptation.

**Neil Findlay:** I plead with Mr Johnstone—I appeal to his better nature—that we do not make excuses for the companies. What is going on is outrageous. We are talking about some of the most profitable companies that we will ever find in the construction world. Let us condemn as wrong what they are doing and stop making excuses for them.

**Alex Johnstone:** I fully agree. I was about to make it clear that I am not prepared to make excuses for the companies.

We have seen major companies in this country involved previously in things that have damaged their reputation. I have discussed blacklisting with Neil Findlay on more than one occasion, and we have considered how that might be dealt with. I like to think that the blacklisting issue might be behind the issue that we are debating, although the consequences are not. I am surprised to discover that some of the same companies, or certainly companies that are in a similar position, once they are offered the opportunity to do something equally as dubious, seem only too happy to become involved in it.

This is a complex issue that we all need to understand. The concept of self-employment is not the problem. I was self-employed from the moment that I left full-time education to the moment that I became a member of this Parliament. It must be said that self-employment has a role to play. That role is complex, but it is not in the area that has been described here.

It is vital that each and every one of us does all that we can to name and shame the companies that are involved, to make it clear that the practice is unacceptable and, whatever our position, to ensure that the practice is wiped out. In this day and age, it is only fair that a skilled man should get a fair day's wage for a fair day's work. If anything steps in the way of that, it is up to us all—regardless of our political position or our economic opinions—to say that the use of umbrella company contracts is wrong and should be ended now.

17:25

**Gordon MacDonald (Edinburgh Pentlands) (SNP):** I, too, thank Neil Findlay for bringing this important issue to the chamber for debate.

Umbrella companies have been in existence since 2000. At the time, they mainly represented freelance workers who had fixed-term contracts. The problem is what such companies are now being used for.

In April 2014, the UK Government passed legislation to crack down on false self-employment. Some employment agencies were pretending that workers were self-employed in

order to avoid paying employers' national insurance. The UCATT report "The Umbrella Company Con-Trick" highlights that, in order to get round that legislation, in the spring of 2014 many construction workers

"were moved en bloc onto umbrella company contracts."

That has resulted in the shameful situation of workers having to agree to zero-hours contracts, to pay employees' and employers' national insurance contributions and admin fees, to lose out on pension contributions and to face potential cuts in their holiday pay.

The GMB has called on the UK Government to step in to deal with tax avoidance abuse and scams, which it says are costing workers income and the Exchequer much-needed revenues. It also highlights that workers are having their salaries slashed as a result of those extra costs, but that

"Pay is then partially re-boosted through scams using expenses, performance related pay and other methods."

That situation could have been avoided. More than six years ago, HMRC investigated umbrella companies and produced a report detailing a number of issues, including invalid dispensations, ineffective overarching employment contracts, potentially illegal deductions and unlawful management processes. Other problems that were identified included non-compliance with dispensations, tax-free expense payments and national minimum wage breaches.

The 2008 HM Treasury pre-budget report reported on the consultation on the use of travel expenses in conjunction with being employed via umbrella companies. The document questioned the validity and fairness of allowing business expenses in that form and suggested that an overarching employment contract was not a form of employment that allowed travel and subsistence expenses.

It was reported in November 2008 that the then Labour Chancellor of the Exchequer

"Alistair Darling was last night tipped to define an 'umbrella company' in Monday's Pre-Budget Report to help close a tax loophole they use to deprive the Exchequer of £300 million."

When the announcement came, the outcome was that

"the Government has decided to leave the current rules unchanged."

Therefore, a problem was identified back in 2008 and the then Labour UK Government failed to act.

**Neil Findlay:** Will the member take an intervention?

**Gordon MacDonald:** No, thank you—Neil Findlay has said enough.

However, workers who are caught up in the situation are not interested in who is to blame; they are interested only in who will act on their behalf to remove the loopholes and resolve their pay issues. Successive UK Labour and Tory Governments have failed to tackle the issues surrounding umbrella companies, so maybe it is time that the Scottish Parliament had the opportunity to do so. The difficulty is that employment law is reserved to Westminster.

In its submission to the Smith commission, under the heading, "A better labour market and workplace protection", the STUC recommended

"The devolution of employment law, health and safety, trade union law and the minimum wage".

The STUC went on to say:

"The default position under the current constitutional settlement has been for primary legislation on equalities, employment law, health and safety, trade union regulation and minimum wages to be reserved to Westminster ... Whilst this division of powers exists between Holyrood and Westminster, it is not the case across the whole of the UK. In Northern Ireland all of the legislation listed above is devolved to the Northern Ireland Assembly."

**Patricia Ferguson (Glasgow Maryhill and Springburn) (Lab):** Will the member give way?

**Gordon MacDonald:** No, thank you.

It is unfortunate that the proposal to devolve employment law was blocked by the Labour Party.

The UK parties have done nothing to tackle umbrella company contracts, Holyrood is barred from tackling the issue and workers are caught up in a situation that needs to be resolved urgently. The difficulty is that the people who could have done something have done nothing.

17:30

**The Minister for Youth and Women's Employment (Annabelle Ewing):** I welcome the union representatives who I understand are in the public gallery watching the debate. I am sorry that I was not able to come out to meet them outside the Parliament today; I was in a meeting with the cabinet secretary and some Unite members, further to a meeting that had been arranged at the request of Christina McKelvie MSP.

We discussed a number of workforce issues, including umbrella contracts, and we heard about the unacceptable and abusive practices that are going on in the construction industry and other sectors. In particular, we heard about problems of compulsion, workers being denuded of their rights, and workers receiving reduced pay and worse conditions. I therefore thank Mr Findlay for bringing this important members' business debate to the Parliament.

The UK Government has pursued a programme that has resulted in the slow dismantling of employee rights that have been built up over many decades. To cap it all, the advances in employee rights legislation in recent years have been undermined by the introduction of significant fees for employment tribunals, which in effect have priced workers out of justice.

I want to pick up on some points that were made in the debate, for clarification. I think that it was Cara Hilton who mentioned the situation in Wales. Scottish Government officials have been speaking to their counterparts in Wales and have tried to obtain a copy of the draft guidance on procurement policy on which the Welsh Assembly Government is working, but people were not keen to give us a copy. I understand that the statement that the Welsh Minister for Economy, Science and Transport made the other week might shortly be subject to clarification in relation to the powers that the Welsh Assembly Government has to do what the minister wants to do.

The Scottish Government is taking action on workforce matters, against a backdrop in which power over employment law still lies with the Westminster Government, as members said. We are committed to pursuing the fair work agenda, and in the months to come the fair work convention will be established, further to the publication of the report, "Working Together Review: Progressive Workplace Policies in Scotland".

**Neil Findlay:** I have never disputed that many of the issues lie with the UK Government. That is accepted. What I dispute is that the Scottish Government can do nothing. The Scottish Government can do plenty to prevent many of the issues that we have been talking about, if it has the political will to change procurement guidance and contract tendering. Will the minister do that or not?

**Annabelle Ewing:** I listened to Mr Findlay, and I know that his heart probably lies somewhere else on the constitutional aspect of the issue that we are debating, but the fact of the matter is that the party that he represents in the Scottish Parliament does not seek for the Parliament to have the powers to deal with the important issues under discussion. If we had those powers, their impact would benefit workers in Scotland.

**Neil Findlay:** Will the minister give way?

**Annabelle Ewing:** No. I am sorry, but I have only seven minutes.

Mr Findlay would prefer to have the important powers over employee rights and pay and conditions to be determined even by a Tory Government at Westminster rather than by the democratically elected Scottish Parliament. Mr

Findlay's problem is that in every debate of this kind he has to try to square a circle that just cannot be squared.

In terms of the action that the Scottish Government is taking within the powers that we do have, we will be setting up the fair work convention. Members may be interested to note that we are currently finalising the membership and the remit of the convention, in which employers and unions will work together to promote progressive workforce policies and, of course, the living wage.

We will also introduce the Scottish business pledge, which the First Minister confirmed as part of the Scottish Government's programme for government and which at its heart is a partnership or compact. The Government will indicate its support for a strong and competitive economy so that Government and employers together are able to support a fairer, more prosperous Scotland. In return for support from the Scottish Government and its agencies, such as Scottish Enterprise and Highlands and Islands Enterprise, we want companies to commit to the Scottish approach by, for example, paying the living wage, by not using the unacceptable zero-hours contracts and umbrella contracts, and by implementing other progressive workforce policies.

On procurement, which has been mentioned in the debate, it is clear that the key problem, as I said only a couple of weeks ago in a members' business debate that Mr Findlay took part in, is that we do not have the power to set the minimum wage rate. If we did have that power, which the Scottish Government sought for this Parliament through the Smith commission process, we would not have to approach the issue on a denuded basis in terms of what we can do on guidance on the procurement front. On that issue, I think that Mr Findlay suggested that we had not published guidance or that there had been some delay in it. I do not know whether he is aware that there is guidance on the Government's website in the form of a Scottish procurement policy note that deals with workforce issues, including umbrella contracts. I recommend that he have a read of that.

We are determined to continue to do what we can, using the powers that we have, to ensure that workers have the rights that they are entitled to expect in the 21st century. However, with our hands tied behind our backs, we do not have the employment law powers that, as we heard from Gordon MacDonald, even Northern Ireland does, although we would really like those powers. Notwithstanding the publication of the vow plus, if we can call it that—I do not know what it is called or what the Labour Party was up to the other day—the Labour Party does not support the



devolution of powers over employment policies. Not even in the vow plus did Labour call for that. The Labour Party needs to have a long, hard look at where it is going in terms of seeking to protect the rights of workers in Scotland.

We are clear that we want to have the power to protect workers' rights. I suspect that, in the months ahead, the people of Scotland will be considering these matters very carefully as we approach the Westminster elections in May.

*Meeting closed at 17:38.*

## Correction

Annabelle Ewing has identified an error in her contribution and provided the following correction.

### **The Minister for Youth and Women's Employment (Annabelle Ewing):**

*At col 10, paragraph 1—*

*Original text—*

About £3 million has been allocated directly in response to the recommendations of the commission on developing Scotland's young workforce, to address wider underrepresentation across our employability programmes.

*Corrected text—*

About £3 million has been allocated directly in response to the recommendations of the commission on developing Scotland's young workforce, including specific activity to address wider underrepresentation across our employability programmes.



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