



The Scottish  
Parliament

Passage of the  
**Budget (Scotland) (No.4)  
Bill 2007**

SPPB 110





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Parliament

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Budget (Scotland) (No.4) Bill 2007

SP Bill 81 (Session 2), subsequently 2007 asp 9

SPPB 110

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Printed and published in Scotland on behalf of the Scottish Parliamentary Corporate Body by  
APS Group Scotland.

**ISBN 978-1-4061-8135-7**

## Contents

	Page
Foreword	
<i>Introduction of the Bill</i>	
Bill (As Introduced) (SP Bill 81)	1
Accompanying Documents (SP Bill 81-AD)	25
Delegated Powers Memorandum (SP Bill 81-DPM)	26
<i>Stage 1</i>	
Extract from the Minutes of the Parliament, 25 January 2007	28
Official Report, Meeting of the Parliament, 25 January 2007	29
<i>Stage 2</i>	
Extract from the Minutes, Finance Committee, 6 February 2007	44
Official Report, Finance Committee, 6 February 2007	45
<i>After Stage 2</i>	
Report on Budget (Scotland) (No.4) Bill, Subordinate Legislation Committee	51
<i>Stage 3</i>	
Extract from the Minutes of the Parliament, 14 February 2007	56
Official Report, Meeting of the Parliament, 14 February 2007	57



## Foreword

### *Purpose of the series*

The aim of this series is to bring together in a single place all the official Parliamentary documents relating to the passage of the Bill that becomes an Act of the Scottish Parliament (ASP). The list of documents included in any particular volume will depend on the nature of the Bill and the circumstances of its passage, but a typical volume will include:

- every print of the Bill (usually three – “As Introduced”, “As Amended at Stage 2” and “As Passed”);
- the accompanying documents published with the “As Introduced” print of the Bill (and any revised versions published at later Stages);
- every Marshalled List of amendments from Stages 2 and 3;
- every Groupings list from Stages 2 and 3;
- the lead Committee’s “Stage 1 report” (which itself includes reports of other committees involved in the Stage 1 process, relevant committee Minutes and extracts from the Official Report of Stage 1 proceedings);
- the Official Report of the Stage 1 and Stage 3 debates in the Parliament;
- the Official Report of Stage 2 committee consideration;
- the Minutes (or relevant extracts) of relevant Committee meetings and of the Parliament for Stages 1 and 3.

All documents included are re-printed in the original layout and format, but with minor typographical and layout errors corrected.

Documents in each volume are arranged in the order in which they relate to the passage of the Bill through its various stages, from introduction to passing. The Act itself is not included on the grounds that it is already generally available and is, in any case, not a Parliamentary publication.

### *Outline of the legislative process*

Bills in the Scottish Parliament follow a three-stage process. The fundamentals of the process are laid down by section 36(1) of the Scotland Act 1998, and amplified by Chapter 9 of the Parliament’s Standing Orders. In outline, the process is as follows:

- Introduction, followed by publication of the Bill and its accompanying documents;
- Stage 1: the Bill is first referred to a relevant committee, which produces a report informed by evidence from interested parties, then the Parliament debates the Bill and decides whether to agree to its general principles;
- Stage 2: the Bill returns to a committee for detailed consideration of amendments;
- Stage 3: the Bill is considered by the Parliament, with consideration of further amendments followed by a debate and a decision on whether to pass the Bill.

After a Bill is passed, three law officers and the Secretary of State have a period of four weeks within which they may challenge the Bill under sections 33 and 35 of the Scotland Act respectively. The Bill may then be submitted for Royal Assent, at which point it becomes an Act.

Standing Orders allow for some variations from the above pattern in some cases. For example, Bills may be referred back to a committee during Stage 3 for further Stage 2 consideration. In addition, the procedures vary for certain categories of Bills, such as Committee Bills or Emergency Bills. For some volumes in the series, relevant proceedings prior to introduction (such as pre-legislative scrutiny of a draft Bill) may be included.

The reader who is unfamiliar with Bill procedures, or with the terminology of legislation more generally, is advised to consult in the first instance the *Guidance on Public Bills* published by the Parliament. That Guidance, and the Standing Orders, are available for sale from Stationery Office bookshops or free of charge on the Parliament's website ([www.scottish.parliament.uk](http://www.scottish.parliament.uk)).

The series is produced by the Legislation Team within the Parliament's Chamber Office. Comments on this volume or on the series as a whole may be sent to the Legislation Team at the Scottish Parliament, Edinburgh EH99 1SP.

### *Notes on this volume*

The Bill to which this volume relates was the fourth Budget Bill introduced in the second session of the Parliament – hence the “(No.4)” in the Bill's short title. (Note that, since Acts of the Parliament include the calendar year of enactment in their short titles, the “(No.4)” is no longer needed to distinguish one Budget Act from another within the same session and is therefore dropped from the title of the Act.)

Although this volume deals only with proceedings on the Bill those proceedings should be seen in the context of the overall Budget scrutiny process. That process has three stages. The first stage involves committee scrutiny of the Scottish Executive's provisional expenditure proposals for the following financial year. Each subject committee reports to the Finance Committee, which then reports to the Parliament. At the second stage, the subject committees consider the Executive's draft Budget and, again, the Finance Committee reports to the Parliament. These two stages inform the Scottish Executive's final budget proposals for the year ahead – the Budget Bill.

In 2005, the Parliament agreed a revised protocol on the annual Budget scrutiny process to the effect that the full three-stage process should only be followed in Spending Review years and that Stage 1 should not take place in non-Spending Review years. The year to which this volume relates was a non-Spending Review year and therefore the Finance Committee did not prepare a Stage 1 report. The Finance Committee report on Stage 2 of the 2007-08 Budget Process (9th Report 2006 (SP Paper 695)) was debated in the Parliament on 21 December 2006.

Once introduced, the Bill itself goes through the same three legislative stages as other Bills, but subject to special procedures under Rule 9.16 of the Parliament's standing orders. In particular, there is an accelerated timescale, no Stage 1 report is required and only the Executive may lodge amendments to the Bill.

In this case, the Bill was not amended at Stage 2 or Stage 3 and hence no “As Amended at Stage 2” or “As Passed” versions of the Bill were produced.

*Forthcoming titles*

The next titles in this series will be:

- SPPB 111: Adult Support and Protection (Scotland) Bill 2006
- SPPB 112: Prostitution (Public Places) (Scotland) Bill 2006
- SPPB 113: Aquaculture and Fisheries (Scotland) Bill 2006
- SPPB 114: Christmas Day and New Year's Day Trading (Scotland) Bill 2006



# Budget (Scotland) (No.4) Bill

[AS INTRODUCED]

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## CONTENTS

Section

### PART 1

FINANCIAL YEAR 2007/08

#### *Use of resources*

- 1 The Scottish Administration
- 2 Direct-funded bodies

#### *The Scottish Consolidated Fund*

- 3 Overall cash authorisations
- 4 Contingencies: payments out of the Fund

#### *Borrowing by certain statutory bodies*

- 5 Borrowing by certain statutory bodies

### PART 2

FINANCIAL YEAR 2008/09

- 6 Emergency arrangements: overall cash authorisations

### PART 3

MISCELLANEOUS AND SUPPLEMENTARY

#### *Budget revisions*

- 7 Amendment of this Act

#### *Supplementary*

- 8 Repeal
- 9 Interpretation
- 10 Short title

---

Schedule 1—The Scottish Administration

Schedule 2—Accruing resources of the Scottish Administration which may be used without individual limit

Part 1—Scottish Executive Environment and Rural Affairs Department

Part 2—Scottish Executive Development Department

Part 3—Scottish Executive Education Department

- Part 4 — Scottish Executive Enterprise, Transport and Lifelong Learning Department
- Part 5 — Scottish Executive Health Department
- Part 6 — Scottish Executive Justice Department
- Part 7 — Scottish Executive (Administration)
- Part 8 — Registrar General of Births, Deaths and Marriages for Scotland
- Part 9 — Keeper of the Records of Scotland
- Part 10 — Scottish Executive Finance and Central Services Department
- Part 11 — Scottish Executive (Scottish teachers' and NHS pension schemes)
- Part 12 — Crown Office and Procurator Fiscal Service
- Schedule 3 — Direct-funded bodies
- Schedule 4 — Accruing resources of direct-funded bodies which may be used without individual limit
  - Part 1 — Forestry Commissioners
  - Part 2 — Food Standards Agency
  - Part 3 — Scottish Parliamentary Corporate Body
  - Part 4 — Audit Scotland
- Schedule 5 — Borrowing by certain statutory bodies

ACCOMPANYING DOCUMENTS  
Accompanying Documents are printed separately as SP Bill 81-AD.

Budget (Scotland) (No.4) Bill  
[AS INTRODUCED]

5 An Act of the Scottish Parliament to make provision, for financial year 2007/08, for the use of resources by the Scottish Administration and certain bodies whose expenditure is payable out of the Scottish Consolidated Fund, for authorising the payment of sums out of the Fund and for the maximum amounts of borrowing by certain statutory bodies; to make provision, for financial year 2008/09, for authorising the payment of sums out of the Fund on a temporary basis; and for connected purposes.

PART 1

FINANCIAL YEAR 2007/08

*Use of resources*

10 **1 The Scottish Administration**

- (1) Resources other than accruing resources may, in financial year 2007/08, be used by the Scottish Administration for the purposes specified in column 1 of schedule 1—
- (a) so far as the use of resources consists of incurring liability in respect of recoverable VAT, without limit as to amount, and
- 15 (b) in any other case, up to the amounts specified in the corresponding entries in column 2.
- (2) Accruing resources of the types specified in column 3 of schedule 1 may, in financial year 2007/08, be used by the Scottish Administration for the purposes specified in the corresponding entries in column 1 up to the amounts specified in column 4.
- 20 (3) Accruing resources in respect of recoverable VAT may, in financial year 2007/08, be used, without limit as to amount, by the Scottish Administration for any purpose for which resources are authorised to be used by virtue of subsection (1).
- (4) Accruing resources of the types specified in column 1 of each Part of schedule 2 may, in financial year 2007/08, be used by the Scottish Administration for the purposes specified in the corresponding entries in column 2 up to the overall amount specified at the end of that Part.
- 25 (5) Accruing resources authorised to be used by virtue of subsection (3) or (4) may be so used only through the part of the Scottish Administration through which they accrue.

- (6) The Parts of schedule 2 set out the types of accruing resources, purposes and overall amounts by reference to the parts of the Scottish Administration through which the resources accrue and may be used.
- (7) In this section, references to recoverable VAT are to value added tax in respect of which a claim for a refund may be made by the Scottish Administration under section 41(3) of the Value Added Tax Act 1994 (c.23).

## 2 Direct-funded bodies

- (1) Resources other than accruing resources may, in financial year 2007/08, be used by the direct-funded bodies mentioned in column 1 of schedule 3 for the purposes specified in that column—
- (a) so far as the use of resources consists of incurring liability in respect of recoverable VAT, without limit as to amount, and
  - (b) in any other case, up to the amounts specified in the corresponding entries in column 2.
- (2) Accruing resources of the types specified in column 3 of schedule 3 may, in financial year 2007/08, be used by those bodies for the purposes specified in the corresponding entries in column 1 up to the amounts specified in column 4.
- (3) Accruing resources in respect of recoverable VAT may, in financial year 2007/08, be used, without limit as to amount, by any direct-funded body mentioned in column 1 of schedule 3 for any purpose for which resources are authorised to be used by that body by virtue of subsection (1).
- (4) Accruing resources of the types specified in column 1 of each Part of schedule 4 may, in financial year 2007/08, be used by the direct-funded body to which that Part relates for the purposes specified in the corresponding entries in column 2 up to the overall amount specified at the end of that Part.
- (5) In this section, references to recoverable VAT are to value added tax in respect of which a claim for a refund may be made by the direct-funded body concerned under section 41(3) of the Value Added Tax Act 1994 (c.23).

### *The Scottish Consolidated Fund*

## 3 Overall cash authorisations

For the purposes of section 4(2) of the 2000 Act, the overall cash authorisations for financial year 2007/08 are—

- (a) in relation to the Scottish Administration, £26,145,154,000,
- (b) in relation to the Forestry Commissioners, £66,349,000,
- (c) in relation to the Food Standards Agency, £10,671,000,
- (d) in relation to the Scottish Parliamentary Corporate Body, £82,872,000,
- (e) in relation to Audit Scotland, £6,585,000.

#### 4 Contingencies: payments out of the Fund

- 5 (1) This section applies where, in financial year 2007/08, it is proposed to pay out of the Scottish Consolidated Fund under section 65(1)(c) of the Scotland Act 1998 (c.46), for or in connection with expenditure of the Scottish Administration or a direct-funded body, a sum which does not fall within the overall cash authorisation specified in section 3 in relation to the Scottish Administration or, as the case may be, that body.
- (2) The sum may be paid out of the Fund only if its payment is authorised by the Scottish Ministers.
- (3) The Scottish Ministers may authorise payment only if they consider that—
- 10 (a) the payment is necessarily required in the public interest to meet urgent expenditure for a purpose falling within section 65(2) of the Scotland Act 1998 (c.46), and
- (b) it is not reasonably practicable, for reasons of urgency, to amend the overall cash authorisation by an order under section 7 of this Act.
- 15 (4) But the Scottish Ministers must not authorise payment of the sum if it would result in an excess of sums paid out of the Fund over sums paid into the Fund.
- (5) The aggregate amount of the sums which the Scottish Ministers may authorise to be paid out of the Fund under this section must not exceed £50,000,000.
- 20 (6) Where the Scottish Ministers authorise a payment under this section they must, as soon as possible, lay before the Scottish Parliament a report setting out the circumstances of the authorisation and why they considered it to be necessary.

#### *Borrowing by certain statutory bodies*

#### 5 Borrowing by certain statutory bodies

25 In schedule 5, the amounts set out in column 2 are the amounts specified for financial year 2007/08 for the purposes of the enactments listed in the corresponding entries in column 1 (which make provision as to the net borrowing of the bodies mentioned in that column).

### PART 2

#### FINANCIAL YEAR 2008/09

#### 6 Emergency arrangements: overall cash authorisations

- 30 (1) This section applies if, at the beginning of financial year 2008/09, there is no overall cash authorisation for that year for the purposes of section 4(2) of the 2000 Act.
- (2) Until there is in force a Budget Act providing such authorisation, there is to be taken to be an overall cash authorisation for each calendar month of that year in relation to each
- 35 of—
- (a) the Scottish Administration, and
- (b) the direct-funded bodies,
- of an amount determined in accordance with subsection (3) of this section; and section 4 of the 2000 Act has effect accordingly.
- 40 (3) That amount is whichever is the greater of—

- (a) one-twelfth of the amount specified in section 3 in relation to the Scottish Administration or, as the case may be, the direct-funded body in question, and
- (b) the amount paid out of the Scottish Consolidated Fund under section 65(1)(c) of the Scotland Act 1998 (c.46) in the corresponding calendar month of financial year 2007/08 for or in connection with expenditure of the Scottish Administration or that body.
- (4) Subsection (2) is subject to any provision made by Budget Act for financial year 2008/09.

### PART 3

#### MISCELLANEOUS AND SUPPLEMENTARY

##### *Budget revisions*

#### 7 **Amendment of this Act**

- (1) The Scottish Ministers may by order made by statutory instrument amend—
- (a) the amounts specified in section 3,
- (b) schedules 1 to 5.
- (2) No order may be made under subsection (1) unless a draft of it has been laid before, and approved by resolution of, the Scottish Parliament.

##### *Supplementary*

#### 8 **Repeal**

Part 2 (financial year 2007/08) of the Budget (Scotland) Act 2006 (asp 5) is repealed.

#### 9 **Interpretation**

- (1) References in this Act to “the 2000 Act” are references to the Public Finance and Accountability (Scotland) Act 2000 (asp 1).
- (2) References in this Act to accruing resources in relation to the Scottish Administration or any direct-funded body are to such resources accruing to the Scottish Administration or, as the case may be, that body in financial year 2007/08.
- (3) References in this Act to the direct-funded bodies are references to the bodies mentioned in section 3(b) to (e) of this Act; and references to a direct-funded body are references to any of those bodies.
- (4) Except where otherwise expressly provided, expressions used in this Act and in the 2000 Act have the same meanings in this Act as they have in that Act.

#### 10 **Short title**

This Act may be cited as the Budget (Scotland) Act 2007.

SCHEDULE 1  
 (introduced by section 1)

THE SCOTTISH ADMINISTRATION

<i>Purpose</i>	<i>Amount of resources other than accruing resources</i>	<i>Type of accruing resources</i>	<i>Amount of accruing resources</i>
<p>5</p> <p>10</p> <p>15</p> <p>20</p> <p>25</p> <p>30</p> <p>35</p>	<p>£938,076,000</p>	<p>Sale of surplus land, buildings and equipment; sale of holdings to existing tenants; repayment of loans by Scottish Water</p>	<p>£10,900,000</p>
<p>40</p> <p>45</p>	<p>£1,323,561,000</p>	<p>Sale of property, land and equipment; repayment of loans</p>	<p>£100</p>

	<i>Purpose</i>	<i>Amount of resources other than accruing resources</i>	<i>Type of accruing resources</i>	<i>Amount of accruing resources</i>
5	for gypsies and travellers; residual grants to housing associations; grants for the Community Regeneration Fund and other services; other regeneration initiatives; programmes promoting social inclusion; other sundry services in connection with the environment; planning; grants to voluntary organisations and other costs associated with the voluntary and charitable sectors; expenditure relating to equality issues; Scottish Building Standards Agency			
10				
15				
20	3. For use by the Scottish Ministers (through the Scottish Executive Education Department) on schools; training and development of teachers; educational research, development and promotion; international and other educational services; HM Inspectors of Education; childcare; associated social work services; Social Work Inspection Agency; sport; support for the cultural heritage of Scotland, including the Gaelic language; tourism; cultural organisations; architecture; Historic Scotland; central government grants to non-departmental public bodies and local authorities	£1,094,349,000	Sale of surplus land, buildings and equipment	£100
25				
30				
35	4. For use by the Scottish Ministers (through the Scottish Executive Enterprise, Transport and Lifelong Learning Department) on grant in aid for the Scottish Further and Higher Education Funding Council, Scottish Enterprise and Highlands and Islands Enterprise; funding for the Student Awards Agency for Scotland and related costs, including the Student Loan Scheme and the Graduate Endowment scheme; Regional Selective Assistance grants and sundry enterprise and lifelong learning related activities; telecommunications infrastructure; European Structural Fund grants to public corporations, non-departmental public bodies, local authorities and other bodies and organisations; roads, bridges and	£5,253,742,000	Repayment of voted loans (capital) by Scottish Enterprise and Caledonian Maritime Assets Ltd; the repayment of Student Loans; sale of property, land and equipment; repayment of loans by the Tay Bridge Joint Board and by Independent Piers and Harbours Trusts	£48,600,000
40				
45				

	<i>Purpose</i>	<i>Amount of resources other than accruing resources</i>	<i>Type of accruing resources</i>	<i>Amount of accruing resources</i>
5	associated services, including the acquisition of land, lighting and road safety; assistance to local transport; support for transport services in the highlands and islands; piers and harbours including Piers and Harbours grants to local authorities and miscellaneous costs in relation to ports and harbours; support for ferry services; grant aid to British Waterways Board in respect of Scotland's inland waterways; funding for rail infrastructure and rail services in Scotland; other expenditure relating to rail; provision for other transport services, grants and research expenditure; expenditure relating to Highlands and Islands Airports Limited and the privatisation of the Scottish Bus Group; support for bus services in Scotland; support for certain air services; transport-related grants to local authorities, Regional Transport Partnerships and the Strathclyde Passenger Transport Authority; payments to former members of Scottish Transport Group pension schemes; funding for Transport Scotland and related costs; support for concessionary fare schemes and ticketing infrastructure; costs in relation to establishing and funding the office of Scottish Road Works Commissioner			
10				
15				
20				
25				
30				
35				
	5. For use by the Scottish Ministers (through the Scottish Executive Health Department) on hospital and community health services; family health services; community care; grants to local authorities and voluntary organisations; social care; welfare food; the Scottish Drugs Challenge Fund; Mental Health Tribunal for Scotland; payments to the Skipton Fund; other health services	£8,848,314,000	Sale of land, buildings, vehicles, equipment and property	£12,100,000
40				
45				
	6. For use by the Scottish Ministers (through the Scottish Executive Justice Department) on legal aid (including administration); criminal injuries	£1,671,921,000	Sale of police vehicles; sale of prison land, buildings, staff	£2,800,000

	<i>Purpose</i>	<i>Amount of resources other than accruing resources</i>	<i>Type of accruing resources</i>	<i>Amount of accruing resources</i>
5	compensation (including administration); certain services relating to crime including the Parole Board for Scotland; the Scottish Prison Service; the Scottish Prisons Complaints Commission; the		quarters, vehicles, equipment and property	
10	Scottish Criminal Cases Review Commission; the Risk Management Authority; the Scottish Police Services Authority and other police services (including grants to local authorities) and			
15	superannuation of police on secondment; fire and rescue services (including Scottish Fire Services College and superannuation and grants to local			
20	authorities); civil contingencies; measures in relation to antisocial behaviour; measures in relation to drug abuse and			
25	treatment; miscellaneous services relating to administration of justice; community justice services including probation and supervised attendance orders; grants to			
30	voluntary organisations; court services, including judicial pensions; the Accountant in Bankruptcy; certain legal services; costs and fees in connection with legal proceedings; Police Loan Charges			
35	7. For use by the Scottish Ministers on administrative costs and operational costs; costs of providing continuing services to the Scottish Parliament; costs associated with the functions of the Queen's Printer for Scotland	£251,565,000	Income from sale of surplus capital assets	£35,000
40	8. For use by the Registrar General of Births, Deaths and Marriages for Scotland (through the General Register Office for Scotland) on administrative costs and operational costs	£10,324,000	—	—
45	9. For use by the Scottish Ministers and the Keeper of the Records of Scotland (through the National Archives of Scotland) on administrative costs and operational costs (including the conversion of the sasine records to digital	£10,068,000	—	—

	<i>Purpose</i>	<i>Amount of resources other than accruing resources</i>	<i>Type of accruing resources</i>	<i>Amount of accruing resources</i>
5	images)			
10	10. For use by the Scottish Ministers (through the Scottish Executive Finance and Central Services Department) on running and capital costs of the Scottish Public Pensions Agency; revenue support grants and payment of non-domestic rates in Scotland; other local authority grants and special grants relating to council tax and spend-to-save scheme; other services including payments under the Bellwin scheme covering floods, storms and other emergencies; expenditure on committees, commissions and other departmental services; grants to the Civic Forum; expenditure and grant assistance in relation to modernising government and efficient government; data sharing and standards; international relations and development assistance; expenditure in relation to running costs of the Crown Office and Procurator Fiscal Service Inspectorate	£8,060,906,000	—	—
15				
20	11. For use by the Scottish Ministers on pensions, allowances, gratuities etc. payable in respect of the teachers' and national health service pension schemes	£2,006,670,000	—	—
25				
30	12. For use by the Lord Advocate (through the Crown Office, the Procurator Fiscal Service and the office of Queen's and Lord Treasurer's Remembrancer) on administrative costs, including costs relating to the office of Queen's and Lord Treasurer's Remembrancer, fees paid to temporary procurators fiscal, witness expenses, victim expenses where applicable and other costs associated with Crown prosecutions and cases brought under the Proceeds of Crime Act 2002	£100,579,000	Sale of surplus assets	£100
35				
40				
45	13. For use by the Office of the Scottish Charity Regulator on administrative costs and operational costs	£3,600,000	—	—

*Schedule 2—Accruing resources of the Scottish Administration which may be used without individual limit*

*Part 1—Scottish Executive Environment and Rural Affairs Department*

SCHEDULE 2  
(introduced by section 1)

ACCRUING RESOURCES OF THE SCOTTISH ADMINISTRATION WHICH MAY BE USED WITHOUT  
INDIVIDUAL LIMIT

5

**PART 1**

SCOTTISH EXECUTIVE ENVIRONMENT AND RURAL AFFAIRS DEPARTMENT

<i>Type of accruing resources</i>	<i>Purpose</i>
10 1. Funding from European agricultural and fisheries funds	EU CAP support, rural development and fisheries subsidy and grant schemes
15 2. Sale of carcasses; repayment of loans under Crofting Building Loan Scheme; bond fees and insurance; receipts from the Meat and Livestock Commission under Ministerial Direction	Related rural development expenditure
20 3. Contributions under the superannuation scheme for the Scottish Agricultural College and Agricultural and Biological Research Institutes; rents and wayleaves; recovery of costs in connection with land drainage; fees for Common Agricultural Policy Scheme appeals; sales of produce; charges under livestock schemes; pension contributions from members of the Crofters Commission and the Deer Commission; charges for cattle passports; charges for relevant publications and statistics	Related agricultural services expenditure
25 4. Repayment of loans to harbour authorities; charges for relevant publications and statistics	Related fisheries expenditure
30 5. Charges for plant health and control work, seed and variety testing and pesticides work; sales of produce; charges for advisory visits, certifications, testing plants, animals and fish; charges for hire of equipment, publications and statistics	Related Scottish Agricultural Science Agency (SASA), Fisheries Research Services (FRS) and Scottish Fisheries Protection Agency (SFPA) expenditure
35 6. Income of SASA, FRS and SFPA from services provided to external customers	SASA, FRS and SFPA expenditure
35 7. Sale of research results and publications; charges for licences under the Food and Environment Protection Act 1985	Expenditure on environmental services
8. Repayment of loans	Expenditure on Scottish Water

Overall amount: £520,000,000

**PART 2**

## SCOTTISH EXECUTIVE DEVELOPMENT DEPARTMENT

	<i>Type of accruing resources</i>	<i>Purpose</i>
5	1. Income from the sale of research results and publications; other minor miscellaneous income	Expenditure on miscellaneous Development Department programmes
	2. Capital sums accruing to Communities Scotland	Communities Scotland expenditure
	3. Recovery of unused grant from voluntary organisations	Expenditure on voluntary sector
10	4. Recovery of grant awarded to local authorities and Registered Social Landlords under the New Housing Partnerships initiative and Community Ownership	Expenditure on housing
	5. Income from local authorities in respect of right to buy sales following housing stock transfer	Expenditure on housing
15	6. Receipts from local authorities arising out of housing stock transfers	Repayment of local authority housing debt and associated costs
	7. Fees for functions carried out by the Scottish Building Standards Agency	Expenditure of the Scottish Building Standards Agency
	8. Communities Scotland receipts from interest on loans	Expenditure on housing
20	9. Recovery of unused regeneration monies	Expenditure on regeneration

Overall amount: £100

**PART 3**

SCOTTISH EXECUTIVE EDUCATION DEPARTMENT

<i>Type of accruing resources</i>	<i>Purpose</i>
5 1. Recovery of costs from local authorities in respect of self-governing schools	Expenditure on education services
2. Recovery of costs from HM Inspectors of Education	Expenditure on education services
3. Recovery of costs from Youthlink	Expenditure on education services
10 4. Income from admissions and retail at monuments operated by Historic Scotland and external partnership funding for capital projects	Expenditure on tourism and culture
5. Income from sales and grants in respect of the Royal Commission on Ancient and Historic Monuments of Scotland	Expenditure on tourism and culture

Overall amount: £25,989,000

15

**PART 4**

SCOTTISH EXECUTIVE ENTERPRISE, TRANSPORT AND LIFELONG LEARNING DEPARTMENT

<i>Type of accruing resources</i>	<i>Purpose</i>
20 1. Repayments of student awards and interest capitalised on student loans	Expenditure of the Student Awards Agency for Scotland
2. Income from the Graduate Endowment scheme	Expenditure on student support relating to the provision of allowances for living costs and loans
25 3. Refunds of grants for Regional Selective Assistance	Expenditure on Regional Selective Assistance
4. Electricity Statutory Consent fees	Expenditure on the administration of consents for the provision of energy
30 5. Rents from land and property	Expenditure on motorways and trunk roads

	<i>Type of accruing resources</i>	<i>Purpose</i>
	6. Any sums accruing as a result of the dissolution of Scottish Transport Group	Payments to former members of Scottish Transport Group pensions schemes
5	7. Sums accruing from Enterprise and Lifelong Learning related activities	Expenditure on Enterprise and Lifelong Learning related activities
	8. Income from European Union including the European Social Fund and the European Regional Development Fund	Expenditure on European Union eligible support

10 Overall amount: £286,600,000

### PART 5

#### SCOTTISH EXECUTIVE HEALTH DEPARTMENT

	<i>Type of accruing resources</i>	<i>Purpose</i>
15	1. Charges to private patients; income generation schemes; charges for the processing of plasma for the Department of Health, Social Services and Public Safety Northern Ireland; handling charges for blood products; sales of antibodies and related products; repayments of Project 2000 bursaries; National Insurance contributions	Expenditure on hospital and community health services
20	2. Prescription charges collected by dispensing doctors, pharmacists, Health Boards and appliance suppliers; sales of prescription pre-payment certificates; payments under the Pharmaceutical Price Regulation Scheme; rental of national health service properties; charges collected by dental practitioners and ophthalmologists; recovery of charges from patients, dispensing contractors and practitioners	Expenditure on family health services
25		
30	3. Sales of publications; fees for conferences and courses; royalties from projects developed with departmental assistance; sales of vitamin drops and tablets at national health service clinics; other miscellaneous income	Expenditure on other health services
	4. Income from fees charged by the Scottish Commission for the Regulation of Care	Expenditure on community care

Overall amount: £1,595,000,000

**PART 6**

SCOTTISH EXECUTIVE JUSTICE DEPARTMENT

<i>Type of accruing resources</i>	<i>Purpose</i>
5 1. Superannuation contributions for police officers on secondment to the Scottish Police College (SPC); charges for students from outwith Scottish Police Forces; charges for use of SPC for various activities	Expenditure of the SPC
10 2. Contributions made by the Scottish Police Federation to the cost of salaries, etc. of their secretary and chairman; receipts from fixed penalty notices	Expenditure on police services
3. Income from criminal records checks carried out by Disclosure Scotland	Expenditure on police services
15 4. Income from sale of prison-manufactured goods, services and other industries income; various income including income from land and buildings	Expenditure of the Scottish Prison Service
20 5. General income of the Scottish Fire Services College, including that from fire-related and other organisations which use the college's teaching and conference facilities on a repayment basis	Expenditure of the Scottish Fire Services College
6. Civil contingencies income from sale of surplus and obsolete equipment; course income; rents from other bodies using radio masts or stations owned by the Scottish Executive	Expenditure on civil contingencies (including grants)
25 7. Superannuation contributions collected by the Scottish Legal Aid Board	Expenditure on legal aid
8. Income from cinematography exemption certificate fees and criminal statistics and other miscellaneous receipts	Miscellaneous expenditure
30 9. Fees for civil cases; rent from minor occupiers	Expenditure of the Scottish Court Service
10. Income from sequestration	Expenditure on the Accountant in Bankruptcy

Overall amount: £29,571,000

**PART 7**

## SCOTTISH EXECUTIVE (ADMINISTRATION)

	<i>Type of accruing resources</i>	<i>Purpose</i>
5	1. Payments from departments outwith the Scottish Executive for professional services; income from the Statistical Office of the European Union; discounts; recoveries of legal costs; income from payment for services and recovery of other costs; National Insurance Fund recoveries; New Deal income; profit from sale of surplus capital assets; repayments of loans made to members of staff for house purchase; rent from minor occupiers; European Fast Stream income	Scottish Executive core departments running costs
10		
15	2. Recoveries of salaries and other expenses of outward seconded and loaned staff; recoveries of salaries of staff assigned to the Criminal Injuries Compensation Agency (CICA)	Expenditure on outward seconded and loaned staff and staff assigned to CICA

Overall amount: £14,800,000

**PART 8**

## REGISTRAR GENERAL OF BIRTHS, DEATHS AND MARRIAGES FOR SCOTLAND

	<i>Type of accruing resources</i>	<i>Purpose</i>
20	1. Income from sales of records services; reapportioned income from minor occupiers	Expenditure on Records Enterprise, Scotland's People and the Scottish Family History Centre and registration expenditure
25	2. Royalties from sales on the internet	Expenditure on Records Enterprise
30	3. Income from Scottish Executive for running the National Health Service Central Register; income from sales of information by National Health Service Central Register; income from sales of vital statistics; reapportioned income from minor occupiers	Expenditure on vital events and national health service
	4. Income from sales of Census and other geographical information; sales of population statistics; reapportioned income from minor occupiers	Expenditure on Census and population statistics

Overall amount: £5,200,000

**PART 9**

KEEPER OF THE RECORDS OF SCOTLAND

<i>Type of accruing resources</i>	<i>Purpose</i>
5 1. Fees and other income for the issue of photocopy orders; professional searchers contract fees; inspection fees; microfilm and digital imaging services; sale of publications; income from conservation and specialist services; income from Registers of Scotland Executive Agency Register Archives Collection	Running costs of the National Archives of Scotland

10 Overall amount: £1,000,000

**PART 10**

SCOTTISH EXECUTIVE FINANCE AND CENTRAL SERVICES DEPARTMENT

<i>Type of accruing resources</i>	<i>Purpose</i>
15 1. Income from marketing	Expenditure on marketing
2. Income in respect of legal costs recovered by the Local Government Boundary Commission	Payments to the Local Government Boundary Commission
3. Administration charges in respect of services undertaken by the Scottish Public Pensions Agency	Running costs of the Scottish Public Pensions Agency
20 4. Recovery of grant awarded to local authorities under the Bellwin scheme covering floods, storms, and other emergencies	Expenditure on floods, storms and other emergencies

Overall amount: £100

**PART 11**

## SCOTTISH EXECUTIVE (SCOTTISH TEACHERS' AND NHS PENSION SCHEMES)

<i>Type of accruing resources</i>	<i>Purpose</i>
5 1. Contributions in respect of teachers' and national health service superannuation	Expenditure on teachers' and national health service superannuation

Overall amount: £1,634,155,000

**PART 12**

## CROWN OFFICE AND PROCURATOR FISCAL SERVICE

<i>Type of accruing resources</i>	<i>Purpose</i>
10 15 1. Fees charged for administering the estates of persons who die intestate and without known heirs; ultimus haeres; sale of Statute Amendments; income from the sale of waste paper and obsolete office machinery; minor occupancy income; minor miscellaneous income; profit on sale of surplus capital assets	Running costs of the Crown Office and Procurator Fiscal Service

Overall amount: £275,000

SCHEDULE 3  
(introduced by section 2)

## DIRECT-FUNDED BODIES

<i>Purpose</i>	<i>Amount of resources other than accruing resources</i>	<i>Type of accruing resources</i>	<i>Amount of accruing resources</i>
1. For use by the Forestry Commissioners in or as regards Scotland on the promotion of forestry in Scotland including, advising on the development and delivery of forestry policy, regulating and supporting, through grant in aid, the forestry sector, managing the national forest estate in Scotland; administrative costs	£84,402,000	Miscellaneous income	£500,000
2. For use by the Food Standards Agency in or as regards Scotland on administrative and operational costs, including research, monitoring and surveillance and public information and awareness relating to food safety and standards; the Meat Hygiene Service	£10,771,000	Miscellaneous income	£100
3. For use by the Scottish Parliamentary Corporate Body on ongoing costs associated with the administration and operation of the Scottish Parliament; payments in respect of the functions of the Scottish Parliamentary Standards Commissioner, the Commissioner for Public Appointments in Scotland, the Scottish Public Services Ombudsman, the Scottish Information Commissioner and the Commissioner for Children and Young People in Scotland; payments in respect of the functions or anticipated functions of the Scottish Commission for Human Rights; any other payments relating to the Scottish Parliament	£98,234,000	Miscellaneous income and capital receipts	£100
4. For use by Audit Scotland, including assistance and support to the Auditor General for Scotland and the Accounts Commission for Scotland and other audit work for public bodies and for payment of pensions to former Local Government Ombudsmen and their staff	£7,108,000	Income from sale of IT equipment and furniture	£20,000

**SCHEDULE 4**  
(introduced by section 2)

ACCRUING RESOURCES OF DIRECT-FUNDED BODIES WHICH MAY BE USED WITHOUT INDIVIDUAL LIMIT

**PART 1**

5

FORESTRY COMMISSIONERS

<i>Type of accruing resources</i>	<i>Purpose</i>
1. Recoveries of grants; repayments by staff of loans and other recoverable expenses; miscellaneous income from sales of publications, training courses etc.	Policy, regulatory and grant-giving functions

10

Overall amount: £6,100,000

**PART 2**

FOOD STANDARDS AGENCY

15

20

<i>Type of accruing resources</i>	<i>Purpose</i>
1. Recovery of costs from Radioactive Site Operators in relation to the Food Standards Agency's role in assessing the impact of proposed radioactive waste disposal authorisations on the food chain; income from sale of publications and income generation schemes	Expenditure of the Food Standards Agency in or as regards Scotland
2. Income from industry levied charges in respect of statutory veterinary services and inspections undertaken by the Meat Hygiene Service	Expenditure of the Food Standards Agency in or as regards Scotland in supporting the provision of the Meat Hygiene Service

Overall amount: £100

**PART 3**

25

SCOTTISH PARLIAMENTARY CORPORATE BODY

<i>Type of accruing resources</i>	<i>Purpose</i>
1. Broadcasting income; gifts; income from commercial sales and other services provided to the public	Expenditure on administrative costs of the Scottish Parliament

Overall amount: £622,000

## PART 4

## AUDIT SCOTLAND

<i>Type of accruing resources</i>	<i>Purpose</i>
5 10 1. Fees and charges for audit work; recoveries of costs associated with the functions of the Auditor General for Scotland and the Accounts Commission for Scotland; miscellaneous income from publications, conferences, provision of administrative services etc.; recoveries of costs of seconded staff; repayments of staff loans; recoveries of car leasing payments; interest received on working balances	Expenditure of Audit Scotland, the Auditor General for Scotland and the Accounts Commission for Scotland

Overall amount: £22,000,000

## SCHEDULE 5

(introduced by section 5)

15

## BORROWING BY CERTAIN STATUTORY BODIES

<i>Enactment</i>	<i>Amount</i>
1. Section 25 of the Enterprise and New Towns (Scotland) Act 1990 (c.35) (Scottish Enterprise)	£10,000,000
2. Section 26 of that Act (Highlands and Islands Enterprise)	£1,000,000
20 3. Section 42 of the Water Industry (Scotland) Act 2002 (asp 3) (Scottish Water)	£230,800,000
4. Section 48 of the Environment Act 1995 (c.25) (Scottish Environment Protection Agency)	Nil



# **Budget (Scotland) (No.4) Bill**

[AS INTRODUCED]

An Act of the Scottish Parliament to make provision, for financial year 2007/08, for the use of resources by the Scottish Administration and certain bodies whose expenditure is payable out of the Scottish Consolidated Fund, for authorising the payment of sums out of the Fund and for the maximum amounts of borrowing by certain statutory bodies; to make provision, for financial year 2008/09, for authorising the payment of sums out of the Fund on a temporary basis; and for connected purposes.

Introduced by: Mr Tom McCabe

On: 18 January 2007

Supported by: Mr Jack McConnell, Mr Nicol Stephen, Ms Margaret Curran

Bill type: Budget Bill

## **BUDGET (SCOTLAND) (NO.4) BILL**

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### **ACCOMPANYING DOCUMENTS**

#### **EXECUTIVE STATEMENT ON LEGISLATIVE COMPETENCE**

1. On 18 January 2007, the Minister for Finance and Public Service Reform (Mr Tom McCabe MSP) made the following statement:

“In my view, the provisions of the Budget (Scotland) (No.4) Bill would be within the legislative competence of the Scottish Parliament.”

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#### **PRESIDING OFFICER’S STATEMENT ON LEGISLATIVE COMPETENCE**

2. On 17 January 2007, the Presiding Officer (Right Honourable George Reid MSP) made the following statement:

“In my view, the provisions of the Budget (Scotland) (No.4) Bill would be within the legislative competence of the Scottish Parliament.”

## **BUDGET (SCOTLAND) (NO.4) BILL**

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### **DELEGATED POWERS MEMORANDUM**

#### **BACKGROUND**

1. Rule 9.4A of the Parliament's Standing Orders requires that immediately after introducing an Executive Bill which contains any provision conferring power to make subordinate legislation, the member in charge shall lodge with the Clerk a memorandum setting out, in relation to each such provision of the Bill—

- (a) the person upon whom, or the body upon which, the power is conferred and the form in which the power is to be exercised;
- (b) why it is considered appropriate to delegate the power; and
- (c) the Parliamentary procedure (if any) to which the exercise of the power is to be subject, and why it was considered appropriate to make it subject to that procedure (or not to make it subject to any such procedure).

#### **RELEVANCE TO THE BUDGET (SCOTLAND) (NO. 4) BILL**

2. Section 7 of the Bill gives the Scottish Ministers the power by order made by statutory instrument to amend—

- (a) the amounts specified in section 3;
- (b) schedules 1 to 5.

No such order may be made unless a draft of it has been laid before, and approved by resolution of, the Scottish Parliament.

#### **REASONS FOR USE OF SUBORDINATE LEGISLATION**

3. The Budget Bill is the vehicle through which the Scottish Ministers seek Parliamentary approval of their spending plans for the coming financial year (in this case, 2007-08) – since all spending, both in terms of overall amounts and the purpose for which resources are to be used, must be subject to prior parliamentary authorisation.

4. It is inevitable that these spending plans will be subject to change during the financial year to which the Bill applies. Such changes might be, for example, to reflect:

- (a) transfers of resources within the Executive, and with Whitehall;

- (b) changes in accounting and classification guidelines; or
- (c) the allocation of resources from central funds including the Contingency Fund and from End Year Flexibility allocations.

5. There is therefore a need for a mechanism to allow Scottish Ministers to seek authorisation for such changes. The use of affirmative statutory instruments for this purpose was originally introduced to implement the pre-devolution Financial Issues Advisory Group's (FIAG's) recommendations for the process (paragraph 3.40f of their Final Report), and is also covered in the Agreement on the Budget Process between the Parliament and the Executive.

6. Since devolution, the Budget Revision process through the use of secondary legislation has become a regular part of the annual budget process. All of the annual Budget Acts have been subject to at least one revision by secondary legislation, and Budget Acts 2003 and 2004 were both subject to three revisions – colloquially known respectively as the Summer, Autumn and Spring Budget Revisions. The Budget Act and subsequent revisions roughly mirror the UK Parliament's process (since Scotland's drawdown from the UK consolidated fund must also be approved by the UK Parliament) through Main and Supplementary Estimates.

**EXTRACT FROM THE MINUTES OF PROCEEDINGS**

**Vol. 4, No. 50      Session 2**

**Meeting of the Parliament**

**Thursday 25 January 2007**

Note: (DT) signifies a decision taken at Decision Time.

**Budget (Scotland) (No. 4) Bill – Stage 1:** The Minister for Finance and Public Service Reform (Mr Tom McCabe) moved S2M-5441—That the Parliament agrees to the general principles of the Budget (Scotland) (No. 4) Bill.

After debate, the motion was agreed to ((DT) by division: For 90, Against 7, Abstentions 18).

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

**The Deputy Presiding Officer (Murray Tosh):**

The next item of business is a debate on motion S2M-5441, in the name of Tom McCabe, that the Parliament agrees to the general principles of the Budget (Scotland) (No 4) Bill.

15:21

**The Minister for Finance and Public Service Reform (Mr Tom McCabe):** Today's proceedings bring us to the final stages of the 2007-08 budget process. All members recognise that it is an extremely important process, although at times members regard it as excessively long and somewhat confusing, despite all our efforts. In today's stage 1 debate in Parliament, we are considering the Finance Committee's stage 2 report. It is difficult enough for members to understand, so it must be even more difficult for those who watch our proceedings from outside. There may be some merit in our thinking about the terminology and different stages of the process.

We strongly welcome the Finance Committee's constructive report. We also welcome what it has to say about the approach that it and we should take to improving the budget process. We in the Scottish Executive have responded to the report in a way that indicates our broad agreement with the recommendations that have been made.

Every year we say—I am happy to say it again—that it is the Executive's sincere wish to continue to work with the committee on the areas that are of particular concern to it. The committee has mentioned again the standard of cross-cutting information in the documents. It has placed a special emphasis on the way in which we engage during the forthcoming spending review. We have made significant progress—not just this year, but over recent years—on the scrutiny process, which involves the Executive, the committee and Executive officials, and on the transparency and rigour that are attached to it. We look forward to continuing what I regard as a constructive relationship. We do not agree with the committee on everything, but the intent of both sides is the same—to do our best to improve the process and to shine a brighter light on the important parts of the information that is contained in the budget.

As in previous years, we have done our best to ensure that as many people as possible around Scotland are aware of the process. We have circulated more than 1,300 copies of the budget document to individuals and organisations, and have published it electronically on the worldwide web. We are doing our best to ensure that anyone who has an interest in the process—we hope that

an increasing number of people will take such an interest—is able to engage with the various pieces of information as they are published.

One of the major recommendations in the Finance Committee's report related to local government finance. The report was issued the day before I announced a new package of measures for local government for the financial year 2007-08, totalling about £250 million. Members from all parties agree that local government provides the services to people in Scotland that they deserve and require as they make their way through life. We now allocate more than a third of the Scottish budget to our colleagues in local government. In the financial year 2007-08, that amounts to about £10.6 billion—a substantial amount, by any measure. The figure equates to more than 33.6 per cent of the total budget—a substantial proportion of the resources that are available to us.

The new £250 million funding package for local government that we announced has been warmly welcomed. It will mean that local government finance has increased by 4.7 per cent on the previous year's figures and that, in the eight years since devolution began, local government will have received increases of around £3.2 billion—or just under 58 per cent.

With that kind of money, the ability exists to provide the core services that are so necessary to the public and which allow them to experience personal advancement and have the personal security that they seek. We want to ensure that not only the new funding but the totality of funding help us to sustain such services. Moreover, we want to ensure that all that funding adds to our ability to transform our public services and ensures both that they are consuming the human capital that they need and no more and that they are sustainable.

People care about having good, reliable public services. After all, they make a real difference and allow people to make substantial choices about their lives. That is what the budget does, and I am more than comfortable with commending it to the chamber.

I move,

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

15:26

**Jim Mather (Highlands and Islands) (SNP):** Once again, we are invited to debate the Scottish budget; once again, we are reviewing an expenditure-only approach to national financial management; and once again, we have only a very short time to debate our nation's financial affairs.

At this point, businesses and other revenue-earning organisations would be scratching their heads as they tried to work out how efficiency, effectiveness, staff motivation and productivity can be achieved without making the motivational link to revenue maximisation and without any credible attempt to boost Scotland's competitiveness and the value of its balance sheet. Indeed, the debate coincides with news that has filtered down to me from the International Institute for Management Development in Switzerland that it is dropping Scotland from its "World Competitiveness Yearbook". Such a move is certainly convenient, given that, otherwise, we would have received in March the IMD's annual reminder of the lack of a United Kingdom-level playing field and Scotland's lack of the comprehensive array of powers that it needs to compete effectively.

However, this year, the lack of IMD data is not the only problem. We still lack the Howat committee's report, and on Tuesday the Auditor General for Scotland qualified his report on the Government's efficient government initiative by saying that it was not possible to confirm the accuracy of the efficient government technical notes. In so doing, the Auditor General produced an elegant response that appeared to pull its punches while leaving the so-called efficient government initiative in tatters.

There is no doubt that real efficiency would have helped this year's budget; indeed, it should always have been a permanent and credible feature of Scottish government. There is also no doubt that the Howat report would have informed this debate, the scrutiny of the Finance Committee and the Audit Committee and a proper efficiency programme.

That said, I recognise that the process has one tangible benefit. Many people want to be part of a process of perpetual improvement in their own sphere of public sector endeavour. I am happy to say that we can build on that—and we intend, after May, to provide the leadership, methodologies and motivation to make that happen.

One budget issue that affects everyone in Scotland is Scottish Water. In last year's autumn budget revisions, the original £314 million that was to be available for Scottish Water in 2006-07 was reduced by £161.8 million to a net sum of £152 million. However, in schedule 3.8 of this year's budget documentation, the comparative figure for 2006-07 is not £152 million, but the original £314 million. As a result, we lack a true and fair view not only from the efficiency technical notes and the "Government Expenditure and Revenue in Scotland" document but from the budget documentation.

Such an approach Snopakes away the release of £161.8 million of capital back to the Executive

and the reallocation of some of those moneys to other organisations, such as Scottish Natural Heritage. That is an unacceptable attitude to accurate reporting. The whole approach needs to be beefed up, particularly given that people should understand that the £161 million came from their payments.

**Mr McCabe** rose—

**Jim Mather:** I will let the minister in, but first I will set the stage for him.

This is the point in time when the Executive tells us that everything in Scottish Water is fine. It says that Scottish Water is okay because the Finance Committee and the Audit Committee say so. I put it to the minister that the majorities in question were the result of either members not getting to grips with the complexities of water industry finance or their excessive tendency to accept the sort of unproven assertion that no doubt the minister will now give us.

**Mr McCabe:** I am surprised at how lightly Mr Mather dismisses the Finance Committee and the Audit Committee of the Parliament, particularly given that he is a member of the Finance Committee.

The Water Industry Commission sets the framework for Scottish Water. It has now set Scottish Water's total expenditure and determined the capital expenditure that is required over the period 2006 to 2010. Lest the SNP yet again deliberately mislead people in Scotland, it is important to stress that Scottish Water has available to it every pound that the Water Industry Commission says that it needs—and that Scottish Water itself says that it needs. If Scottish Water needed an extra pound today, that would be made available.

**The Deputy Presiding Officer:** I will give you an additional minute to compensate, Mr Mather.

**Jim Mather:** Thank you, Presiding Officer.

I enjoyed the minister's speech but, unfortunately, it was very inaccurate. The reality is that Scottish Water is overcharging—the methodologies that encourage that are clear to see. That overcharging will continue because those methodologies will continue into the future, given the regulatory capital value approach that Ofwat is using down south, which is now being used up here. That approach is the reason why the money was released and why, in the accounts for the three years up to 31 March 2005, of every pound of capital expenditure, 87.7p was paid out from income from current water charge payers.

I put it to the minister that the approach that the Executive is taking with Scottish Water is a prime example of Executive mismanagement. Not only does its approach amount to a stealth tax, but it

has caused development bottlenecks and created disaffected communities. The Executive has created a cash cow that is ripe for privatisation by increasing Scottish Water's assets and holding down its debt. We are also talking about massive tax losses and about risk being topped up, particularly given the new regulatory capital value approach. Water charge payers and communities are now pointing the finger at Scottish Water. The regulatory capital value method has to be challenged, if not in Scotland, then in England. Instead of focusing on fixing leaks, that approach creates the false priority of building up new assets. When the people of England realise that, more pressure will be put on the Executive, Scottish Water, the WIC and all those who have been complicit in the confidence trick that has been perpetrated on the people of Scotland.

I will leave it at that, Presiding Officer.

15:32

**Derek Brownlee (South of Scotland) (Con):** Mr Mather made a point about the short amount of time that is devoted to debates on the budget process in the Parliament. It is also worth noting the low level of interest that is generally accorded to a process of such importance—not just by MSPs but by the media and the wider political community. There is something wrong when the spending of more than £30 billion seems to attract so little scrutiny both outwith and within the Parliament. The minister spoke about process improvements and it is clear that we need to look at how the process can be improved. If the minister brings forward any substantive proposals to aid the beefing up of the process, he will have our full support.

It is obvious that, in looking at the budget in this very short debate, we need either to focus on individual specifics or to take a broader approach. I will take the latter option. Our central argument on the budget, and on the record of the Executive, is not to say that the Executive has not presided over a significant increase in public spending in Scotland—we concede that it has—but to point up the significant increase in the level of money that is being wasted. That is a matter of very real concern.

If Executive ministers do not want to take my word for it, they can hear what their colleagues have said. The consultant contract—the cost of which is four times greater than predicted—is but one example of the way in which the Government has spent taxpayers' money without paying sufficient attention to what the money will buy.

On Tuesday, the Audit Committee considered Audit Scotland's report on the subject. The *Official Report* of the meeting is not yet available.

Thankfully, *The Herald* of yesterday is, and Margaret Jamieson is reported in it as saying:

"When I was in the health service these were things that were ongoing. It didn't take a truckload of cash to be up front for individuals to change the way in which they worked."

Not to be outdone, Susan Deacon is reported as saying:

"I think many groups within the health service and many other sectors could quite reasonably ask the question as to why it required such a substantial and costly change in terms and conditions ... I think some of these are actually quite marginal changes in improvements and practice."

Just in case we had forgotten that the situation is not exclusively the fault of the Labour Party, Margaret Smith added:

"That's a pretty good contract if you can get it. Get your workload reduced and your pay packet increased".

Indeed, but I ask Margaret Smith, "Who signed it?"

The problem is that we in Scotland have not paid sufficient attention to what we get for our public spending. We have spent far too much time talking about the quantum of public spending. In the Finance Committee on Tuesday, the minister conceded that there are further opportunities to deliver greater efficiencies in government—he will get no argument from us on that. More can be done, and more efficiencies can be realised. Better public services can be achieved by means other than simply throwing money at them. We can get better value for money, but we need the political will to do that.

There are many worthwhile initiatives in the budget documents with which we would agree, but given the levels of tax, spending and waste that ministers and Executive members seem to wear as almost a badge of honour, we cannot support the motion. There is a better alternative to the budgetary path that the Executive has chosen—one that pays much more attention to delivering value for money; that does not see an inexorable rise in the levels of spending as an end in itself; and that places much more emphasis on the quality of public services rather than the quantity of money spent on them. It is an alternative that the Executive has rejected for the past eight years, but in only a few weeks' time, the people who pay for all the services will have the opportunity to reject the Executive and, frankly, that cannot come a moment too soon.

15:36

**Mr Andrew Arbuckle (Mid Scotland and Fife) (LD):** In considering the Scottish Executive's budget for the forthcoming year, it would be beneficial to consider the wider economic situation in Scotland. With interest, I picked up the latest edition of the "Lloyds TSB Business Monitor",

which looks at the Scottish economy. Its verdict on the final quarter of 2006 was that

"This is the second best quarterly result"

of the past nine years, and the

"trend rate of growth identified in Scotland's economy during the summer has been sustained and even increased into autumn this year."

Further quotations from the document include:

"Growth is expected to come largely from new business ... Scottish claimant unemployment is near to its lowest level for thirty years ... The Scottish economy continues to grow above its trend rate".

Against that background, it is therefore easy to state that the increased level of funding from the Executive has helped to fuel the surge of economic activity. I accept that there is concern about the high level of public spending in Scotland, but a great deal of capital investment has been required after many years of infrastructure being allowed to wither. As far as I am concerned, the budget marks the latest successes for the Liberal Democrats in their role in the coalition.

The detail within the spending of £31 billion is bound to give rise to some criticism, especially from those who take a different view, but the impartial onlooker is now able to see positive changes across the board. In education, we have more teachers and more new schools, all heading towards the coalition objective of a better educated Scotland.

We also see positive changes emerging from our support for transport, especially the promotion of public transport. Many capital projects are now getting under way, despite lengthy delays in getting them on the road or, indeed, on the rail track. In my area, the reopening of the Stirling-Alloa-Kincardine rail line is going ahead, and other projects will help the train to take the strain, such as the park-and-ride facilities that are aimed at reducing the level of private car usage. The coalition always intended to increase its commitment to public transport, so those who are poring over the detail in the budget document will see that Scotland now spends two thirds of its transport budget on support for public transport systems. It is of particular interest to me that some of that money will go towards subsidising rural bus routes that would not otherwise be economically viable. Therefore, there has been a lot of benefit to the people of Scotland.

I know from first-hand experience that, last year, there was concern about the budget and the local government settlement. As the minister indicated, the financial allocation to local authorities has increased—that was announced in December—and some of the pressure has been taken off councils.

I am concerned that, with council elections under 100 days away, some councillors are looking as if they could be tempted to go for a 0 per cent increase in last year's council tax level. I hope that that has nothing to do with political posturing and something to do with the real issues that face local government.

Councils still face the added financial burden of introducing single status, which was supposed to be cost neutral. When other major issues such as changing demographics are taken into consideration, it must be acknowledged that, even with the increased allocations, local government is going through an extremely challenging period.

As the minister said, many councils have brought fresh thinking to their delivery of services and how to achieve their financial targets. Some of the old work practices have been binned and councils are now more focused on how they can best deliver all important services.

As a Liberal Democrat, I would like the financial rigour that councils have applied to be carried through to all other parts of government. The Finance Committee, of which I am a member, has been examining how the efficient government programme is working. That is essential to ensure that we get the due outcomes from taxpayers' cash investment.

As I said at the beginning of my speech, most services have received considerable extra financial support in the short lifetime of this Parliament. As we enter a period of greater financial stringency, we should demand positive results from that investment. We must ensure that the public sector in Scotland is as alert to efficiency as private businesses are.

In my view, the budget settlement is good for Scotland and for the people of Scotland, so I support the motion.

15:41

**Ms Wendy Alexander (Paisley North) (Lab):** I welcome the debate and commend the Budget (Scotland) (No 4) Bill to the Parliament. In keeping with past practice in such debates, I speak not in my capacity as the convener of the Finance Committee but as an individual member.

I begin by welcoming what the minister said in response to the Finance Committee's report on stage 2 of the budget process, the central recommendation of which was that local authorities should be treated more generously. We welcome the fact that the bill provides for the allocation to councils of an extra £250 million. There are improvements that could be made to the budget documentation, but it is more appropriate

for such detail to be discussed in depth by the committees.

Let me turn to the bigger picture. As other members have mentioned, the debate is about the authorisation of the expenditure of £28 billion, which will be the largest sum that has ever been spent on services in Scotland. That settlement reflects the stable economic climate that has been created in the UK and the secure financial arrangements that exist under devolution. Derek Brownlee was wise to observe that in such a debate, it is possible either to focus on the detail of line items or to take a broader approach to the budget-setting process. In the same vein, Andrew Arbuckle talked about some of the bigger issues.

It is astonishing that the principal Opposition party, which not only wants a budget with different content, but would turn upside down the process of setting the budget in Scotland in less than a hundred days from now, had not a word to say about it. The Scottish National Party told us all about Scotland's position in some obscure Swiss academic's league table and we heard a great deal about a single line item in the budget. Why is the SNP so coy? It wants to turn the entire system upside down. Instead of being so coy, it should tell Scotland's national Parliament about its system.

In the most recent finance debate, Alex Neil told us that he wanted pensions to be decided in Scotland. In vain I searched the SNP's website for a line describing how its new budget process for Scotland would treat pensions; there was not a single line on how the pensions system would operate in Scotland under the SNP. Moreover, we have not had a single statement from the SNP about how taxes might have to rise to meet its promises to pensioners, students and small businesses. We have been told nothing about how its promise to cancel public-private partnership contracts would set back infrastructure in Scotland and given no details of the proposals whereby businesses would be asked to prepare for 32 collection rates for local income tax. Imagine what it would be like if employers had to track changes in residency in a system that involved 32 different rates. No details have been provided on how the SNP would compensate local government for cutting its revenue base in half by capping local income tax.

It is quite extraordinary that although the SNP proposes that we should transform the basis of financing in Scotland, we have not had a line on how the process would work—no line on the SNP website and no line in the chamber today. We have not had a line on what services are in and what services are out, or on how the £10 billion gap—or, on the most recent figures, when oil is included, the £5 billion gap—would be covered.

**Jim Mather:** Does the member recognise that in five minutes she will struggle to produce a list, let alone allow the SNP to produce comprehensive answers? The Scottish Council for Development and Industry has today produced a document that says that the jury is out on the status quo and that GERS does not provide a credible basis for the debate. How does that fuel her argument? Where are the foundations for her argument?

**Ms Alexander:** Last week, the Finance Committee had a debate that Jim Mather was not so keen to have. We asked every international expert we could find and heard that GERS is regarded as a state-of-the-art document. When it comes to the SCDI, it provides not a shred of evidence for the argument that Jim Mather has been promoting that constitutional change and tax devolution would inevitably lead to growth. The rest of us would love to debate the SNP proposals, but we only ever get a budget when the oil price is high and we never get a proposal on how the SNP's plans for financing Scotland would work, 99 days from now, under devolution.

The people of Scotland deserve better. It is not serious politics to say to Scotland that it should hand over health, education and police services to the mercy of a financing system about which the SNP cannot even provide a one-page guide, much less a motion or indeed a speech. We look forward to hearing one later today.

15:47

**Mark Ballard (Lothians) (Green):** Here we are again. The last time we had a debate on the budget process, we had the graveyard slot immediately before we broke up for the Christmas recess. This time, although it is not in a graveyard slot, the debate still has some of the atmosphere of the graveyard. Derek Brownlee made a valid set of points about why there is so little apparent interest in the debate. There is no one up there in the press gallery and I doubt that there will be anything in the papers tomorrow. We are spending a vast amount of money—as Wendy Alexander said, the largest amount of money ever spent on services in Scotland. I presume that that was why Wendy Alexander decided to go for the approach of a little light nat bashing to fill in her six-minute allotted slot.

All that is because the budget is quite difficult to discuss. Looking through the details of the budget, and its various sections, we see that it is quite hard to construct a debate about the budget. If we consider the budget for transport—my other portfolio—it looks as though rail funding has received a major financial boost this year, which would be very welcome. However, although it looks like a boost, it is not in fact new money; it is simply a transfer of funds from Westminster to

Holyrood. There are still anomalies in the wider public transport budget in Scotland. Two years ago, Robin Harper raised with the First Minister the question why the road haulage modernisation fund is in the public transport budget. I have no doubt that road haulage modernisation is a good thing—something of which I have no doubt we need more—but road haulage is not public transport and yet it still appears in the budget as public transport.

Andrew Arbuckle praised the fact that two thirds of spending in the transport budget is now on public transport. It depends which figures we include in transport. If we include the £517.8 million that goes into motorway and trunk road capital charges, the share of public transport falls. If we exclude it from the transport budget—hey presto!—we have the high figure for public transport to which he referred.

We could have a debate about capital charges, although it might attract even less interest than today's debate has. The problem with the budget is that it is not a full budget, partly because it covers only expenditure and not how we generate income. In its current form, it covers huge areas and there are huge discrepancies.

There is also a problem with the link between the budget and what happens on the ground. The budget mentions

“developing and delivering anticipatory care for those ‘at risk’ wherever they live”

and

“increasing health care services delivered in disadvantaged communities”.

That is welcome. However, a few weeks ago, I hosted a members' business debate on community health, which is anticipatory care, and in that debate we heard that community health projects in Scotland face a massive funding crisis. Greater Glasgow and Clyde NHS Board's funding for community health has been cut by up to 50 per cent. How can we reconcile that with the fact that millions of pounds are being pumped into the health service? We do not have the links and the clear targeting that would ensure that the money that we vote for the health objectives in the budget—such as anticipatory care, which the minister will no doubt talk about—results in things being delivered on the ground.

The Finance Committee also heard about the failure to reconcile the budget with what happens as a result of Executive legislation. The budget proposes an additional £106 million for two new prisons in Scotland to deliver the extra prison places that are required, but recent Executive legislation is set to increase the number of prisoners by more than 1,000. The cost of that increase cannot be met from the limited funding

for prisons. The solution is not to build yet more prisons but to look at another budget line. We spend only £12 million on reducing reoffending. The gap between the expenditure on prisons and the minimal expenditure on reducing reoffending shows us where we need to spend the money.

At present, the Executive's legislation is outstripping its budget. If the Executive truly wants to tackle persistent reoffending, it should concentrate not on warehousing offenders in prisons but on the reducing reoffending agenda, which is starved of funding. It should focus on parole and the supervision of prisoners when they leave prison and get out into the community. Those areas still lack funding.

I move on to one of my favourite topics in this area of debate. Sustainable development is a cross-cutting theme that appears in every budget document, but we still cannot tell what impact the cross-cutting themes have on spend. What difference does it make that there are fine words about sustainable development in the foreword to the budget? We cannot tell from the documents what departments have done differently, what changes they have made, or what re-evaluation has taken place in departments due to the cross-cutting themes. That is why the budget process and debates on the budget are so frustrating. We cannot see the impact of what we vote on in real changes on the ground or real changes in ministerial and departmental spending.

As Derek Brownlee said, there is lots of good stuff in the budget. We can all vote to support much of the spending. However, I hope that we will begin to rethink the ways in which we spend the money and evaluate where it is spent so that we can see the outcomes and not merely the outputs. If we do that, we might have a budget process that gets the audience that it deserves.

15:54

**Bill Aitken (Glasgow) (Con):** I agree with quite a lot of what Mark Ballard said. He built on Derek Brownlee's point that the way in which we handle the budget process in the Scottish Parliament is perhaps a little questionable. After all, £30 billion is hardly a mere bagatelle. There are many priorities in the budget and many of the decisions are highly political. Perhaps we should look for a way to debate the budget more intensively than it is debated under the present system. It is clear that we cannot debate expenditure line by line in the way that is possible in local government, but the picture that has been brought before us consistently since 1999 is far too broad to be sensible.

**Mr McCabe:** As I said earlier, I concur with the desire to introduce more rigour and transparency

into the process. However, the member is in danger of undermining the good efforts that go on in committees of the Parliament. The subject committees have an opportunity to examine in detail the budget for particular portfolios and report back to the Finance Committee. Work is going on in the committee system to try to ensure that committees take that work more seriously in the future, but good work is being done in the Parliament, by the Finance Committee and other committees. Although we should express our desire for improvement, we should not undermine the many hours of work that many members do.

**Bill Aitken:** I acknowledge that good work is done, but the fact is that we are painting with an extremely broad brush and some of the expenditure could bear more critical examination.

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

**Bill Aitken:** Let me proceed for a while.

I am pleased to hear the minister's comments about transparency but, unfortunately, they do not hang well with the fact that the Howat report has still not been brought before the Parliament. How can the minister speak about transparency when the Howat report is being deliberately concealed and held back from the Parliament and the Scottish people until after the next election? I do not know what the report contains, but we in the Parliament have the right to know.

One or two worrying little features can be detected elsewhere. Audit Scotland's report "The Efficient Government Initiative: A progress report" casts doubt as to whether the efficiency savings, which have been much trumpeted by Mr McCabe and others, are as effective as they might be. The report states that the Executive must do more

"to provide assurance on the level of savings ... and their impact on service delivery."

The one way in which he could provide that reassurance is to let us see the Howat report, but he will not do so.

**Mr McCabe:** I am sorry to intervene again, but does the member accept that the Auditor General for Scotland also said that the efficient government initiative represents the most comprehensive attempt to embed efficiency into government for a considerable time?

**Bill Aitken:** He did indeed, but with the caveat that the auditors were concerned about the way in which some efficiencies have been calculated. For example, the Executive claims that, in local authorities, savings of £122 million have been achieved, but the auditors described the approach that was taken in calculating the savings as being insufficient to guarantee their validity, which is worrying. At the end of the day, we may have

nothing to worry about, but we should be given the full picture and, until that happens, debates such as this will take place in a vacuum. Another aspect that the Audit Scotland report highlighted was the reporting on absence because of sickness in the national health service. That reporting mechanism appears to be sadly lacking, on an issue that is potentially costing millions of pounds. We do not know the facts and the minister should give them to us.

We cannot support the bill and we will abstain in the vote on it today, for the simple reason that the Executive, and Tom McCabe in particular, is asking us to sign a blank cheque, which we are not prepared to do. We await the full facts.

15:59

**Mr Frank McAveety (Glasgow Shettleston) (Lab):** I welcome the opportunity to commend the bill to the Parliament, as other members have done. Members have touched on key points in the bill and commented that we have had a chance to amplify the issues on a number of occasions. It is tempting to revisit some of the debates that we have had, so I will rush in headlong and touch on issues that I have raised before.

The first is the broader context within which the bill operates, which Wendy Alexander highlighted. The employment level in Scotland is now markedly better than it has been for generations and the level of unemployment in all constituencies in Scotland is markedly lower than it has been for years.

Today a report from the Institute for Public Policy Research—more credible than the report mentioned by Jim Mather—identified the ways in which the experiences of many Scottish constituencies have changed over the past 10 years.

The budget identifies key areas for investment. Most members in the chamber would agree that we will have to continue to invest in education and skills. Investment in higher and further education has been increasing year on year. I note with interest a recent report on ways of leveraging in more money to early years education. I hope that the Executive will take that on board after May. The spending review will have to address long-term investment in young people's lives; investment in the early years will be part of that.

In my parliamentary area, another important investment is capital infrastructure investment. Again, such investment has been increasing year on year. I hope that all the members on my side of the chamber will be returned with substantial majorities but, irrespective of the result of the election in May, there will have to be a debate on major investment in the M74. That investment will

be critical for the east and south-east of Glasgow and it must not be used as a bargaining counter in debate by my very gentle friends in the Green party or in any other party. Economic growth is one of the key themes of the budget and investment in the M74 could unlock the great potential within the east and south-east of Glasgow.

The Experian report has been part of the budget process in the past couple of years. It says that we can have greater improvements in the productivity of the public sector, and that we can experiment with innovative ways of raising revenue for the public sector. Those were fairly legitimate points.

I note with interest that one local authority—my own—has announced a council tax freeze. Council tax was meant to be a major cause for the SNP in the forthcoming elections, but who is the first to criticise that commitment by Glasgow City Council? Not a citizen of Glasgow, not even someone in reasonable proximity to Glasgow, but the mighty David Alexander of Falkirk Council. He said that it was nothing but an election bribe. If even a leader of an SNP authority cannot recognise a tax freeze when he sees one, there will be great difficulties for future generations of councillors involved with the SNP.

Furthermore, any of us who have been involved in local government will remember the shocking idea of centralising the decision-making process of local government so badly that people in this chamber would determine council tax levels for local authorities across Scotland through a capping procedure. Many of the other parties in here have opposed that idea consistently since it was presented as part of local government policy in the 1980s under the Conservative Government.

The minister was right to say that the efficient government drive is a continuing process. The Finance Committee continues its vigilant assessment of that process, and we feel that much more can be done with efficiency drives.

Today at the annual general meeting of Epilepsy Scotland, we heard about an example of efficiency. A speaker told us about the use of telemedicine to offer access to neuro consultants for the assessment of individuals with epilepsy. Rather than staying with the old way of waiting eight, 10, 12 or 14 months for an assessment, telemedicine ensures that waiting times can be broken through and that people can receive appropriate assessment and care.

Telemedicine does not require a lot of money; it requires more efficient use of resources that are already in place. We have to connect with a changing public. The speaker at the meeting asked whether anyone did not have access to a television, or a mobile phone, or a digital camera,

or any other form of modern technology. Only one or two people could put their hands up to say that they had no access to any of those items. The vast majority of Scottish citizens have access to them, and that fact could transform the way in which we deliver services. Even in health, one of our areas of biggest spending, there can be more efficiency.

I want to talk about what we have to look forward to. The most recent alleged recruit to the SNP's campaign for a change in the way in which Scotland is governed is Crawford Beveridge. According to newspaper reports last week, he would be sympathetic to the party's ideas. However, on financial independence for Scotland, even Crawford Beveridge said that it

"could potentially plunge the place into recession, because it is unlikely that the total tax take would be as much as Scotland currently receives under the Barnett formula."

If a new recruit to the campaign is so sceptical, how can we trust anything that the SNP has said in the debate?

I commend the bill and look forward to a continuing, stable financial arrangement with the wider UK, in which we in Scotland prioritise as we see fit.

16:05

**Mr David Davidson (North East Scotland) (Con):** I am sorry to say that this is the eighth budget debate that I have sat through, but nothing seems to have changed in principle.

In his opening speech, the minister made some fair comments. We agree that the process is not transparent—we have been saying that for the past eight years. I liked even better his comment about transparency, when he said that he wants to "shine a brighter light" on the budget information. We have all been trying to achieve that for the past eight years, but I have not seen a lot of results. However, I agree that ministers work well with the Finance Committee. The relationship is always wonderful, but when Parliament debates the budget there is little in the debate because of the timescale.

The minister talked about the work of the subject committees. Committees are rushed. The Justice 1 Committee and the Justice 2 Committee came together to consider the budget, but even though we had an advisor we struggled to pick an area that we could consider in depth. The general view of members of both committees after two or three meetings was that we did not have enough time to do more than pick one issue, to which we would try to give reasonable consideration. To be fair, the Minister for Justice came along and gave a fairly robust account of the Executive's position on the area that we had picked. However, even if we

add up all the areas that committees scrutinise, we still do not have enough to go on.

We all know that the press are interested only in headlines; that is their job, but we cannot go on hiding reports such as the Howat report.

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

**Mr Davidson:** In a minute.

Is the local government distribution formula fair to councils? We are not arguing about how much money has gone out. There might be a lot of money in the pot, but it all seems to end up in the central belt, if we consider the councils that are spending more than their grant-aided expenditure. I am talking about an individual council exercise, not just a glossy, over-the-top exercise by the Convention of Scottish Local Authorities.

The minister did not talk about efficiency at the beginning of his speech, although he mentioned it eventually. Members have asked what the efficient government programme really means. Derek Brownlee was right to say that the programme should be about outcomes and not just about how much is spent and the size of the cheque. What are we getting for our money? Where is the value for money? If ministers reported back to Parliament on outcomes, value for money and potential savings, we would have a productive debate.

**Mr McCabe:** I could not agree more. We have expressed on a number of occasions our determination to move as fast as we can to a more outcomes-based approach. It is interesting that the focus is on outcomes. When we began the initiative and people thought that we would not meet the targets that we had set, the focus was on outputs. Now that we have met—or are very close to meeting—the financial targets, the goalposts seem to have been shifted. However, I am glad that they are shifting in the right direction.

**Mr Davidson:** I am on the record in the Finance Committee throughout the first session of Parliament talking constantly about outcomes, rather than spending. Spending figures can give a false impression. The public initially think, "Things will get better, because there is extra money. We'll get to see the doctor quicker and there'll be a dentist somewhere or other," and so on. However, that has taken time. I am happy that the minister is talking about outcomes and not outputs, because the public are interested in outcomes. If we knock on doors, we meet people who say, "Why can we not get such and such a service? All this money is running about, but where has it gone?" Of course, that brings us back to waste.

Councillor Arbuckle, as I think he prefers to be called these days, said that the Lib Dems could take the credit for high spending. I note that in the

past few debates on financial matters, the Minister for Finance and Public Service Reform and Deputy Minister for Finance and Public Service Reform have not sat together. Even now, the Minister for Parliamentary Business is sitting between those two ministers, to stop them arguing—I welcome her to the debate.

In fairness, Mr Arbuckle did mention single status. I seem to recall everybody being told that there would be no costs involved, but representatives of every council in Scotland wrote in to say, “Yes, there will.” That is just one of those things. The best comment that Mr Arbuckle made was to ask why the rigour that is imposed on local government not imposed on Government departments.

**Margo MacDonald (Lothians) (Ind):** Am I correct in deducing from what Mr Davidson says that he is prepared to confer special status on Edinburgh because of the outcome of expenditure in the city, which results in a growth rate of twice the Scottish average, I think?

**Mr Davidson:** I do not think that I said anything as simplistic as that. Aberdeen City Council and Aberdeenshire Council have a very low tax base and they do not do well. [*Interruption.*] They must spend more than their GAE year on year. Aberdeen City Council has a structural deficit of £20 million. The Minister for Finance and Public Service Reform can shake his head if he likes, but I got that figure from the leader of the council, the finance director and the chief executive last week. They showed us the figures.

I was interested in Wendy Alexander’s new approach to the big picture—which is all we really have time for in such debates. I am sorry that I did not take Mark Ballard’s intervention—he has now vanished—but he, too, spoke about outcomes and referred to a funding cut in community health. [*Interruption.*] The voluntary sector is desperate to get money to deliver things that it does on behalf of the Government. It was all summed up beautifully in a wonderfully good unionist speech by Frank McAveety.

**Mr Arbuckle:** Perhaps Mr Davidson can explain why, if there are so many things wrong with the budget, we have had an indication from the Tories that they are going to sit on the fence on the issue.

**Mr Davidson:** It is very simple. There is not enough evidence to support anything, not enough facts are put on the ground and there are not enough explanations. All we have is a list of spending with nothing about outcomes. The two parties that occupy the middle of the chamber—they seem to be two different parties now—do not even agree with each other, yet we are supposed to have faith in the Executive’s budget. Mr Arbuckle should get a life.

**The Deputy Presiding Officer (Trish Godman):** I remind members that their mobile phones should not be switched on.

16:12

**Alex Neil (Central Scotland) (SNP):** David Davidson said that, in the eight years of holding this debate, not much has changed. With all due respect, that could be said of his speeches. I reassure Frank McAveety that the incoming Administration following the election of 3 May will complete the M74. We are totally committed to that, and we will see it completed no matter what negotiations we have to enter into.

I thoroughly enjoyed the latest, and very entertaining, instalment in Wendy Alexander’s campaign for the Labour leadership once Jack McConnell is sacked following the election.

**Ms Alexander:** Will the member give way?

**Alex Neil:** It is okay—I will let Wendy Alexander in soon. I was not winding her up deliberately. I was interested to note that, last week, according to the Labour Party, the alleged black hole in the budget was £11 billion. This week, Wendy says that it is £10 billion. There are 14 weeks to go until the election. At that rate of decrease, by the time we get to polling day there will be a structural surplus of £4 billion a year.

**The Deputy Minister for Finance, Public Service Reform and Parliamentary Business (George Lyon) rose—**

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

**Alex Neil:** Who do I take first? I will take George Lyon first.

**Ms Alexander:** He should take an intervention from—

**Alex Neil:** I will take an intervention from Wendy Alexander first. Come on, Wendy.

**Ms Alexander:** Thank you very much. On the matter of leadership, I would simply say “pots and kettles”. On the matter of the size of the deficit, we really are interested in the Scottish National Party’s estimate of the black hole for 2004-05, and we will ask the SNP about it every day for the next 99 days. The question to which we want to know the answer is whether the SNP will publish its plans for how it will change the budgetary system in Scotland under devolution, so that Scotland knows what it will be voting on. Will the SNP do that? Yes or no? It has had no plan for three and a half years. There are 99 days to go. Will we have a document on how the SNP’s financing system will work under devolution?

**Alex Neil:** I was hoping for an intervention, rather than a speech. The first major change that we will make is that the new Executive's finance minister will be responsible for all revenue raising, as well as all expenditure. That is by far the biggest and most productive change that we can make.

In answer to the second question, there is no black hole. Let us go through the so-called black hole. GERS starts with £11 billion, it ignores the oil money, it then includes a deliberate mistake—an accounting error, which has been admitted—of £300 million and it also allocates to Scotland a payment of £400 million for English prisons. We know that John Reid is in charge of English prisons—well, we think he is—but it is a bit unfair to allocate the spending for them to this Parliament. Further, GERS takes out our share of Gordon Brown's deficit in the United Kingdom and the mistakes in corporation tax revenue, which result in the document suggesting that we get only £2.4 billion, despite the fact the top companies in Scotland, put together, make profits of about £24 billion a year.

**Bristow Muldoon (Livingston) (Lab):** Will the member give way?

**Alex Neil:** I will not give way to Mr Muldoon as he has only just come into the chamber.

When we add all the figures up, we can see that, far from there being a structural deficit, Scotland will be in surplus.

**Margo MacDonald:** If the Scottish National Party is sitting in the middle seats in the chamber after May, will it ensure that Edinburgh gets special capital status in terms of funding?

**Alex Neil:** We have always recognised the special needs of Edinburgh as a capital city. I am absolutely sure that the additional money that is required by the capital city of what will be not only a nation but a nation state will be recognised. When we win the referendum, Edinburgh will be one of the capitals of the nation states of Europe.

As I was saying, far from there being the structural deficit that Wendy Alexander talks about, there would be a surplus.

I direct members' attention to the share of money that is allocated to us as our share of defence expenditure. Our share of the cost of defence is 8.9 per cent, which includes our share of the cost of nuclear weaponry, the illegal war in Iraq and the illegal war in Afghanistan. However, only 5.5 per cent of that money is spent in Scotland. If our share was spent in Scotland, it would be creating many more jobs in Scotland and this country would be far better off. Of course, GERS does not take that into account.

**George Lyon:** I take it that Mr Neil is implying that he will defend only the constituencies that have a Ministry of Defence base in them. That is what he is saying if his position is that it is only the defence spending that occurs in a constituency in which there is a defence base that he is willing to take into account. He is saying that none of the benefits of the wider defence budget accrues to Scotland. That is complete and utter nonsense.

**Alex Neil:** For a deputy finance minister, Mr Lyon does not have much of a grasp of what I have just said. I said that our share of the money that is wasted on nuclear weapons will be spent in Scotland on schools, hospitals, education and housing. On current figures, that amounts to between £700 million and £800 million a year. That substantial additional investment in essential services in Scotland will mean that we will not resort to the expensive Tory policy of using private-finance initiatives, which is practised by the Executive. We will save £110 million a year just by getting rid of PFI and by more wisely funding investment through far better methods.

Unfortunately, I do not have time to finish my little lecture, but I am happy to do so after the vote.

16:19

**The Deputy Minister for Finance, Public Service Reform and Parliamentary Business (George Lyon):** This has been an interesting debate. It is quite interesting to note that, in the various speeches, there seems to be some agreement about the Executive's spending plans for 2007-08.

**Margo MacDonald:** I ask my question in that spirit of all-round agreement. We know that the Tories are not going to give Edinburgh the money that I am asking for, but does the Scottish Executive intend to recognise the special status of Edinburgh in Scotland, and the contribution to the economy that it makes, by giving us capital city funding and status?

**George Lyon:** That is already recognised through our cities growth fund, and much extra spending is devoted to Edinburgh to ensure that its capital status is reinforced and that it gets the proper resources to invest in its future.

I hope now to make some progress. As no amendments were lodged to the budgets, I conclude that not only are we all agreed on the need for the bill but that we seem to have some measure of agreement on the detailed contents. I note that our Conservative colleagues are undecided about that, although they have not put forward any alternative proposals—they are just undecided.

**Derek Brownlee:** On the subject of fence-sitting, the Deputy First Minister told *Scottish Business Insider* magazine in October—

**George Lyon:** I am actually deputy finance minister.

**Derek Brownlee:** I would apologise, but I am talking about the Deputy First Minister. He told *Scottish Business Insider* magazine that a further cut in business rates and

“a lower basic rate of income tax would give businesses a real competitive edge.”

The deputy finance minister told Parliament a few weeks ago:

“The only proposal that Nicol Stephen has made is to cut business rates”—[*Official Report*, 10 January 2007; c 30895.]

Is that fence-sitting or flip-flopping?

**George Lyon:** What I stated was the current position, and the member will see the detail in our manifesto once it is published. I have no doubt that he will be delighted to read it.

Members have raised a number of important issues during the debate, and I will try to address some of them now.

Mr Mather said once again that there is a great need to make Scotland more competitive and, as the SNP always says, that more powers are the answer to making Scotland more competitive. I am sorry, but the important point is not the powers but the policies that it would implement if it ever got those extra powers. As Wendy Alexander pointed out, with roughly 100 days until the election it would have been helpful if the SNP had told us what its post-election fiscal policy would be. As Mr Neil has now confirmed—this is what I understood from his speech—we will be independent from day 1, which obviously means that the SNP has dumped the pledge on a referendum.

**Jim Mather rose—**

**George Lyon:** Given that we now know that monetary policy will be reserved to, and interest rates set by, the Bank of England, the only tools that are left to the SNP to make the economy more competitive are fiscal. We have heard that it intends to cut corporation tax, although it has not told us how it will afford that. It might be useful—given that fiscal policy will be its only tool—if it were to tell us what the individual tax bands, national insurance contributions and inheritance tax will be, so that we can see what fiscal framework this competitive Scotland will emerge with.

**Jim Mather rose—**

**George Lyon:** As I said, the SNP has given monetary policy to the Bank of England. It might

have taken the time to explain how that might work. How will the Bank of England’s independent monetary committee take into consideration the needs of Scotland when Scotland is no longer part of the United Kingdom? That is a conundrum that Mr Mather and Mr Neil might have spent some time on, but there was not a word—complete silence.

**Mr Davidson rose—**

**George Lyon:** Mr Davidson might have something to offer.

**Mr Davidson:** The minister is hazarding some guesses. As the SNP is totally dependent on oil and as the oil west of Shetland, which will be the future, will be three or four times as expensive to exploit, what does he think that the SNP will do with tax rates to make up for that loss?

**George Lyon:** When Mr Robertson was across in Norway, he gave the game away: higher taxes for Scotland. However, it would have been interesting if we had been given some indication today of what those taxes might be. Indeed, when I asked whether there would be Irish spending levels and Scandinavian tax levels, Mr Mather said that we would choose our own tax levels. They would be Scottish ones, but what are they? Please tell us. It is 100 days to independence, according to Mr Neil, and we have heard not a word. Mr Mather will tell us.

**Jim Mather:** I thank the minister for finally taking an intervention. I put it to him that there is a double standard, because when we ask him for details of his proposals, he tells us to wait for the manifesto. The minister should wait for our manifesto.

**George Lyon:** We are not promising independence on day 1 after the elections in May 2007—that is great difference between the two of us. As I said, there has not been a word from either Mr Mather or Mr Neil about how on earth the Bank of England will take Scotland into consideration when it will have suddenly become independent. That is a pretty far-fetched proposition in anyone’s terms.

I know that Mr Neil is a big fan of moving quickly towards the euro, but even that seems to be growing a little cool, according to our good friend Mr Salmond, who spends much time down south.

As Wendy Alexander said, the SNP might even say how it would replace private finance when it scraps the private finance initiative. How many of the schools that are being built under PFI will be stopped in their tracks? Where will the money come from? Will it be on book or off book? That is the key question if PFI is to be replaced.

We could have had some enlightenment on a whole lot of questions, but the SNP is reticent about telling us exactly what its plans are,

although it can tell us that it will spend £1 billion on pensions. It will be interesting to hear how all that will be done.

Several members, including our friends in the Conservatives, have said that we must ensure that we spend the money in the right way and that we obtain the best value for every pound that we spend. We agree, which is why we introduced the efficient government agenda. According to the Auditor General's report, we are making good progress on that.

It is worth stressing that the budget is important because of the impact that it will have. It will allow us to deliver our ambitious plans for 2007-08. The budget is a key part of the plans that were announced in the spending review in 2004. As we have said many times before, growing the economy is our top priority, and the budget will do just that. It will deliver excellent public services, support stronger, safer communities and develop a confident, democratic Scotland.

**Alasdair Morgan (South of Scotland) (SNP):**

On a point of order, Presiding Officer. At the beginning of his closing speech, the deputy minister said that the fact that Opposition parties lodged no amendments suggested that there is some satisfaction—I think that he used that term—with the bill. Will you confirm that—whatever else it means—our having lodged no amendments means no such thing because standing orders allow only ministers to lodge amendments to a budget bill?

**The Deputy Presiding Officer:** Apparently that is true not for amendments to the motion, but for amendments to the bill.

**Alasdair Morgan:** That is what the deputy minister meant.

Arbuckle, Mr Andrew (Mid Scotland and Fife) (LD)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baird, Shiona (North East Scotland) (Green)  
 Baker, Richard (North East Scotland) (Lab)  
 Ballance, Chris (South of Scotland) (Green)  
 Ballard, Mark (Lothians) (Green)  
 Barrie, Scott (Dunfermline West) (Lab)  
 Boyack, Sarah (Edinburgh Central) (Lab)  
 Brankin, Rhona (Midlothian) (Lab)  
 Brown, Robert (Glasgow) (LD)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Crawford, Bruce (Mid Scotland and Fife) (SNP)  
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)  
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Fabiani, Linda (Central Scotland) (SNP)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Finnie, Ross (West of Scotland) (LD)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, Marlyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Gordon, Mr Charlie (Glasgow Cathcart) (Lab)  
 Gorrie, Donald (Central Scotland) (LD)  
 Grahame, Christine (South of Scotland) (SNP)  
 Harper, Robin (Lothians) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 Henry, Hugh (Paisley South) (Lab)  
 Home Robertson, John (East Lothian) (Lab)  
 Hughes, Janis (Glasgow Rutherglen) (Lab)  
 Ingram, Mr Adam (South of Scotland) (SNP)  
 Jackson, Dr Sylvia (Stirling) (Lab)  
 Jackson, Gordon (Glasgow Govan) (Lab)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Kerr, Mr Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lochhead, Richard (Moray) (SNP)  
 Lyon, George (Argyll and Bute) (LD)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Macintosh, Mr Kenneth (Eastwood) (Lab)  
 Maclean, Kate (Dundee West) (Lab)  
 Macmillan, Maureen (Highlands and Islands) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)  
 Mather, Jim (Highlands and Islands) (SNP)  
 Matheson, Michael (Central Scotland) (SNP)  
 Maxwell, Mr Stewart (West of Scotland) (SNP)  
 May, Christine (Central Fife) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McCabe, Mr Tom (Hamilton South) (Lab)  
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)  
 McFee, Mr Bruce (West of Scotland) (SNP)  
 McMahan, Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)  
 McNeill, Pauline (Glasgow Kelvin) (Lab)  
 McNulty, Des (Clydebank and Milngavie) (Lab)  
 Morrison, Mr Alasdair (Western Isles) (Lab)  
 Muldoon, Bristow (Livingston) (Lab)  
 Mulligan, Mrs Mary (Linlithgow) (Lab)  
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)  
 Neil, Alex (Central Scotland) (SNP)  
 Oldfather, Irene (Cunninghame South) (Lab)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Pringle, Mike (Edinburgh South) (LD)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)

**The Presiding Officer:** The next question is, that motion S2M-5441, in the name of Tom McCabe, that the Parliament agrees to the general principles of the Budget (Scotland) (No 4) Bill, be agreed to. Are we agreed?

**Members:** No.

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

**FOR**

Adam, Brian (Aberdeen North) (SNP)  
 Alexander, Ms Wendy (Paisley North) (Lab)

Radcliffe, Nora (Gordon) (LD)  
 Robison, Shona (Dundee East) (SNP)  
 Robson, Euan (Roxburgh and Berwickshire) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)  
 Scott, Eleanor (Highlands and Islands) (Green)  
 Scott, Tavish (Shetland) (LD)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stevenson, Stewart (Banff and Buchan) (SNP)  
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)  
 Sturgeon, Nicola (Glasgow) (SNP)  
 Wallace, Mr Jim (Orkney) (LD)  
 Welsh, Mr Andrew (Angus) (SNP)  
 White, Ms Sandra (Glasgow) (SNP)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Wilson, Allan (Cunninghame North) (Lab)

#### **AGAINST**

Byrne, Ms Rosemary (South of Scotland) (Sol)  
 Curran, Frances (West of Scotland) (SSP)  
 Fox, Colin (Lothians) (SSP)  
 Kane, Rosie (Glasgow) (SSP)  
 Leckie, Carolyn (Central Scotland) (SSP)  
 Monteith, Mr Brian (Mid Scotland and Fife) (Ind)  
 Sheridan, Tommy (Glasgow) (Sol)

#### **ABSTENTIONS**

Aitken, Bill (Glasgow) (Con)  
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)  
 Brownlee, Derek (South of Scotland) (Con)  
 Davidson, Mr David (North East Scotland) (Con)  
 Douglas-Hamilton, Lord James (Lothians) (Con)  
 Fergusson, Alex (Galloway and Upper Nithsdale) (Con)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gallie, Phil (South of Scotland) (Con)  
 Goldie, Miss Annabel (West of Scotland) (Con)  
 Johnstone, Alex (North East Scotland) (Con)  
 McGrigor, Mr Jamie (Highlands and Islands) (Con)  
 McLetchie, David (Edinburgh Pentlands) (Con)  
 Milne, Mrs Nanette (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Petrie, Dave (Highlands and Islands) (Con)  
 Scott, John (Ayr) (Con)  
 Tosh, Murray (West of Scotland) (Con)  
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)

**The Presiding Officer:** The result of the division is: For 90, Against 7, Abstentions 18.

#### *Motion agreed to.*

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

**FINANCE COMMITTEE**  
**EXTRACT FROM THE MINUTES**

**3rd Meeting, 2007 (Session 2)**

**Tuesday 6 February 2007**

Present:

Ms Wendy Alexander (Convener)	Mr Andrew Arbuckle
Mark Ballard	Derek Brownlee
Gordon Jackson	Frank McAveety
Jim Mather	Elaine Murray

Apologies: John Swinney (Deputy Convener)

**2007-08 Budget Process:** The Committee considered a response from the Scottish Executive to the Committee's Stage 2 Report and sought further information from—

George Lyon MSP, Deputy Minister for Finance and Public Service Reform; and

John Williams, Head of Finance Co-ordination, Scottish Executive and John Nicholson, Finance Expenditure Policy Division, Scottish Executive.

**Budget (Scotland) (No.4) Bill:** The Committee considered the Bill at Stage 2. Section 1, schedules 1 and 2, section 2, schedules 3 and 4, sections 3 to 5, schedule 5 and sections 6 to 10 and the long title were agreed to without amendment.

## Budget Process 2007-08

10:33

**The Convener:** Our second item is consideration of the Executive's response to the committee's stage 2 report on the 2007-08 draft budget. I am delighted to welcome to the meeting the Deputy Minister for Finance, Public Service Reform and Parliamentary Business, George Lyon, who will answer any questions that members have on the Executive's response. He will stay on for our stage 2 consideration of the Budget (Scotland) (No 4) Bill. The minister is accompanied by John Williams, who is the head of finance co-ordination at the Scottish Executive, and by John Nicholson from the Executive's finance expenditure policy division.

Minister, do you wish to make any introductory remarks?

**The Deputy Minister for Finance, Public Service Reform and Parliamentary Business (George Lyon):** I have a couple of minutes' worth of comments, if that is okay.

**The Convener:** Do they relate to this or the next item?

**George Lyon:** I am sorry—they relate to the next item.

**The Convener:** Indeed—I suspect that you have no introductory remarks to make to your own response. This is, in fact, an opportunity for committee members to come back on various points. Although we have not been able to allocate questions in advance, the budget adviser's paper on the response sets out four questions that members might wish to ask.

**Mr Andrew Arbuckle (Mid Scotland and Fife) (LD):** The Executive's documents refer to cross-cutting issues sometimes as "themes" and sometimes as "priorities". What is the difference between the two terms? What does it mean in budgetary terms to identify something as a priority?

**George Lyon:** The Executive has clearly set out its top priorities many times. As far as cross-cutting themes are concerned, different areas of the budget contribute to certain themes that spread across different portfolios such as, for example, tackling environmental issues.

**Mr Arbuckle:** Where do themes and priorities sit in relation to each other? Do priorities come on top of themes? In other words, do you set out general themes and then establish specific priorities?

**George Lyon:** The priorities sit slightly above themes.

**Mark Ballard (Lothians) (Green):** If

“priorities sit slightly above themes”,

can you explain the difference between, for example, economic growth’s being presented as a priority and as a theme? Do you treat the theme of economic growth, which is also a priority, differently from other themes that are not priorities?

**George Lyon:** The simple answer to your question is that because economic growth is the Executive’s number 1 priority, we have concentrated a lot of investment on it. That is the reality of the budget that we have set.

**Mark Ballard:** So what does it mean for economic growth to be a theme as well?

**George Lyon:** In some ways, it is much the same. As I have said, economic growth has always been our number 1 priority. Our budget reflects that.

**Mark Ballard:** Has making economic growth a theme as well as a priority made any difference to Government planning? What is the point of stating economic growth as a theme if it is already a priority?

**George Lyon:** I am not sure about the rationale behind describing economic growth in both terms. I have always believed that the Executive’s priorities are those that we have set out and that the budget should reflect them. That is the case.

**The Convener:** The Executive response suggests that it might be moving back a bit from its indication at the time of the 2004 spending review, which was that although the process might not be comprehensive, there might be an attempt to put monetary values to the cross-cutting themes. The implication now is that there will be no such attempt. If that is the case, is it really appropriate to focus so much attention on cross-cutting themes? Would not it be better to explore cross-cutting priorities in a strategy document or within the terms of a partnership agreement? After all, it is a little unusual for budget documents to be dominated by a number of cross-cutting themes if there is no intention to attach monetary values to them. How will you approach that issue in the context of the 2007 spending review?

**George Lyon:** In his previous evidence and, indeed, in his response, the Minister for Finance and Public Service Reform has promised to re-examine that matter, which the committee has raised as an on-going theme at every discussion on the budget. The challenge is how we identify every sum of money that is linked to a particular theme. Obviously that is not easy. Perhaps we need, in the run-up to the 2007 spending review, to reflect on that and to think again about how to lay things out in the budget documents. It has

simply not been possible to hang every element of the budget on particular themes in order to enable the committee to scrutinise the contributions that specific sums have made. We might have to review our approach to the matter.

**The Convener:** That is helpful, thank you.

**Mark Ballard:** In its response to the committee’s report, the Executive says:

“cross-cutting themes are about how policies are made and how programmes are delivered.”

You said that you will consider how such information is laid out after the next spending review. Will there be an opportunity to ensure that ways in which changes in delivery methods have been influenced by cross-cutting themes are reported in the portfolio responses on those themes? Given that you acknowledge that the issue is not just the amount of money that is spent, but how policies are made and programmes are delivered, will information about policy delivery be included?

**George Lyon:** We will have to reflect on that. It is not for me to commit a future Administration to what it will do in the 2007 spending review, but the concerns that have been expressed will be taken into consideration by whoever sets the themes and priorities for spending post-2007.

**Jim Mather (Highlands and Islands) (SNP):** Good morning—[*Interruption.*] Eye contact would be helpful. [*Laughter.*]

**George Lyon:** I am glad that I am not the Minister for Transport.

**Jim Mather:** I am not sure that we have got to the nub of the problem. The Executive’s approach has been inconsistent: there was a desire to measure spending on cross-cutting issues, but you are not doing so. What is filling the gap? How do you explain your having rolled back on your commitment?

**George Lyon:** I am not saying that it cannot be done; I am saying that we have found it difficult to identify every piece of spending that is linked to a theme. That is not to say that no attempt will be made to flush out such information in the 2007 spending review. I am giving you a commitment that the matter is still being considered, but I am not in a position to make a commitment on how the next Administration will present its budget.

**Jim Mather:** This Administration has taken us round the houses. You are saying that what the Executive told us it planned to do cannot be done.

**George Lyon:** No. I am saying that it has proved to be difficult to achieve that objective. That is not to say that we are trying to walk away from it—

**Jim Mather:** Okay. We are being told that it is difficult to identify spending. The committee is also being told—including by our adviser—that identification of outcomes is difficult. Do you share that view?

**George Lyon:** That depends on the outcome that we are considering. In many areas, we can identify the significant progress that has been made by the Scottish Executive across the policy spectrum. I am sure that over the coming months we will argue about what has or has not been delivered.

**Jim Mather:** In the current circumstances, in which it is proving difficult to identify spending and—some people might argue—in which there is too much focus on spending, should the Executive have a stronger focus on outcomes? In the future, should it ask every budget holder to nominate outcomes that are thought to be in the public interest and monitor those outcomes?

**George Lyon:** We set targets in the 2004 spending review, which have been reported on. By and large, we have delivered on every target—eleven were set—apart from a small number. We will respond to the committee's questions about particular targets in due course.

**Jim Mather:** I did not use the word “target”—

**George Lyon:** There has been much discussion about outcome agreements in local government, which represent an approach that I think the committee supports. The model has been developed to ensure that that part of the public sector moves to a more outcomes-based approach, whereby a target is set in relation to what we want to be achieved and we then give local government the money and let it get on with the job in its own way and—we hope—deliver efficiently and provide value for money.

10:45

**Jim Mather:** Let me share a thought with you before this discussion concludes: you are conflating targets with outcomes, but many people regard them as being separate. Outcomes are what happen and we try to improve them progressively over time. Targets tend to be arbitrary and short term and there is a risk that budget holders might pervert what they do to meet targets. Rather than set targets, would it be better in the long term to develop outcome agreements in an attempt over time to improve outcomes in ways that are meaningful to Scottish taxpayers?

**George Lyon:** Targets for reduction in waiting times in the health service have led to outcomes that patients understand well. There is concern when such outcomes are not delivered, as I and other members know from our postbags. We

cannot say that targets and outcomes are necessarily different; in many cases they are the same. We say, “This is what the policy is designed to do and here's the money that we're putting behind it to deliver it.” Such outcomes are clearly measurable.

**Jim Mather:** Resources are, however, frequently drawn from other areas so that targets can be met, whereas other activity, which might have no effect on the target—

**George Lyon:** I guess that that depends on how broad the target is. There will always be arguments about targets that are thought to be too narrow. Some people argue that targets on waiting times sometimes distort other aspects of the health service, but I think that patients and the general public want the health service to deliver for them and they want access to doctors and operations in a set time, so it is appropriate to set targets in that regard. That is true in other areas.

**Jim Mather:** How many of your targets genuinely reflect outcomes?

**George Lyon:** A significant number.

**Jim Mather:** More than 50 per cent?

**George Lyon:** I cannot give you a figure now, but I am willing to reflect on the matter and get back to you.

**Jim Mather:** Thank you.

**The Convener:** I am aware of the time, given members' transport difficulties this morning. If there are no more questions, I thank the minister and his team for their comments on the Executive's response to the Finance Committee's report.

## Budget (Scotland) (No 4) Bill: Stage 2

10:47

**The Convener:** As members know, item 3 is the formal part of the budget consideration process. Members have a copy of the bill and a paper by the clerks on procedure. I draw members' attention to two points in the paper: first, only a member of the Scottish Executive can lodge and move an amendment to a budget bill; and secondly, it is not possible to leave out a section or schedule by disagreeing to it, because to do so would require an amendment to be lodged and moved, which could be done only by a member of the Executive. Before we begin the formal procedure, I invite the minister to make explanatory remarks on the bill. I will give members an opportunity to ask questions.

**George Lyon:** Stage 2 offers the main opportunity for the Finance Committee to scrutinise the detailed numbers in the proposed budget for 2007-08 and, in particular, to consider changes that have been made to the budget plans since publication of the draft budget last September. To assist the committee, I will explain some of the major changes. As would be expected, the figures are largely unchanged from the figures that were published in September. However, to facilitate understanding of differences between the two documents, we have for the first time included a new table—table 1.8—in the supporting document, which reconciles movement in departmental budgets.

Before I turn to the main changes in budgets, it is worth reminding members that the numbers in the budget bill are presented in a form that is rather different from the presentation in the draft budget. The usual differences arise from non-departmental public body resources and cash adjustments, the different presentation of the Scottish Water and national health insurance income budgets and the fact that the draft budget presents budget information by portfolio rather than by department. My officials and I will be happy to answer questions on any aspect that has caught the committee's eye, but I do not think that we will need to spend too much time on those areas.

I will now address the three most noteworthy changes to the figures in the document. First, members will have noticed a significant increase of almost £250 million in the budget for the Finance and Central Services Department. That is largely due to the increase in the revenue support grant that the Minister for Finance and Public Sector Reform announced on 13 December in response to the committee's wish that the local

government settlement for 2007-08 be augmented.

Secondly, there is an apparent reduction of almost £60 million in the Education Department's budget. That is due to the payment mechanism for the changing children's services fund and payment for some public-private partnership projects now being made via the revenue support grant for local authorities.

Finally, there is an increase of £19 million in the budget for the NHS and teachers pension schemes. That increase in funding is provided by HM Treasury. It reflects the growth in the pension schemes and the subsequent increases in the cost of the pension service and interest on the scheme liabilities.

The committee might have noted that a few departments have put resources into or withdrawn them from the central unallocated provision for 2007-08. The provision that has been treated in that way is set out in table 1.3 on page 4 of the supporting document. I draw members' attention to the negative figures against the Finance and Central Services Department and administration. They represent a draw-down in the next financial year of resources that are put into the CUP and carried forward from the current financial year.

I hope that members have found my remarks helpful in assisting with their consideration of the Budget (Scotland) (No 4) Bill. We are, of course, willing to listen to any suggestions that the committee has on how we can further improve the transparency of the budget process and the presentation of the information. I and my officials will do our best to answer questions, although we might have to write to the committee on some points, given that the bill covers a wide range of Scottish Executive departments.

**The Convener:** Thank you. Table 1.8 is a significant advance that will be welcomed in the next session of Parliament. You commented on some of the lines in it, but what is the reason for the apparent reduction of almost £1.4 billion in the health and community care budget?

**George Lyon:** That is a direct payment that comes to the health budget from the UK budget. It is national insurance receipts and it comes straight in, outwith the departmental expenditure limit budget.

**The Convener:** It is a remarkably high figure for national insurance. It is a significant figure—£1.4 billion out of an £8.8 billion budget. Of course, the cost of staffing in the NHS is significant, but given the magnitude of the figure it would be helpful if you could drop us a note on that.

**John Nicholson (Scottish Executive Finance and Central Services Department):** It is the Scottish health service's share of the take of

national insurance in the UK, which is redistributed back to Scotland. We fund most of the health budget, but some of it is funded by the income that we receive from national insurance. We show the Health Department's total expenditure in the draft budget, but when it comes to the bill we have to authorise the Health Department to retain the receipts from the UK. That allows it to fund some of its processes through national insurance receipts.

**The Convener:** So, by implication, there is no material change from the autumn.

**John Nicholson:** No. We spend the same—

**The Convener:** It is simply a restatement.

**John Nicholson:** Yes.

**The Convener:** I am checking the footnote, but it does not state that. The table is useful, but it might be helpful if, in the future, you could point out which changes are material and which are associated with such restatements. That information might be elsewhere in the document.

**John Nicholson:** It is, but we might need to make it clearer. In paragraphs 3 and 4 on page 1 we try to set out the main changes, but it might be better to put that information next to the table.

**The Convener:** A footnote to the table would be helpful.

I am anxious to move on, although I am the one who has asked questions. Are there any other questions before we move on to the formal proceedings?

**Jim Mather:** The information on the environment and rural affairs budget on page 17 shows gross expenditure on water services of £314.4 million in 2006-07, but I am aware that there was a repayment of £161.8 million that was not taken up by Scottish Water. Do you believe that the document gives a true and fair picture, given that the numbers have been adjusted during the year?

**John Nicholson:** The bill tries to provide a comparison of the starting budget in 2006-07 and the starting budget in 2007-08. There were lots of changes to all budgets during 2006-07, but we would be comparing different points in the two years if we picked a point in the current financial year to compare with the—

**Jim Mather:** So what do you consider to be actual—the starting position or what we finish with?

**John Nicholson:** The figure for 2006-07 was in last year's bill at this time last year.

**Jim Mather:** So the figure was deemed to be more appropriate to use, compared with what was actually spent.

**John Nicholson:** We have not yet reached the end of the financial year, so we cannot compare what has been spent. We do that through the accounts.

**Jim Mather:** In that case, a comparison could be made involving the money that is currently committed to be spent.

**John Nicholson:** Options are available to do that, but a spring budget revision will follow the autumn budget revision and the figures could change again. Therefore, we would pick an arbitrary point in the middle of the year rather than a final or a starting point. We thought that the most appropriate approach would be to compare the budgets at the same point in the year. However, if the committee thinks that another approach would be more appropriate, we will certainly listen to its suggestions.

**George Lyon:** It is important to point out that the Scottish Executive acts as Scottish Water's banker. Therefore, we are in some ways at the mercy of its ability to draw down and deliver the capital works that it has planned. Any delays must be reflected in adjustments that are made to how much it has drawn down from the Executive. The important point to note is that that money is still available for Scottish Water to draw down when the capital plans come back on track. It may look like Scottish Water has not drawn down money in the first place, but money will still be available for the capital plans in its four-year plan.

**Jim Mather:** I hear what is being said and understand that, from your standpoint, it seems to be logical to compare the starting budget in 2006-07 with the starting budget in 2007-08. However, anyone who arrives at the matter cold and discovers what has happened will be concerned that such an approach does not show a true and fair view of matters. Perhaps a comment should be made that there has been a change in that the 2006-07 figure was a starting point, but it no longer gives a true and fair view.

**John Nicholson:** I do not disagree, but we should consider the number of changes that are involved. We are talking about one body that is mentioned in the document. If what has been suggested had to be done for every department, the document would become unwieldy again.

**Jim Mather:** I understand the argument about causes and effects, but what I have described would be an appropriate way ahead. The current document does not give a true and fair view of what is happening.

**George Lyon:** You would get a much better picture of the movements of, and the reasons behind, the different figures if you considered outturn figures for the year rather than the budget. At some stage, the committee may want to reflect

on whether considering outturn figures for the financial year might be of value.

**The Convener:** That is a helpful suggestion. We may discuss that in the seminar on the budget process.

We now turn to the formal proceedings for stage 2 of the bill. Although no amendments have been lodged, we are obliged under standing orders to agree to each section and schedule of the bill and to the long title. We will consider the sections in order, but we will consider the schedules immediately after the section that introduces them and we will consider the long title last. Fortunately, standing orders allow us to put a single question on groups of sections or schedules that fall consecutively and I propose to do that, unless members disagree.

*Section 1 agreed to.*

*Schedules 1 and 2 agreed to.*

*Section 2 agreed to.*

*Schedules 3 and 4 agreed to.*

*Sections 3 to 5 agreed to.*

*Schedule 5 agreed to.*

*Sections 6 to 10 agreed to.*

*Long title agreed to.*

**The Convener:** That ends stage 2 of the Budget (Scotland) (No 4) Bill. I say goodbye to members of the press, as there will now be a discussion in private. Others will join us or remain with us for the seminar on the budget process.

*Meeting closed at 10:59.*



# The Scottish Parliament

## **Subordinate Legislation Committee**

**8th Report, 2007 (Session 2)**

**Budget (Scotland) (No.4) Bill**





# The Scottish Parliament

## Subordinate Legislation Committee

### Remit and membership

#### Remit:

1. The remit of the Subordinate Legislation Committee is to consider and report on-

(a) any-

(i) subordinate legislation laid before the Parliament;

(ii) Scottish Statutory Instrument not laid before the Parliament but classified as general according to its subject matter,

and, in particular, to determine whether the attention of the Parliament should be drawn to any of the matters mentioned in Rule 10.3.1;

(b) proposed powers to make subordinate legislation in particular Bills or other proposed legislation;

(c) general questions relating to powers to make subordinate legislation; and

(d) whether any proposed delegated powers in particular Bills or other legislation should be expressed as a power to make subordinate legislation.

*(Standing Orders of the Scottish Parliament, Rule 6.11)*

#### Membership:

Dr Sylvia Jackson (Convener)

Janis Hughes

Mr Adam Ingram

Mr Kenneth Macintosh (Deputy Convener)

Mr Stewart Maxwell

Euan Robson

Murray Tosh

**Committee Clerking Team:**

**Clerk to the Committee**

Ruth Cooper

**Senior Assistant Clerk**

David McLaren

**Assistant Clerk**

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# The Scottish Parliament

## Subordinate Legislation Committee

### 8<sup>th</sup> Report, 2007 (Session 2)

### Budget (No.4) (Scotland) Bill

The Committee reports to the Parliament as follows—

1. The Subordinate Legislation Committee considered the delegated powers provision in the Budget (Scotland) Bill at its meeting on 6 February 2007. The Committee reports to the Parliament on the provision under Rule 9.16.3 of Standing Orders.

#### General

2. The Bill makes provision for the Scottish Administration's budget for the financial year 2007/08. The Committee notes that, like its predecessors in previous years, the Bill contains one delegated power that permits certain parts of the Bill to be amended by Order.

#### Delegated power – Section 7: Amendment of the Act

3. Section 7 confers power on the Scottish Ministers to make adjustments to the figures in the Bill and to items in some of the schedules, by Order made by statutory instrument, to take account of changing circumstances throughout the financial year. Any such Order will be subject to affirmative resolution procedure.

4. **The Committee approves the power without further comment.**

**EXTRACT FROM THE MINUTES OF PROCEEDINGS**

**Vol. 4, No. 55      Session 2**

**Meeting of the Parliament**

**Thursday 14 February 2007**

Note: (DT) signifies a decision taken at Decision Time.

**Budget (Scotland) (No.4) Bill – Stage 3:** The Minister for Finance and Public Service Reform (Mr Tom McCabe) moved S2M-5551—That the Parliament agrees that the Budget (Scotland) (No.4) Bill be passed.

After debate, the motion was agreed to ((DT) by division: For 108, Against 5, Abstentions 1).

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

**The Presiding Officer (Mr George Reid):** The next item of business is a debate on motion S2M-5551, in the name of Mr Tom McCabe, that Parliament agrees that the Budget (Scotland) (No 4) Bill be passed.

14:35

**The Minister for Finance and Public Service Reform (Mr Tom McCabe):** As members know, the debate marks the final stage of this year's budget process. It also marks the last year in our current spending review. We have achieved much in the current spending review period: we see a Scotland where unemployment is down and where there is increased investment in transport and other infrastructure and we see that more people are choosing to study, live and work in Scotland. Significant steps have also been taken towards improving our nation's health. We can take pride in the fact that we successfully implemented the ban on smoking in enclosed public places. There is also evidence that our efforts to improve literacy and numeracy are beginning to pay off and we have made good progress on implementing Scotland's first sustainable development strategy.

Around our budget process, we have transparency and a consultative mechanism. I think that that is the subject of comment and praise in other places. As we have said on many occasions, the process is one that should be continually evolving—certainly, the Executive is committed to working with Parliament and its committees to ensure that the process evolves positively.

It is appropriate to say a word of thanks, not only to the Finance Committee, but to the other committees that feed into the budget process. I thank them for their work and for the way in which they contributed to the outcomes that we are debating today. I also want to say a word of thanks to the various officials who have taken part in what is quite a long process—one that they recognise as being an important part of our parliamentary calendar. We will continue to work with the committees on developing the budget process and—importantly, as we approach a new spending review—on clarifying the ways in which we engage with them to ensure their maximum input to the process.

The budget allows progress towards our partnership goal of creating a better Scotland for everyone. It helps us to encourage economic growth, deliver high quality public services, reinforce the ways in which we plan to build the stronger, safer communities that all of us seek and

create the more confident democratic Scotland that was one of the founding aspirations and principles of the Scottish Parliament.

The budget allows the totality of our spending to rise to just over £31 billion in 2007-08, which is an increase of approximately 3.5 per cent. We are committing record levels of funds to local government—over a third of our total budget goes in that direction—which will allow councils to fund improvements in teachers' pay and conditions, increase teacher numbers and improve pupil-to-teacher ratios. It will also allow us to fund the free personal care that has been so well received in Scotland, and to provide record levels of funding for the police and fire services. All of that moves us towards the goal of providing world-class public services.

**Mr John Swinney (North Tayside) (SNP):** Can the minister shed any more light on the discussions with local authorities about implementation of free personal care, which he announced in his December statement to Parliament? When are we likely to hear the outcome of those discussions? What progress has been made?

**Mr McCabe:** I am pleased to confirm that Scottish Executive officials are liaising closely with the Convention of Scottish Local Authorities—discussions are continuing. Officials are identifying the authorities on which they want to focus in terms of sample studies. As we move through the year, I expect to see some outcomes. As members know, that is one of the conditions that we attached to the additional funding that we allocated to local government; indeed, it was one of the things that local government was more than happy to sign up to.

Importantly, this budget allows councils across Scotland to keep council tax increases to a minimum. As members are well aware, the average council tax increase across Scotland last year was the lowest since devolution, but the increases in 2007-08 are set to better that by some considerable way. So far, the average band D increase of 1.9 per cent takes us one step further along the path to the creation of a system of local taxation that is more stable, fairer and more proportionate. Therefore, we believe this to be a budget that is prudent in its approach, but ambitious in its aims—a budget that will improve the quality of life for people throughout Scotland.

I move,

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

14:40

**Mr John Swinney (North Tayside) (SNP):** As the minister said, the debate brings the budget

process—the last in this parliamentary session—to a conclusion.

There are a number of areas in which the Scottish National Party very much agrees with the Executive about its priorities and how it has allocated its spending. In this budget, there has been a material change in the financial settlement to local authorities. We have made it clear to the minister for some time that we welcome that improvement in the financial climate. We further welcome the fact that additional resources—beyond what were planned by the minister—have been found and have been allocated to local authorities. The fruits of that productive dialogue with local authorities over a period have seen us reach a position in which we have a lower average council tax increase than we had last year.

**Mr McCabe:** We warmly welcome those words of appreciation from the Opposition. Will Mr Swinney take this opportunity to dissociate himself completely from any suggestion that additional finance to local government was an election bribe?

**Mr Swinney:** It is amazing the frequency with which Mr McCabe refers to “an election bribe”. Perhaps he has something on his conscience that he wants to share with us. A problem shared with friends is always a burden taken off the shoulders. If it helps Mr McCabe to talk about it more often, we will be happy to acknowledge that it is a bribe. Everybody is happy with it because everybody’s council tax is much lower than it might otherwise have been. I am delighted that even under the harsh settlement from the Scottish Executive, Angus Council—with which I have a close relationship—has delivered a freeze on council tax.

There are areas of the budget that the Scottish National Party can welcome—the material change in local government funding is one of them. However, there are some missing elements. We have waited throughout the budget process for the publication of the Howat review. I had thought that perhaps, in a last gasp, the Finance Minister would publish the Howat review today and answer the questions that I am desperate to have answered, but I will just have to wait a few more weeks. The Howat review would have informed the process in which we are involved, because one of its central purposes was to evaluate the effectiveness of Executive spending on certain key areas of policy. Our debate would have been enhanced had we that assessment to hand. I hope that the preparations for the spending review have in no way been held back by the non-publication of that document.

In addition, the efficient government process rumbles on, but it rumbles on in a fashion that all of us believe needs to be made more robust. Audit Scotland has done a good job in evaluating the

work of the Scottish Executive, and I welcome the Executive’s achievements on efficient government, but all of us believe that the process could go further. It could be more rigorous, it could be more robust and it could be better evaluated. We can look forward to that in the period ahead.

Some questions remain about the budget. The Finance Committee conducted its usual rigorous consideration of the budget. Among the areas on which the committee concentrated were target setting and priority setting, and the ability to monitor expenditure on cross-cutting themes. Without wishing to pre-judge the comments that my colleague Mark Ballard will make in relation to cross-cutting themes in respect of sustainable development, let me say simply that the budget process lacks the ability rigorously to assess whether the Government’s central purposes and objectives are being evaluated and achieved effectively. That is one thing that we must all take from the budget process.

What the SNP takes is that the Government must be much more sharply focused in how it spends money. We must have a much clearer sense of the purpose of public expenditure and what we expect to get out of it, and we must have many more unifying themes for achieving public priorities through public expenditure. If we go down that route, we will have a much stronger process that serves the people of Scotland a great deal more effectively.

**Christine May (Central Fife) (Lab):** Does that mean that the Scottish National Party will become focused on the key priorities for Scotland and stop making promises to spend money on everything that happens to come to the surface every day of the week?

**Mr Swinney:** Christine May should know that the SNP is always focused on ensuring that it delivers the best for the people of Scotland. We think that Government in Scotland needs to be aligned with a central objective of measurably improving the quality of life for the people of Scotland. Departments of state must be focused and targeted on that objective—an SNP Administration will pursue that.

One remaining question that arises from the budget concerns the vaunted claims about the great union dividend. I notice from the assessment of identifiable public expenditure that, in 1999-2000, for every £100 of expenditure on education south of the border, Scotland spent £126 and, for every £100 that was spent on health south of the border, Scotland spent £119. However, as a result of the union dividend, that advantage has reduced: we now spend £106 for every £100 spent on education south of the border and £110 for every £100 spent on health south of the border. That simply proves that the union dividend is utterly

worthless. I look forward to the people of Scotland exercising their judgment on that on 3 May.

14:46

**Derek Brownlee (South of Scotland) (Con):** When the people of Scotland express a view on the benefits or otherwise of the union on 3 May, Mr Swinney might take a different view about whether he should have looked forward to it.

In this final budget debate of the parliamentary session, we are debating not only the budget, but the Executive's record. I got the impression that the minister almost spoke more about the Executive's record—which is what people want to examine, not only today but over the weeks and months ahead—than about the budget, but there were some things in what the minister said that should give us pause for thought about the budget process, how we scrutinise it and some of the claims that the Executive makes. I will give some examples.

The minister mentioned that unemployment in Scotland is down, which may well be the case. We could argue about whether that is a result of actions that were taken in the budget, more general economic trends, actions that the Westminster Government has taken or a host of other policies, but it is almost impossible for anyone to claim that unemployment in Scotland is down as a result of the budget that we are considering.

The minister mentioned economic growth. As we have heard, economic growth in Scotland is not performing as well as in the rest of the United Kingdom, but we do not know to what extent the budget contributes to economic growth.

The minister also mentioned that literacy and numeracy rates are improving. We welcome that news if that is the case, but is it all about money? If those rates are improving as a result of the budget, would they improve more if we spent a bit more, or would they worsen if we spent a bit less? I do not think that anyone would argue that they would. We must break the assumption that spending more money automatically leads to better results and that spending less money automatically leads to worse results.

There are some things in the budget with which we agree and others with which we do not agree. However, our fundamental concern about the budget and the Executive's record is that the Executive badly fails to deliver value for money for the taxpayer. As the minister said, spending is heading towards £31 billion, so the question must be whether we have benefited from that extra spending to the extent that we could have benefited. No independent observer would claim that the Executive has delivered as much value for

money for the taxpayer as we have a right to expect.

We hear hints that the efficient government programme might in due course deliver more savings, which would be great. If more efficiency savings can be delivered without affecting public services, the Executive will hear no criticism from the Conservatives on that.

However, does the efficiency programme go far enough? Have we thought radically enough about what we can deliver from public spending in Scotland and how we deliver it? We should not kid ourselves: the budget process is not perfect. There is not the necessary degree of scrutiny, particularly around some spending decisions, and different ways of spending money and different outcomes are not sufficiently contested. We kid ourselves if we think that the process is as transparent, open and effective as it can be. We would be happy to support constructive suggestions that the minister might make in that regard.

In Scotland, we must get away from the mindset according to which spending pound after pound will automatically deliver better services. We must put value for money at the heart of the budget process and not leave it as a tag line at the end. The people who vote on 3 May will not be voting on this budget; they will be voting on this Executive's record. I hope that the outcome will be different from the one that Mr Swinney seeks, and I hope that after 3 May we will at last have a Government that takes value for money seriously.

14:51

**Mr Andrew Arbuckle (Mid Scotland and Fife) (LD):** There is an air of déjà vu about the debate. The question whether the current budget process is the best and the most searching might well be asked. However, that is a question for the next session of Parliament.

I am happy to underline the most recent successes for the Liberal Democrats in their role in the coalition. I am sure that only an obdurate Opposition member, who is unwilling to acknowledge the positive nature of this year's expenditure plans, would chisel at details about spending. An impartial onlooker can see positive changes in higher education, in support for transport, especially public transport, and in the environment—indeed, in almost every aspect of Scottish life.

As the minister said, during the budget year, more teachers will work at the chalkface, which underlines the coalition's commitment to a better-educated Scotland. Many major capital transport projects are under way, despite lengthy delays in getting them on the road—or indeed the rail track.

In my area, work towards reopening the Stirling-Alloa-Kincardine line is moving ahead. Other projects will help the train to take the strain. It was always the coalition's intention to increase commitment to public transport, and people who pore through the detail of the budget documents will find that Scotland now spends two thirds of its transport budget on support for public transport systems. Some of that spend will go towards schemes to remove heavy goods vehicles from our roads and some will subsidise rural bus routes that would not otherwise be economically viable. The introduction last April of the concessionary fares scheme might be regarded by some people as a burden on the public purse, but the take-up and consequential benefits of the scheme are far-reaching and difficult to quantify. Members who talk to people who partake of the scheme will hear positive comments.

The budget also demonstrates further progress towards greening the economy. There will be more investment in renewable energy and more green jobs, all of which will benefit people in Scotland.

Last week, as the minister said, most councils showed their approval of the local government settlement by setting council tax levels below inflation. I am a serving member of a local authority and I think that it is possible to make further progress in the efficient government programme, in linking services with other public bodies and in procurement. This is a challenging time for local authorities, especially in provision of education and social work services. Social work services in particular face major issues if they are to meet the expectations of society and Government. However, many councils are bringing fresh thinking into their services and their approach to achieving financial targets.

As a Liberal Democrat, I would like the financial rigour that councils are experiencing to be carried through to all other parts of government. As a member of the Finance Committee, I will play my part in considering parts of government, to ensure that we secure the due outcome from taxpayers' cash investment.

As I said, most services have received extra financial support in the short lifetime of the Scottish Parliament. We should look forward to securing positive results from that investment. We must ensure that the public sector in Scotland is as alert to efficiency as the private sector is. As far as the Liberal Democrats are concerned, the budget settlement is good for Scotland and for the people of Scotland. I support the motion.

14:55

**Mark Ballard (Lothians) (Green):** This debate will be difficult, because there is very little to say.

The information that is in front of us is fairly meaningless. For example, we will be voting on giving Scottish ministers just over £1 billion for education to spend on schools, on teachers, on the Gaelic language, on Historic Scotland and on sport. Interestingly, we learn that there will be £100 of accruing resources, alongside that figure of £1,094,349,000. The information does not provide much subject for debate.

Who can argue with giving the Scottish ministers that £1 billion? It is our choice: do we give ministers £1 billion, or do we vote against today's motion and thereby shut down Scotland's schools? We have no choice but to vote for the motion. No amendments to the motion have been lodged for us to consider; indeed, only ministers could have lodged amendments. No one can argue with the motion, so we have to ask: What is the debate for?

I agree with people who say that we have to reconsider the budget process. There is no point in this stage 3, and there will be little content in this debate. However, that is not to say that we do not have an opportunity to bring up key issues that arose during discussions in the Finance Committee. The debate could be valuable if we had the sharp focus that John Swinney talked about and if we were actually discussing the Executive's priorities and what the Executive's cross-cutting themes mean for the billions of pounds on which we will vote, but we do not have such information—the Scottish Executive says that it would be too difficult to collect.

Members of the Finance Committee heard some very unilluminating witness statements from ministers. For example, we were told that the cross-cutting themes are less of a priority than the priorities, but ministers have not been able to explain what happens when a cross-cutting theme is in conflict with a priority, or how the two can be reconciled. How have such matters been reconciled in the budget? If we had that kind of information, this debate might be more substantial.

We might be able to consider the budget's implications for sustainable development. We could consider the implications for sustainable development of spending up to £1 billion on a new road bridge across the Forth, but we cannot do that because all we have to debate are the billions of pounds that are laid out in the bill, together with the hundreds of pounds of retained income. We cannot have a debate, but we need a debate. We need a useful discussion of the budget.

It is worth reflecting on what might happen after the coming Scottish Parliament election. What will happen if there is no workable coalition with a workable majority? What will happen if we move into a period of minority Government in Scotland? Will the present budget process be effective in

such circumstances? With a minority Government, it will be necessary to build consensus in Parliament to get stage 1 and stage 3 voted through, so we will need some kind of amendment process. Parties that are not part of the minority Government will have to be able to play a role by making their suggestions about and offering comment on what they would like to be reprioritised. The present system will not be fit for purpose if there is a minority Government: that is the situation that we may face in only a few months.

The budget debate would be very interesting indeed if there were a minority Government and if Tom McCabe were not simply reading out a list of achievements but was instead trying to convince Parliament to support the budget, and if we had some real choices to make—tough choices, but genuine choices. Until we are able to make such choices, debates such as this will be flawed.

**The Presiding Officer:** We move now to the open debate. Wendy Alexander missed Mr McCabe's speech and most of John Swinney's speech. That is not good. However, she has sent me an explanation and an apology, so I will call her to speak.

14:59

**Ms Wendy Alexander (Paisley North) (Lab):** Thank you, Presiding Officer. I offer a profuse apology to you and to the minister, and—by way of explanation—I offer a profound thank you to the staff at the information technology helpdesk, who managed to extract some of my speech from my computer after I had failed miserably to do so myself.

I had been under the impression that I was summing up the debate, but I will take the opportunity to speak first in the open debate.

As other members have said, today is the final stage in our consideration of the budget for next year. As others have also noted, the imminence of the election focuses minds on what that budget will deliver for Scotland. It could, on the one hand, be a new or refurbished school every week, shorter hospital waiting times, new health checks, new university and college buildings, new neighbourhood wardens, major infrastructure projects—including projects that are now under construction, such as the M74 extension, trams in Edinburgh and the Glasgow airport rail link—new water investment, new housing and so much more. That is £28 billion of taxpayers' money and £28 billion of services. Either we have a budget that maintains momentum in Scotland, or—this is the important question—we change direction.

I have another important question to ask. Are any of the parties that are currently represented in

the chamber seeking to negotiate a new spending system for Scotland next year? During this budget year, we will have a spending review. My question is simple: does any party want a new financing system for Scotland next year?

My attention was drawn to a column in today's edition of *The Scotsman* by George Kerevan, who, as he admits in the column, is an SNP sympathiser. He writes:

"Scottish business does have a proper interest in examining the likely impact"

of

"any radical transfer of fiscal powers to Holyrood".

I concur with him, but I think that not just every business, but every man, woman and child in the country has that interest.

The question is very simple, and the SNP and, to some extent, the Greens, have had years to contemplate it. Do they want a new financing system next year, or do they want to stick with the spending review, which will be published in October? I genuinely do not know the answer.

**Derek Brownlee:** I am tempted to wish that Wendy Alexander had managed to recover a different speech from her computer. In thinking ahead to a new financial system, does she feel that the present Executive has spent the union dividend as wisely as it should? Is she confident that the Howat report will not reveal any examples of wasted money?

**Ms Alexander:** The relevant point is that the Howat report is going to be published with the spending review. It is absolutely clear that the Executive is in favour of the spending review forming the basis of how every service in Scotland is financed.

Those of us who diligently read our newspapers will have noted that, on Sunday, Alex Salmond was telling us how cosy his relations were going to be with Gordon Brown. The SNP has to do rather better than that. It must tell the rest of us how the country and the Scottish Parliament are going to be financed and how the services on which Scotland relies are going to be supported. That is not for some cosy private chat in Downing Street; the entire point of devolution was that such decisions came back to Scotland.

Let me ask the question again. Does the SNP want the 2007 spending review, or does it want something else? Surely the people of Scotland have a right to know. It is one thing to go into an election with the odd loose promise here or there, or with a few different spending priorities—that is the very stuff of politics. We are talking about something different, however. There are parties here that will not tell us whether or not they want

to tear up the system and start again. They are not prepared to tell us whether they want a different system, although they aim to start negotiating for one within three weeks.

**Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** Will the member take an intervention?

**Ms Alexander:** Happily.

**The Presiding Officer:** The member is now in the last minute of her speech, I am afraid.

**Ms Alexander:** I think that that prevents me from taking an intervention.

We are going to keep on asking the question. On the day after this year's election, will the 2007 spending review stand, or do those other parties want to tear up how the country is financed and start again? We have to wonder at the reasons why they will not tell us whether they intend to argue for the ability to collect taxes in Scotland or how much of the North sea oil they want on 4 May. On 4 May, will they argue for pensions to be devolved to Scotland? How much will they pay in for defence on 4 May?

**The Presiding Officer:** Could you close, please?

**Ms Alexander:** Are we instead going to stick with the current system?

**The Presiding Officer:** Close, please.

**Ms Alexander:** The reason why the parties to which I refer do not give us even a paragraph on the financing of Scotland is that their sums simply do not add up.

15:04

**Mr David Davidson (North East Scotland) (Con):** I am not quite sure what that rant was about, but I suspect that it has more to do with the election than this budget debate.

**Margo MacDonald (Lothians) (Ind):** Oh, well spotted, sir.

**Mr Davidson:** It was not hard, Mrs MacDonald.

Tom McCabe started off full of self-praise, as usual. We hear the annual spin at these budget bill debates because, as Mark Ballard said, the only person who can amend what goes on is the minister, which means that the debates are slightly false.

The minister claimed that he was prudent yet ambitious, and went on to expand on the subject of transparency. I ask the minister: when is that transparency going to come about? What is the big secret? The Finance Committee would love to have such a transparent process. It could get its teeth into it, see outcome figures for every pound

spent and examine the choices made, as Andrew Arbuckle said. That would enable us to judge what we got for the money that was spent and how money should be spent in future. However, the minister has not given us that information in time. The committees of the Parliament have a hard time fitting good consideration of the budget around the other work that they must do.

The minister managed to bring up the fact that he is bribing local government—he offered that observation himself, which was magnanimous of him. Nobody argues about the fact that local government needs money to deliver free personal care, which is a policy that everyone in the Parliament supported. It is only a shame that it took so long to come out, and I am interested in where the minister thinks that it will go.

John Swinney, Derek Brownlee and Andrew Arbuckle mentioned the efficient government initiative, which does not go far enough and is not transparent enough. If we are to evaluate Government focus and performance, we need the outcome figures, not just the outturn figures. We need to know what we got—and will get—for the money.

Derek Brownlee talked about value for money. We can examine whether something represented value for money only if we have up-to-date outturn figures. We cannot do it any other way. However, we do not have those figures.

I thought that Mark Ballard's speech was good, as he talked about the process and mentioned cross cutting. Every minister under the sun mentions cross cutting through the year, but nobody can ever identify what it does, where the money comes from, where the money goes and how much it gets. However, Mark Ballard's idea of budget by committee is not the way in which we want to run Scotland's finances.

I hope that, the next time that we have this debate in the Parliament, we get something to debate.

15:08

**Jim Mather (Highlands and Islands) (SNP):** This has been an interesting debate. It was interesting that the minister started off by talking about unemployment going down. I suggest that he should drill down into that issue in some detail and consider low incomes, the fact that the annual survey of hourly earnings ignores people who work less than 18 hours a week, the fact that Scotland is still exporting many of its skilled high earners, the fact that many people are in part-time work or have short-term contracts and the fact that the reason why we have exceeded the Lisbon target for women in the workforce is because

many Scottish women are in the workforce because of basic family necessity.

I noted John Swinney's recognition of the improvement in the local government settlement. However, even with that improvement, there is a concern about the stop-go nature of local government finance, with efficiency savings being clawed back and money going out again—all of which happens at short notice and all of it drives the complete antithesis of efficient government. In fact, we are not even seeing that antithesis because we cannot get the Howat review—that grave omission continues; the democratic and accounting deficit is still there.

Derek Brownlee, in spite of his positioning, exposed rather well the weakness of the idea of the union dividend, which is evidenced by our low growth, our population decline, our demographic problems, the fact that we have the lowest life expectancy among Organisation for Economic Co-operation and Development countries, our low average incomes and—as we have seen today—the problems with the well-being of Scotland's children. That is not exactly a terrific record.

Although, as John Swinney said, talk of efficient government rumbles on, we did not hear much about it today. However, we need to know more about it. We need to ask about the extent to which it is pulling together the arms of the public sector into a new era of renewal and resurgence and delivering operational and financial efficiencies. To what extent is efficient government becoming a perpetual obsession, subject to arm's-length audit and accounting verification à la Howat?

We have the most unbelievably damaged system. There is no credible aspiration or unifying worthy cause that unites Scotland, no shared national vision, no shared local community visions that feed into that and no widely held belief that the Government is obsessed with the objective of increasing the personal well-being and security of citizens relative to other people. We are falling behind.

**Helen Eadie (Dunfermline East) (Lab):** Will Jim Mather tell us what is the SNP's vision for Scotland, particularly with regard to our pensioners? We have a clear vision for them. We believe that it is vital to tell them exactly how their pensions will be funded. We have an interest in that as well. Will Jim Mather tell us how the SNP will fund pensions?

**Jim Mather:** We will do so by the straightforward methodology of maximising the number of working-age people who are in work in Scotland and paying taxes. That will allow us to drive forward our pensioners' terms and conditions, in line with the Irish, the Norwegians, the Spanish and those in other countries who are

pushing ahead and giving their pensioners much more.

The budget process is a sham and is incomplete. It does not manage growth, and the minister has no target for growth. There is no mechanism to maximise Government revenue and no need to manage inflation or interest rates. There is no need to manage a deficit or surplus. It is a perverse approach that risks a genuine spiral of dependency and decline. In particular, we do not have interconnected Government departments that have a single, national aim.

**Ms Alexander:** The member mentioned inflation and interest rates. Does the SNP have any intention of managing those? I thought that, as of 19 January, it intended to keep the pound and the Bank of England. What is its mechanism for managing inflation and interest rates?

**Jim Mather:** We will use the same mechanism that Ireland and Australia use successfully. The difference is that, when we take that currency move as an interim step, we will have tax powers to maximise the efficiency of Scotland and mitigate the inflation-driven approach of the past.

The lack of unifying aims and macro-objectives means that we have arbitrary numeric targets, which Wendy Alexander herself has said are set by departments on the basis of what they can meet. We should have an open-ended commitment to improve the number of economically active people in work and to measure growth in that area. That would improve the health of Scotland, the pensions of Scotland, the tax take of Scotland, the motivation of children in Scotland and the take-up of everything. We need those objectives if we are to release real energy in Scotland.

Instead, we have a Government without the revenue feedback loop or the checks and balances that should run throughout the full gamut of our affairs. We have an uncompetitive, unsustainable version of national economic management. Compared with what others have, it is a laughing stock. If this debate was held in any other legislature—we are spending 45 minutes on stage 3 of the bill—it would be a laughing stock.

We must consider the success of other nations. Since 1945, the number of independent countries has increased from 74 to 193—119 more. Why is that? People have seen the effectiveness and benefit of having a unifying national objective and the power and policies that can move them towards that objective. People do not sit around waiting for things to get better. Governments are built on networks of predisposed peers who work together to help the nation—networks of self-critical, excited people in every department of Government who are trying to improve things. It is

as if an Alcoholics Anonymous for Governments is coming out and saying, "This is how we can improve things and move them forward."

The creation of the international financial services centre in Ireland has transformed the country. That is a terrific competitive proposition. Now, Ireland has its national development plan, which is worth €184 billion over five years—or £20 billion a year—to build their country. We should be doing the same.

15:14

**The Deputy Minister for Finance, Public Service Reform and Parliamentary Business (George Lyon):** I was going to start my speech by saying that the debate had an end-of-term feel to it, but after the previous two speeches I could not possibly pursue that argument.

The Minister for Finance and Public Service Reform pointed out that the budget is only a mechanism for delivering improvements to the people of Scotland in all the areas in which the public sector impacts on them. To name but a few, those improvements include extra teachers in our schools, more nurses and doctors, the building of new schools, greater investment in transport and the concessionary travel scheme and central heating scheme for our elderly people. Those are real measures that are making a huge difference to people in Scotland. Those are the things that we will be judged on when it comes to the election in May.

**Mr Swinney:** Will the minister give way?

**George Lyon:** I am conscious that I have to make some progress.

As Mr Swinney noted in his speech, this is the last budget process of the parliamentary session, and I think that it is perhaps time to reflect on the process—one or two members also referred to that. I hope that in the next session the Finance Committee will perhaps examine in some detail how we can improve the process and make it more meaningful. By the time that we reach stage 3, a lot of the points have already been made and, a bit like the film "Groundhog Day", we rehearse some of the same arguments, albeit this time with the added attraction of the forthcoming election.

I am glad that Mr Swinney recognised the change in the financial settlement for local government, which will lead to one of the lowest increases in council tax in Scotland since devolution. He also welcomed our efficient government programme and suggested that we need to go further. I do not think that anyone looking at the likely post-spending-review settlement is in any doubt about the fact that the efficient government programme will need to go

further to release important extra revenue for investing in our public services and ensuring that they deliver even greater value in the future.

Mr Brownlee touched on the same theme. The Executive has nothing to be ashamed of in our efficient government programme. It is delivering what we said it would, and it will deliver in the future when we need to free up even more headroom to ensure that our public services deliver for us.

Members will not be surprised that I agree with all the points made by Mr Arbuckle. I could not possibly disagree with his contribution, which I think was well worth noting.

Mr Ballard described the information in the budget documents as "meaningless". If so, I suggest that it is like the Green party manifesto because, as we all know, the Greens are on record as saying that they will not enter a coalition and therefore will not implement anything in their manifesto. In the same way, it is also like the Tories' manifesto.

Of course, Mr Ballard could have brought forward an alternative budget detailing the Greens' plans to nationalise all our public utilities and block the Edinburgh airport rail link. However, he chose not to do that, so I do not think that he can criticise us for presenting our budget and allowing, through the budget process, an open debate on it.

Wendy Alexander was right to have her say and to ask the questions that she asked, but her late arrival perhaps caused her to misjudge slightly the tone and temperature of today's debate. It may have been better if she had been present from the beginning of the debate.

Mr Mather continued in the same tone. In his speech, he railed about unemployment, our falling behind and our having an unsustainable and uncompetitive Scotland. He is the Mr Doom-and-gloom of Scottish politics. I sometimes think that he lives in a parallel universe that is totally detached from the reality that we experience every day. Although he might believe all that he says, even the most critical MSPs would find great difficulty in identifying the parallel universe that Mr Mather describes daily in which the whole of Scotland is, to quote him, a basket case.

The only laughing stock is Mr Mather's position that an independent Scotland would rely on the Bank of England to set its interest rates. He also mentioned five different countries with five different fiscal positions, and he failed again to tell us which one he would adopt in Scotland. Which taxation levels would he advise an independent Scotland to follow for personal taxation and inheritance tax? He really should attempt to answer those questions.

Finally, it is worth stressing again that this budget is important because of the impact that it will have—it will allow us to deliver our plans for 2007-08. Our financial plans are responsible. The enormous sum of money distributed by the Executive belongs to the people of Scotland, and it is our duty to ensure that it is spent efficiently to meet the priorities and needs of the whole population. It is a budget that will deliver excellent public services, support stronger, safer communities and develop a confident, democratic Scotland. I commend it to the Parliament, and I hope that it is supported at 5 o'clock.

## Decision Time

17:01

**The Presiding Officer (Mr George Reid):** There are five questions to be put as a result of today's business.

The first question is, that motion S2M-5551, in the name of Tom McCabe, that the Parliament agrees that the Budget (Scotland) (No4) Bill be passed, be agreed to. Are we agreed?

**Members:** No.

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

### FOR

Adam, Brian (Aberdeen North) (SNP)  
 Aitken, Bill (Glasgow) (Con)  
 Arbuckle, Mr Andrew (Mid Scotland and Fife) (LD)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baird, Shiona (North East Scotland) (Green)  
 Baker, Richard (North East Scotland) (Lab)  
 Ballance, Chris (South of Scotland) (Green)  
 Ballard, Mark (Lothians) (Green)  
 Barrie, Scott (Dunfermline West) (Lab)  
 Boyack, Sarah (Edinburgh Central) (Lab)  
 Brankin, Rhona (Midlothian) (Lab)  
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)  
 Brown, Robert (Glasgow) (LD)  
 Brownlee, Derek (South of Scotland) (Con)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Canavan, Dennis (Falkirk West) (Ind)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Cunningham, Roseanna (Perth) (SNP)  
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)  
 Davidson, Mr David (North East Scotland) (Con)  
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)  
 Douglas-Hamilton, Lord James (Lothians) (Con)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Fabiani, Linda (Central Scotland) (SNP)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Fergusson, Alex (Galloway and Upper Nithsdale) (Con)  
 Finnie, Ross (West of Scotland) (LD)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gallie, Phil (South of Scotland) (Con)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Gillon, Karen (Clydesdale) (Lab)  
 Glen, Marlyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Goldie, Miss Annabel (West of Scotland) (Con)  
 Gordon, Mr Charlie (Glasgow Cathcart) (Lab)  
 Gorrie, Donald (Central Scotland) (LD)  
 Grahame, Christine (South of Scotland) (SNP)  
 Harper, Robin (Lothians) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 Henry, Hugh (Paisley South) (Lab)  
 Home Robertson, John (East Lothian) (Lab)  
 Hughes, Janis (Glasgow Rutherglen) (Lab)  
 Hyslop, Fiona (Lothians) (SNP)  
 Ingram, Mr Adam (South of Scotland) (SNP)  
 Jackson, Dr Sylvia (Stirling) (Lab)  
 Jackson, Gordon (Glasgow Govan) (Lab)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)  
 Johnstone, Alex (North East Scotland) (Con)  
 Kerr, Mr Andy (East Kilbride) (Lab)

Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Lyon, George (Argyll and Bute) (LD)  
 MacAskill, Mr Kenny (Lothians) (SNP)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Macintosh, Mr Kenneth (Eastwood) (Lab)  
 Maclean, Kate (Dundee West) (Lab)  
 Macmillan, Maureen (Highlands and Islands) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 Marwick, Tricia (Mid Scotland and Fife) (SNP)  
 Mather, Jim (Highlands and Islands) (SNP)  
 Maxwell, Mr Stewart (West of Scotland) (SNP)  
 May, Christine (Central Fife) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McCabe, Mr Tom (Hamilton South) (Lab)  
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)  
 McFee, Mr Bruce (West of Scotland) (SNP)  
 McGrigor, Mr Jamie (Highlands and Islands) (Con)  
 McLetchie, David (Edinburgh Pentlands) (Con)  
 McMahon, Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)  
 McNeill, Pauline (Glasgow Kelvin) (Lab)  
 McNulty, Des (Clydebank and Milngavie) (Lab)  
 Milne, Mrs Nanette (North East Scotland) (Con)  
 Morgan, Alasdair (South of Scotland) (SNP)  
 Morrison, Mr Alasdair (Western Isles) (Lab)  
 Muldoon, Bristow (Livingston) (Lab)  
 Mulligan, Mrs Mary (Linlithgow) (Lab)  
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)  
 Murray, Dr Elaine (Dumfries) (Lab)  
 Neil, Alex (Central Scotland) (SNP)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Petrie, Dave (Highlands and Islands) (Con)  
 Pringle, Mike (Edinburgh South) (LD)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)  
 Radcliffe, Nora (Gordon) (LD)  
 Robison, Shona (Dundee East) (SNP)  
 Robson, Euan (Roxburgh and Berwickshire) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)  
 Scott, Eleanor (Highlands and Islands) (Green)  
 Scott, John (Ayr) (Con)  
 Scott, Tavish (Shetland) (LD)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Stephen, Nicol (Aberdeen South) (LD)  
 Stevenson, Stewart (Banff and Buchan) (SNP)  
 Sturgeon, Nicola (Glasgow) (SNP)  
 Swinburne, John (Central Scotland) (SSCUP)  
 Swinney, Mr John (North Tayside) (SNP)  
 Wallace, Mr Jim (Orkney) (LD)  
 Watt, Ms Maureen (North East Scotland) (SNP)  
 White, Ms Sandra (Glasgow) (SNP)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)  
 Wilson, Allan (Cunninghame North) (Lab)

**AGAINST**

Byrne, Ms Rosemary (South of Scotland) (Sol)  
 Curran, Frances (West of Scotland) (SSP)  
 Fox, Colin (Lothians) (SSP)  
 Leckie, Carolyn (Central Scotland) (SSP)  
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)

**ABSTENTIONS**

MacDonald, Margo (Lothians) (Ind)

**The Presiding Officer:** The result of the division is: For 108, Against 5, Abstentions 1.

*Motion agreed to.*

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

ISBN: 978-1-4061-8135-7



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