Passage of the Budget (Scotland) (No.5) Bill 2011

SPPB 157
Passage of the

Budget (Scotland) (No.5) Bill 2011

SP Bill 62 (Session 3), subsequently 2011 asp 4

SPPB 157

EDINBURGH: APS GROUP SCOTLAND
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We welcome written correspondence in any language.
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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).

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 - the Budget (Scotland) (No. 5) Bill - was the fifth Budget Bill introduced in the third session of the Parliament.

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 consists of three phases:

- the budget strategy phase, during which subject committees examine and report to the Finance Committee on spending priorities in their policy areas and the Parliament debates the Finance Committee’s report on the budget strategy. This phase takes place only once per Parliamentary session (i.e. once every four years);
- the draft budget phase, during which subject committees examine and report to the Finance Committee on the Scottish Government’s draft budget and the Parliament debates the Finance Committee’s report; and
- the Budget Bill phase.

A budget strategy phase took place in the budget process leading up to the introduction of the Budget (Scotland) (No.5) Bill, with the Finance Committee’s report being published on 9 June 2010.\(^1\) The Scottish Government provided a written response to this report.\(^2\)

The Finance Committee’s report on the draft budget phase (Report on Scotland’s Spending Plans and Draft Budget 2011-12, 2nd Report, 2011 (Session 3) (SP Paper


was published on 20 January 2011. Debate on the report was combined with the Stage 1 debate on the Budget (Scotland) (No.5) Bill. The Official Report of the debate is included in this volume.

Once introduced, a Budget Bill 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, no Explanatory Notes or Policy Memorandum are required, there is an accelerated timescale, no Stage 1 report is required and only the Scottish Government may lodge amendments to the Bill.

No amendments were lodged at either Stage 2 or Stage 3. The Bill was, therefore, passed in its As Introduced form and is reproduced in this volume only in that form.

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4 Although the only accompanying documents formally required under the Parliament’s Standing Orders are those reproduced in this volume, the Scottish Government also publishes its own document providing more detail on the Budget Bill. For the supporting document to the Budget (Scotland) (No.5) Bill see: http://www.scotland.gov.uk/Publications/2011/01/18110201/0
Budget (Scotland) (No.5) Bill
[AS INTRODUCED]

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Schedule 1 —The Scottish Administration
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Schedule 3 —Borrowing by certain statutory bodies
An Act of the Scottish Parliament to make provision, for financial year 2011/12, 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 2012/13, for authorising the payment of sums out of the Fund on a temporary basis; and for connected purposes.

**PART 1**

**FINANCIAL YEAR 2011/12**

**Use of resources**

1. **The Scottish Administration**

   (1) The Scottish Administration may use resources in financial year 2011/12 for the purposes specified in column 1 of schedule 1—
   
   (a) in the case of resources other than accruing resources, up to the amounts specified in the corresponding entries in column 2,
   
   (b) in the case of accruing resources, up to the amounts specified in the corresponding entries in column 3.

   (2) Despite paragraphs (a) and (b) of subsection (1), the resources which may be used for a purpose specified in column 1 may exceed the amount specified in the corresponding entry in column 2 or (as the case may be) column 3 if—

   (a) in the case of resources other than accruing resources, the first condition is met,
   
   (b) in the case of accruing resources, the second condition is met.

(3) The first condition is that the total resources (other than accruing resources) used in financial year 2011/12 for all purposes specified in column 1 does not exceed the total of the amounts specified in column 2.

(4) The second condition is that the total accruing resources used in financial year 2011/12 for all purposes specified in column 1 does not exceed the total of the amounts specified in column 3.
2 Direct-funded bodies

(1) The direct-funded bodies mentioned in column 1 of schedule 2 may use resources in financial year 2011/12 for the purposes specified in that column.

(2) Resources other than accruing resources may be used for those purposes up to the amounts specified in the corresponding entries in column 2 of that schedule.

(3) Accruing resources may be used for those purposes up to the amounts specified in column 3 of that schedule.

The Scottish Consolidated Fund

3 Overall cash authorisations

For the purposes of section 4(2) of the PFA Act 2000, the overall cash authorisations for financial year 2011/12 are—

(a) in relation to the Scottish Administration, £30,179,474,000,
(b) in relation to the Forestry Commissioners, £71,400,000,
(c) in relation to the Food Standards Agency, £10,800,000,
(d) in relation to the Scottish Parliamentary Corporate Body, £75,293,000,
(e) in relation to Audit Scotland, £6,525,000.

4 Contingencies: payments out of the Fund

(1) This section applies where, in financial year 2011/12, it is proposed to pay out of the Scottish Consolidated Fund under section 65(1)(c) of the Scotland Act 1998, 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 of the sum only if they consider that—

(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, and

(b) it is not reasonably practicable, for reasons of urgency, to amend the overall cash authorisation by an order under section 7.

(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.

(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.
5 **Borrowing by certain statutory bodies**

In schedule 3, the amounts set out in column 2 are the amounts specified for financial year 2011/12 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).

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**PART 2**

**FINANCIAL YEAR 2012/13**

6 **Emergency arrangements: overall cash authorisations**

(1) This section applies if, at the beginning of financial year 2012/13, there is no overall cash authorisation for that year for the purposes of section 4(2) of the PFA Act 2000.

(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 of—

(a) the Scottish Administration,

(b) the direct-funded bodies,

of an amount determined under subsection (3).

(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,

(b) the amount paid out of the Scottish Consolidated Fund under section 65(1)(c) of the Scotland Act 1998 in the corresponding calendar month of financial year 2011/12 for or in connection with expenditure of the Scottish Administration or (as the case may be) that body.

(4) Section 4 of the PFA Act 2000 has effect accordingly.

(5) This section is subject to any provision made by a Budget Act for financial year 2012/13.

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**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 3.

(2) No order may be made under this section unless a draft of it has been laid before, and approved by resolution of, the Scottish Parliament.
Supplementary

8  Repeal
Part 2 (financial year 2011/12) of the Budget (Scotland) Act 2010 is repealed.

9  Interpretation

5  (1) In this Act, the “PFA Act 2000” means the Public Finance and Accountability (Scotland) Act 2000.

(2) References in this Act to accruing resources in relation to the Scottish Administration or a direct-funded body are to such resources accruing to the Administration or (as the case may be) that body in financial year 2011/12.

10 (3) References in this Act to the direct-funded bodies are to the bodies mentioned in section 3(b) to (e) (and references to a direct-funded body are to any of those bodies).

(4) Except where otherwise expressly provided, expressions used in this Act and in the PFA Act 2000 have the same meanings in this Act as they have in that Act.

10  Short title
The short title of this Act is the Budget (Scotland) Act 2011.
### SCHEDULE 1
*(introduced by section 1)*

**THE SCOTTISH ADMINISTRATION**

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<td><strong>Amount of resources (other than accruing resources)</strong></td>
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<tr>
<td><strong>Amount of accruing resources</strong></td>
</tr>
<tr>
<td><strong>£</strong></td>
</tr>
<tr>
<td>1. For use by the Scottish Ministers (through the First Minister’s portfolio) on: support for the arts, culture and creativity in Scotland, including the Gaelic language; cultural organisations; the creative industries; Historic Scotland; central government grants to non-departmental public bodies, local authorities and other bodies and organisations; expenditure on corporate and central services; expenditure in relation to the running costs of Her Majesty’s Chief Inspector of Prosecution in Scotland; Protocol and UK relations; international relations and development assistance</td>
</tr>
<tr>
<td>2,216,943,000</td>
</tr>
<tr>
<td>2. For use by the Scottish Ministers (through their Finance and Sustainable Growth portfolio) on: the running and capital costs of the Scottish Public Pensions Agency; expenditure on committees, commissions and other portfolio services; expenditure and grant assistance in relation to public service reform and efficiency; data sharing and standards; support for the running costs of Scottish Futures Trust Limited; support for passenger rail services, rail infrastructure and associated rail services; support for the development and delivery of concessionary travel schemes; funding for major public transport projects; the running costs of Transport Scotland; funding for the Strategic Transport Projects Programme; funding for travel information services; the maintenance and enhancement of the trunk road infrastructure; support for ferry services, loans and grants relating to vessel construction, grants for pier and other infrastructure and funding for a pilot of a road equivalent tariff; support for Highlands and Islands Airports Limited, support for air services and funding for the Air Discount Scheme; support for the bus industry; support for the Forth Estuary Transport Authority and Tay Road Bridge Joint Board; support for the freight industry; support for British Waterways Scotland; funding to promote sustainable and active travel; contributing to the running costs of Regional Transport Partnerships and other bodies associated with the transport sector; funding for road safety; costs in relation to funding the office of the Scottish Road Works Commissioner; loans to Scottish Water and Scottish Water Business Stream Holdings Limited; water grants, including to</td>
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<td>241,869,000</td>
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### Purposes

<table>
<thead>
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<th>Amount of resources (other than accruing resources)</th>
<th>Amount of accruing resources</th>
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</thead>
<tbody>
<tr>
<td>the Water Industry Commission for Scotland; funding of strategic contracts to increase the resilience and capacity of third sector organisations; planning; architecture; building standards; tourism; grant in aid for Scottish Enterprise and Highlands and Islands Enterprise; Regional Selective Assistance, including Innovation and Investment grants; telecommunications infrastructure; European Structural Fund grants to the Enterprise Networks, local authorities, further and higher education institutions, third sector bodies and other eligible bodies and organisations; costs of delivery and evaluation of European Structural Fund; energy-related activities; central government grants to local authorities; sundry enterprise-related activities</td>
<td>12,286,920,000</td>
<td>2,050,000,000</td>
</tr>
<tr>
<td>3. For use by the Scottish Ministers (through their Health and Wellbeing portfolio) on: hospital and community health services; family health services; community care; central government grants to local authorities; social care; welfare food (Healthy Start); payments to the Skipton Fund; other health services; sportscotland and delivery of the 2014 Commonwealth Games; housing subsidies and guarantees; Scottish Housing Regulator running costs; Energy Assistance Package; Home Insulation Schemes; repayment of debt and any associated costs; other expenditure, contributions and grants relating to housing; activities relating to homelessness; research and publicity and other portfolio services; grants to registered social landlords; loans to individuals; community engagement; regeneration programmes; grants for Vacant and Derelict Land Fund; programmes promoting social inclusion; expenditure relating to equality issues</td>
<td>2,584,170,000</td>
<td>174,000,000</td>
</tr>
<tr>
<td>4. For use by the Scottish Ministers (through their Education and Lifelong Learning portfolio) on: schools; training and development of teachers; educational research, development and promotion; international and other educational services; qualifications assessment and skills; funding of the Additional Support Needs Tribunals and HM Inspectors of Education; Disclosure Scotland and Social Work Inspection Agency; childcare, including care for vulnerable children; youth work, including youth justice and associated social work services; central government grants to local authorities; grant in aid for the Scottish Further and Higher Education Funding Council, Skills Development Scotland Limited, Scottish Qualifications Authority, Learning and Teaching Scotland, Scottish Children’s Reporter Administration and Scottish Social Services</td>
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</tbody>
</table>
## Schedule 1—The Scottish Administration

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<th>Amount of resources (other than accruing resources)</th>
<th>Amount of accruing resources</th>
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</thead>
<tbody>
<tr>
<td>Council; funding for the Student Awards Agency for Scotland and related costs, including the Student Loan Scheme; Enterprise in Education; funding activities associated with young people Not in Education, Employment or Training; research-related activities and science-related programmes delivered by the Chief Scientific Adviser for Scotland, including the funding of fellowships (including those funded by the Royal Society of Edinburgh); sundry lifelong learning activities, including the provision of Education Maintenance Allowances and funding for International Students</td>
<td>1,734,952,000</td>
<td>39,700,000</td>
</tr>
<tr>
<td>5. For use by the Scottish Ministers (through their Justice portfolio) on: legal aid, including the running costs of the Scottish Legal Aid Board; the Scottish Legal Complaints Commission; criminal injuries compensation (including administration); certain services relating to crime, including the Parole Board for Scotland; the Scottish Prison Service; the Scottish Criminal Cases Review Commission; the Risk Management Authority; the Police Complaints Commissioner for Scotland; the Scottish Police Services Authority, other police services and superannuation of police on secondment; police loan charges; the payment of police and fire pensions; Scottish Resilience; central government grants to local authorities; measures in relation to community safety and antisocial behaviour; measures in relation to drug abuse and treatment; the Scottish Tribunal Service; miscellaneous services relating to the administration of justice; residential accommodation for children; community justice services; court services, including judicial pensions; the Accountant in Bankruptcy; certain legal services; costs and fees in connection with legal proceedings</td>
<td>462,426,000</td>
<td>602,100,000</td>
</tr>
<tr>
<td>6. For use by the Scottish Ministers (through their Rural Affairs and the Environment portfolio) on: market support; support for agriculture in special areas, including crofting communities; rural development, agri-environmental and farm woodland measures; compensation to sheep producers; animal health; agricultural education; advisory, research and development services; botanical and scientific services; assistance to production, marketing and processing; administration, land management and other agricultural services; assistance to the Scottish fisheries sector, including fisheries protection, research, administration, development, special services, marine management and other services; natural heritage; environment protection; rural affairs; other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purposes</td>
<td>Amount of resources (other than accruing resources)</td>
<td>Amount of accruing resources</td>
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<tr>
<td>5</td>
<td>environmental expenditure; flood prevention; coastal protection; air quality monitoring; climate change activities; water grants, including to the Drinking Water Quality Regulator for Scotland</td>
<td>236,000,000</td>
</tr>
<tr>
<td>7. For use by the Scottish Ministers on: administrative and operational costs; costs of providing continuing services to the Scottish Parliament; costs associated with the functions of the Queen’s Printer for Scotland</td>
<td>108,200,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>8. For use by the Lord Advocate (through the Crown Office and 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 (including special payments made in relation to intestate estates which fall to the Crown as ultimate heir); 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</td>
<td>10,482,132,000</td>
<td>Nil</td>
</tr>
<tr>
<td>9. For use by the Scottish Ministers (through their Local Government portfolio) on: revenue support grants and payment to local authorities of non-domestic rates in Scotland; other local authority grants and special grants relating to council tax and spend-to-save scheme; housing support grant; other services, including payments under the Bellwin scheme covering floods, storms and other emergencies</td>
<td>19,000,000</td>
<td>7,000,000</td>
</tr>
<tr>
<td>10. For use by the Registrar General of Births, Deaths and Marriages for Scotland (through the General Register Office for Scotland) on: administrative and operational costs (including costs associated with running the ScotlandsPeople Centre)</td>
<td>8,900,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>11. For use by the Scottish Ministers and the Keeper of the Records of Scotland (through the National Archives of Scotland) on: administrative and operational costs (including costs associated with running the ScotlandsPeople Centre)</td>
<td>3,230,367,000</td>
<td>1,675,000,000</td>
</tr>
<tr>
<td>12. For use by the Scottish Ministers on: pensions, allowances, gratuities etc. payable in respect of the teachers’ and national health service pension schemes</td>
<td></td>
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</tbody>
</table>
### SCHEDULE 2
*(introduced by section 2)*

**DIRECT-FUNDED BODIES**

<table>
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<th>Purpose</th>
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<th>Amount of accruing resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>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 the forestry sector and supporting it through grant in aid; managing the national forest estate in Scotland; administrative costs</td>
<td>71,500,000</td>
<td>21,100,000</td>
</tr>
<tr>
<td>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</td>
<td>10,900,000</td>
<td>Nil</td>
</tr>
<tr>
<td>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 Commission for Ethical Standards in Public Life in Scotland (incorporating the Public Standards and Public Appointments Commissioners for Scotland), the Standards Commission for Scotland, the Scottish Public Services Ombudsman, the Scottish Information Commissioner, the Scottish Commission for Human Rights and the Commissioner for Children and Young</td>
<td>87,990,000</td>
<td>800,000</td>
</tr>
<tr>
<td>Purpose</td>
<td>Amount of resources other than accruing resources £</td>
<td>Amount of accruing resources £</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>People in Scotland; any other payments relating to the Scottish Parliament</td>
<td>7,070,000</td>
<td>22,000,000</td>
</tr>
<tr>
<td>4. For use by Audit Scotland, including assistance and support to the Auditor General for Scotland and the Accounts Commission for Scotland; other audit work for public bodies; payment of pensions to former Local Government Ombudsmen and their staff</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SCHEDULE 3  
(introduced by section 5)

BORROWING BY CERTAIN STATUTORY BODIES

<table>
<thead>
<tr>
<th>Enactment</th>
<th>Amount £</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Section 25 of the Enterprise and New Towns (Scotland) Act 1990 (Scottish Enterprise)</td>
<td>10,000,000</td>
</tr>
<tr>
<td>2. Section 26 of that Act (Highlands and Islands Enterprise)</td>
<td>1,000,000</td>
</tr>
<tr>
<td>4. Section 42 of the Water Industry (Scotland) Act 2002 (Scottish Water)</td>
<td>35,100,000</td>
</tr>
<tr>
<td>5. Section 14 of the Water Services etc. (Scotland) Act 2005 (Scottish Water Business Stream Holdings Limited)</td>
<td>Nil</td>
</tr>
</tbody>
</table>
An Act of the Scottish Parliament to make provision, for financial year 2011/12, 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 2012/13, for authorising the payment of sums out of the Fund on a temporary basis; and for connected purposes.

Introduced by: John Swinney
On: 20 January 2011
Supported by: Alex Salmond, Bruce Crawford
Bill type: Budget Bill
These documents relate to the Budget (Scotland) (No.5) Bill (SP Bill 62) as introduced in the Scottish Parliament on 20 January 2011

BUDGET (SCOTLAND) (NO.5) BILL

ACCOMPANYING DOCUMENTS

SCOTTISH GOVERNMENT STATEMENT ON LEGISLATIVE COMPETENCE

1. On 20 January 2011, the Cabinet Secretary for Finance and Sustainable Growth (John Swinney MSP) made the following statement:

“In my view, the provisions of the Budget (Scotland) (No.5) Bill would be within the legislative competence of the Scottish Parliament.”

PRESIDING OFFICER’S STATEMENT ON LEGISLATIVE COMPETENCE

2. On 18 January 2011, the Presiding Officer (Rt Hon Alex Fergusson MSP) made the following statement:

“In my view, the provisions of the Budget (Scotland) (No.5) Bill would be within the legislative competence of the Scottish Parliament.”
PURPOSE

1. This memorandum has been prepared by the Scottish Government in accordance with Rule 9.4A of the Parliament’s Standing Orders, in relation to the Budget (Scotland) (No.5) Bill. It describes the purpose of the subordinate legislation provision in the Bill and outlines the reasons for seeking the proposed power.

2. The contents of this Memorandum are entirely the responsibility of the Scottish Government and have not been endorsed by the Scottish Parliament.

Outline of Bill provisions

3. The Budget Bill is the vehicle through which the Scottish Government seeks Parliamentary approval of its spending plans for the coming financial year (in this case, 2011-2012), 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.

Rationale for subordinate legislation

4. The Bill contains one subordinate legislation power. This is contained in section 7.

Delegated power

Section 7 – Amendment of this Act

Power conferred on: Scottish Ministers
Power exercisable by: order made by statutory instrument
Parliamentary procedure: affirmative resolution of the Scottish Parliament

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

   (i) transfers of resources within the Scottish Government, and with Whitehall;

   (ii) changes in accounting and classification guidelines; or
This document relates to the Budget (Scotland) (No.5) Bill (SP Bill 62) as introduced in the Scottish Parliament on 20 January 2011

(iii) the allocation of resources from central funds including the Contingency Fund and from End Year Flexibility allocations.

6. 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 3.40 of their Final Report), and is also covered in the Agreement on the Budget Process between the Parliament and the Scottish Government.

7. 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 – colloquially known as the Summer, Autumn or 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.
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;

(iii) Pension or grants motion as described in Rule 8.11A.1;

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:

Bob Doris (Deputy Convener)
Helen Eadie
Rhoda Grant
Alex Johnstone
Ian McKee
Elaine Smith
Jamie Stone (Convener)
Committee Clerking Team:

Clerk to the Committee
Irene Fleming

Assistant Clerk
Jake Thomas

Support Manager
Lori Gray
Subordinate Legislation Committee

4th Report, 2011 (Session 3)

Budget (Scotland) (No.5) Bill

The Committee reports to the Parliament as follows—

1. The Subordinate Legislation Committee considered the delegated powers provision in the Budget (Scotland) (No.5) Bill at its meeting on 25 January 2011. 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 2011/12. 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 affirmative Order.

Delegated power – Section 7: Amendment of the Act

3. Section 7 confers power on the Scottish Ministers to make adjustments to the overall cash authorisations set in section 3 of the Bill and to the schedules to the Bill, 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.
Note: (DT) signifies a decision taken at Decision Time.

**Budget (Scotland) (No.5) Bill:** The Cabinet Secretary for Finance and Sustainable Growth (John Swinney) moved S3M-7771—That the Parliament agrees to the general principles of the Budget (Scotland) (No.5) Bill and, in doing so, notes the Finance Committee’s 2nd Report, 2011 (Session 3): *Report on Scotland’s Spending Plans and Draft Budget 2011-12*.

After debate, the motion was agreed to (DT) by division: For 62, Against 2, Abstentions 56).
Budget (Scotland) (No 5) Bill: Stage 1

The Presiding Officer (Alex Fergusson): The next item of business is a debate on motion S3M-7771, in the name of John Swinney, on the Budget (Scotland) (No 5) Bill.

14:35

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): Last week, I introduced the 2011-12 budget bill, which I commend to the Parliament. The bill takes forward the draft budget that I set out in November.

I welcome the Finance Committee’s report on Scotland’s spending plans and draft budget for 2011-12, which was published last week, and I thank everyone who contributed to its contents. The Government will respond to the report in the normal way, but I will offer initial reactions in my speech.

Let me start by commenting on the context for the budget bill and the principles that underpin our proposals. The bill responds to public spending challenges in Scotland that are unprecedented in the period since devolution. Following the United Kingdom spending review, Scotland’s budget for 2011-12 will be £1.3 billion less than the budget for the current financial year, comprising reductions of around £500 million to our revenue budgets and around £800 million to our capital budgets. It is vital that we take careful decisions now to respond to that challenge.

The robust action that the Scottish Government has taken to protect the economic recovery, support jobs and stimulate economic growth is beginning to deliver results in Scotland. After a shorter and shallower recession in Scotland than there has been in the rest of the UK, the most recent economic indicators highlight the strengthening economic position in Scotland. The 0.5 per cent gross domestic product growth in quarter 3 of 2010 builds on Scotland’s strong performance in the second quarter, which saw the highest growth rate since the second quarter of 2006 and exceeded the G7 average.

The pick-up in economic activity has led to a welcome improvement in labour market conditions in Scotland, with an additional 40,000 people in employment since April 2010 and a decline in unemployment of 5,000 in the three-month period to the end of November 2010.

However, the recovery remains fragile, as the UK GDP figures demonstrated yesterday, and we must sustain our actions on the economy. That is why we will publish a further update of the Scottish economic recovery plan next month, which,
together with our spending plans, will ensure that Scotland can enjoy a strong and speedy recovery from the global recession.

In addressing the financial challenge that we face, the Government has set out proposals that deal with the largest fall in public spending in any one year in Scotland. We must work within the spending totals that we have been given, and the priority must be for all parties to work together in the national interest to build consensus around the bill and ensure that budget allocations can be finalised before the start of the next financial year. That is essential to the delivery of our public services and to our on-going efforts to support Scotland’s economy.

The Government will engage on the matter constructively across the political spectrum. It was in that spirit that I published illustrative budget information covering the period to 2014-15, in response to the parliamentary debate in November.

As in previous years, the Government is willing to consider alternative proposals to the proposals in the budget. However, we must be realistic about the resources that are available to us. If other parties want to propose increased expenditure in support of particular objectives, I ask that they also bring forward proposals for identifying the resources to fund those changes in spending programmes.

Margo MacDonald (Lothians) (Ind): The cabinet secretary will forgive me if I do not identify a source from which I hope that he will find enough money to help to pump prime an initiative that sportscotland is undertaking, to help Midlothian Council to develop the ski slope at Hillend. Hillend is a national facility and a national treasure, which a small local authority is trying to develop on its own. It hits all the health, education and growth objectives that we are trying to hit. May I have an assurance on that and other matters that I have discussed with the cabinet secretary?

John Swinney: There have been constructive discussions between sportscotland and Midlothian Council about the situation at Hillend, and I hope that a positive outcome can come from them.

I say to Margo MacDonald—as I have just put on the record—that the Government is willing to consider alternative budget proposals to ensure that we secure consensus, but I reiterate that we have to operate within the fixed financial envelope that is in front of us. The Government will be involved in the debate about alternative proposals, but we must also have suggestions and proposals from other parties as to how the spending priorities can be changed to afford priorities that are not currently in the Government's proposals.

We discuss the principles of the budget bill today in the context that I have outlined.

The Finance Committee report, which was published last week, includes a number of comments about the economic impact of the draft budget, and it may be helpful for me to restate the approach that we have taken in prioritising our purpose of sustainable economic growth.

We are prioritising support for employment to enhance the resilience of Scotland’s economy, including by limiting public sector pay awards to maintain public sector employment.

Rhoda Grant (Highlands and Islands) (Lab): The cabinet secretary is aware that Argyll and Bute Council has a huge number of islands to cover. Why does it face one of the largest cuts in spending compared with the Scottish average?

John Swinney: Argyll and Bute Council’s need to support islands will be covered by the special islands needs allowance, which is applied to all local authorities that have islands within their boundaries. That allowance has been applied appropriately in the local government distribution formula to address the issues for Argyll and Bute Council.

One other issue for the council is the distribution of supporting people money. The local authority has been in touch with the Government about that and we continue to discuss it with the council.

As part of the economic response, we are strengthening the Government’s approach on education and skills. We are preserving university and college places while upholding our commitment not to raise university tuition fees or college charges. The budget provides for 34,500 training opportunities in 2011-12, and we will continue to work with the sector to maximise the opportunities that are available to members of the public. We will also continue the education maintenance allowance scheme, honouring our commitment to support the students who come from the poorest backgrounds in Scotland.

The settlement for local authorities includes the continued and successful implementation of the curriculum for excellence and maintains the pupil teacher ratio in the crucial early years of primary school, which is critical in enabling young people to flourish in the future labour market.

We are promoting new business growth by continuing the small business bonus scheme, which benefits 74,000 business properties, as part of a package of business reliefs that is worth £2.4 billion over five years.

I considered it necessary as part of the budget to examine what options might exist to raise a small amount of additional income through business rates. The option on which I settled was
the business rates that some of our largest retail stores pay. For that reason, I laid before the Parliament the regulations that were considered earlier today at the Local Government and Communities Committee. Unfortunately, the committee did not approve the regulations. They will, therefore, be subject to consideration by the full Parliament next week, which we welcome. We will continue to press the case that those with the broadest shoulders should bear more of the burden at a time when Westminster has slashed Scotland’s budget by £1.3 billion and GDP in the United Kingdom has gone into reverse.

The development of the Scottish loan fund will help to address a gap in the market for loan finance for established growth and exporting companies. Improved access to finance will be a key condition for a strong recovery.

The budget maintains support for attracting additional inward investment through the regional selective assistance, R and D plus and training plus schemes. It also maintains support for boosting export growth, including through the smart exporter initiative. The recent successful visit by the Chinese Government further illustrates our commitment to developing Scotland’s comparative advantage in the global economy and delivering direct economic results and benefits to companies and people in Scotland.

We will also support jobs directly through our infrastructure investment programme. In spite of the 25 per cent cut to our capital budget, we will deliver strategic commitments, such as the new Forth crossing, the new south Glasgow hospitals project and the school building programme, and we are protecting local government’s share of the overall capital budget. Furthermore, we have announced a programme of infrastructure investment in health, education and strategic transport projects worth £2.5 billion, which is to be delivered through the non-profit-distributing model and will help to maintain construction jobs over the medium term.

We will continue to make the case to the United Kingdom Government for early and meaningful borrowing powers for Scotland.

More broadly, the holistic approach that we have taken reinforces our social contract with the people of Scotland. In difficult economic times, the Scottish Government has acted to protect employment and household income, to create new economic opportunities, to support front-line services and to improve our environment. We reaffirm our social contract by providing the resources to continue the council tax freeze and to implement the full removal of prescription charges, which will help households as they face pay restraint and maintain demand in the economy at a time when increases in VAT and fuel prices are presenting acute challenges to members of the public.

As part of our strategy, we have set a 3 per cent efficiency target across the public sector, and we are proposing a 10 per cent reduction in the Government’s central administration budget.

We are delivering our commitment to pass on to the health service in Scotland the consequentials arising from decisions on health spending in the UK spending review, and we are continuing provisions for free personal care.

We have worked closely with the leadership of the Convention of Scottish Local Authorities to agree a settlement for local government that maintains its share of the Scottish budget, which helps to maintain the delivery of vital local services across Scotland and to maintain core commitments on police numbers, school education and adult social care.

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): I seek clarification regarding the figures that the Government has published for the coming four years. Are those figures predicated on the 3 per cent efficiency savings carrying on each year?

John Swinney: The Government envisages that, for the longer term, an efficiency programme of 3 per cent will be essential to deal with the financial challenges that we face.

Returning to local authorities, I am delighted that all 32 of them have provisionally accepted the offer that the Government has made, subject to the passing of the bill.

We are continuing to invest in new social housing, including through the £50 million innovation and investment fund and the national housing trust, and we will be able to generate, in total, an extra £600 million of investment and build around 6,000 new affordable homes. We will invest about £300 million that has already been allocated through current programmes to help to ensure a supply of newly completed affordable homes across the country during 2011-12. We must continue to scrutinise the options that are available to us to lever further investment into the housing sector to deal with the reductions that we have had to face.

Our budget seeks to drive forward the transition to a low-carbon economy. We have published the Government’s low-carbon economic strategy, which, together with the budget and the draft report on proposals and policies, sets out a coherent strategy for the future. We will take forward the £70 million renewables infrastructure fund, which will receive £17 million in 2011-12.

We remain committed to improving the energy efficiency of Scotland’s housing stock and to
defeat in committee this morning, the full Parliament that as a result of the Government's be misled? The cabinet secretary informed make it absolutely clear that Parliament must not be misled. It is on a procedural point. Could you Kincardine) (LD): on Scotland's Finance Committee's 2nd Report, 2011 (Session 3): the Budget (Scotland) (No.5) Bill and, in doing so, notes the to by members today.

I make clear again my willingness to promote front-line services and to improve our ensure the resilience of the Scottish economy, to to be happy to discuss future arrangements.

I welcome the committee's intention to produce a legacy paper on the budget process, and we will be happy to discuss future arrangements.

The Budget (Scotland) (No 5) Bill takes steps to ensure the resilience of the Scottish economy, to promote front-line services and to improve our environment. I make clear again my willingness to discuss with all parties the issues that arise from the general principles of the bill, if they are agreed to by members today.

I move,

That the Parliament agrees to the general principles of the Budget (Scotland) (No.5) Bill and, in doing so, notes the Finance Committee's 2nd Report, 2011 (Session 3): Report on Scotland's Spending Plans and Draft Budget 2011-12.

Mike Rumbles (West Aberdeenshire and Kincardine) (LD): On a point of order, Presiding Officer. It is on a procedural point. Could you make it absolutely clear that Parliament must not be misled? The cabinet secretary informed Parliament that as a result of the Government's defeat in committee this morning, the full Parliament will make a decision on the regulations in question next week. Will the Presiding Officer confirm that the correct procedure is for the Government to request the Parliamentary Bureau to consider such a proposal and for the bureau—[Interruption.] I ask Scottish National Party members to be quiet and listen to the point of order. They may not like it—[Interruption.] The Presiding Officer: Order.

Mike Rumbles: The correct procedure is for the Parliamentary Bureau to recommend to Parliament that it consider the regulations next week. That is for Parliament, not the cabinet secretary, to decide.

The Presiding Officer: That item will be on the agenda for next Tuesday's bureau meeting and it will be duly discussed then.

I call Andrew Welsh to speak on behalf of the Finance Committee, as the committee's convener.

Andrew Welsh (Angus) (SNP): Before I turn to the detail of our report and recommendations, I will briefly outline some of the changes to this year's budget process.

The fact that the UK spending review was published only in October and that the Scottish Government's budget was published in November meant that the time for parliamentary scrutiny was constrained. Rather than have a separate debate on the Finance Committee's report in December, we agreed with the cabinet secretary to include our debate within the stage 1 debate on the Budget (Scotland) (No 5) Bill.

As part of our scrutiny this year, the committee held two evidence sessions with the right hon Danny Alexander MP, Chief Secretary to the Treasury, on the June budget and the spending review. The committee also took evidence on the review from members of the independent budget review panel and the cabinet secretary, and on the draft budget from public finance experts and the cabinet secretary.

Unfortunately, our planned external meeting in Carnoustie in December had to be cancelled because of adverse weather conditions, much to my regret. Although the planned workshops and school seminars could not go ahead, I put on record my thanks to everyone who agreed to give up their time to take part, and I echo what the committee said in its report, that we hope that our successor committee will be able to visit Angus at a future date.

I thank our committee clerks, our Scottish Parliament information centre researchers and our budget adviser, Professor David Bell, for their
work, and I thank the members of all the other committees who contributed to scrutiny of the budget. The subject committees made a wide range of detailed recommendations in their portfolio areas. As it was not possible to cover them all in our report, I encourage all subject committees to seek their own formal responses from the relevant ministers.

On our report, it is important to say at the outset that the committee recognised that the budget settlement for 2011-12 is the most difficult since devolution. Mindful of that fact, the committee held a budget strategy phase of the process during the spring of 2010 to help to prepare the parliamentary committees and Parliament for the challenges that lay ahead.

In the time available, I cannot possibly cover in depth all the issues that were raised in our report, but I will pick out the main thrust of our recommendations and the key conclusions that we made. I am sure that committee colleagues will pick up any issues that I do not have time to cover.

This year, the committee framed its scrutiny around testing the strategic, cross-cutting aspects of the budget and some key portfolio issues against the Government's stated core purpose and its three strategic priorities. During evidence from Scottish public finance experts, a strong view emerged that, from their critical examination of the choices that were made in the budget, the budget in fact prioritised the protection of services, rather than the Government's stated purpose of increasing sustainable economic growth. In their view, cutting budgets that typically relate to the generation of economic growth—such as those for higher and further education, water, housing and the enterprise agencies—while protecting health spending by passing on the health Barnett consequentials from the UK spending review and protecting universal services makes it difficult to protect economic growth. We have, therefore, asked the Government to publish, prior to the stage 3 debate on the bill, an overview of the assessment that it has carried out to satisfy itself that the measures in the budget will in fact support economic growth.

Margo MacDonald: Will the member give way?

Andrew Welsh: Forgive me, but I have a great deal to cover.

The key issue of efficiency savings has exercised the Finance Committee and our predecessors in sessions 1 and 2. There are many well-rehearsed issues around efficiency savings, including the problem with having year-on-year targets, which means that the easier options were taken some time ago and therefore future efficiencies are ever harder to find.

The major concern with efficiency savings throughout devolution has been the reliability of reporting information provided by public bodies. Reporting arrangements have yet to be set out for 2011-12. In our report, we call on the Government to explain how it will ensure that the test that the cabinet secretary has set out in relation to efficiency savings will be enforced. As a matter of urgency, we ask the cabinet secretary to set out clearly whether efficiencies for 2011-12 will be recycled or whether they will be used to reduce the funding gap.

The protection of the universal services that the Government provides formed part of our work during the budget strategy phase. Although we recognise that changing many of those services will have an effect only in the medium to long term, the report invites the Government to be more transparent in explaining the long-term impact on other aspects of the budget, especially given the pressures of demographic change.

We considered capital spending in depth, given the scale of the cuts in the capital budget and its importance in promoting economic growth. The committee agrees with public finance experts that investment in housing could have an immediate positive impact on economic growth.

Although the Finance Committee’s preventative spending inquiry proposals will be discussed in depth at our chamber event on 4 March, I want to put on record our strong support for the concept of preventative spending and our belief that more effective use of preventative spending could deliver great social and financial benefits to Scotland. The Scottish Government shares that view, claiming that preventative intervention “lies at the heart of the Government’s policy interventions”—[Official Report, Finance Committee, 30 November 2010; c 2833.]

and is

“integral to the approach to government in Scotland and delivering the outcomes set out in the National Performance Framework”.

Given the strong consensus demonstrated by the committee, the Scottish Government and witnesses, we recommend that future draft budgets include an assessment of progress that is being made towards taking a more preventative approach. We will also recommend to our successor Finance Committee that subject committees should scrutinise the Scottish Government’s progress in that area.

I turn briefly to specific portfolio issues, and thank the subject committees for their detailed scrutiny and reports. The Finance Committee chose to examine certain portfolio issues in more detail, given their importance in assessing the
Government’s budget against its core purpose and strategic priorities.

The committee considered the reductions facing further and higher education. We are awaiting the outcome of the Government’s green paper on higher education funding, but one issue that the committee raised is the commitment in the current budget to maintain core university and college places. It is not clear to us what is meant by “core”, therefore we ask the Government to spell it out.

I conclude by looking forward to the next parliamentary session, and turn to what we call in the report “legacy issues”, under which we discuss problems concerning the provision of budgetary information and the budget process itself. Although the committee has welcomed many aspects of Scotland performs, we have raised a series of issues regarding the provision of performance information and the perennial issue of linking budgets to spending priorities and outcomes. In previous reports, we have requested a formal report to Parliament. We note that under the Virginia performs system, on which the Scottish system is based, a report to the Virginia General Assembly is required. The committee therefore invites the Scottish Government to explain why it has not implemented a similar mechanism.

Finally, looking forward to the next session of Parliament, we recognise the difficulties that committees have experienced because of the time that has been available this year. However, having reviewed the process in 2008-09, we do not see the need for another review at this point. We will consider the issue further in our legacy paper and, with a view to helping our successors, I urge all committees to send us their thoughts on how the process can be improved.

Since this is my last annual Finance Committee report to Parliament as convener of the committee, I thank my committee colleagues, past and present, for ensuring that the overall interests of Parliament and the Scottish people—whom we serve—have been at the heart of our always unanimous reports and recommendations. I commend the Finance Committee’s report to the Parliament.

15:01

Andy Kerr (East Kilbride) (Lab): I thank the convener of the Finance Committee for his report to the Parliament.

However, from looking at the budget, I believe that the signal failure of nearly four years of Scottish National Party Government is clear for everyone to see. When John Swinney delivered his first budget, Scotland had the lowest rate of unemployment in the United Kingdom, but we now have the highest. In Scotland today there are 225,000 unemployed people. Those are families who are burdened by unemployment and who are wondering how they will make ends meet.

When we drill down into the figures, it gets a lot worse. The number of 16 to 24-year-olds who have been out of work for more than a year has increased by a staggering 338 per cent. This budget should be about jobs, jobs and jobs, but it is not.

A few days ago, I had the opportunity to visit Glasgow (Central) Citizens Advice Bureau. I met Georgina Woods, who was the latest person to find work with Labour’s future jobs fund. Sadly, she will also be one of the last, because the Tories are abolishing the fund. Of course, in Scotland, we do not have to accept that. We have our own Government, so we can stand up for young people and give them that chance in life. However, what is Mr Swinney doing? We have obviously heard a lot from him in his previous remarks, but on the basis of the budget and the reports that have been given to committees of the Parliament, the answer is that he is doing nothing much.

In evidence to the Finance Committee—which was not quoted by the cabinet secretary—Peter Wood, director of Optimal Economics Ltd, said:

“I fear that the commitment to economic growth is more of a slogan than a reality.”

Jo Armstrong from the Centre for Public Policy for Regions, stated:

“It is difficult to see the link between the headline of sustainable economic growth and the current budget allocations.”—[Official Report, Finance Committee, 30 November 2010, c 2964.]

So the primary purpose—in capital letters—that the SNP seems to have is not addressed in its budget. The Economy, Energy and Tourism Committee concluded

“that insufficient priority has been given to sustaining the growth of the economy in setting budget priorities.”

Margo MacDonald: Will the member give way?

Andy Kerr: I will not at the moment, thanks.

In four years, Mr Swinney has brought forward four budgets. He has slashed the funding to enterprise, to energy and tourism, to housing and regeneration and to higher and further education, which—as the convener of the Finance Committee said—are the key economic drivers. Mr Swinney ditched not one, but two, rail links to our biggest airports. He botched the business rates revaluation and failed to deliver transitional relief. He also decimated public works with his shameful Scottish Futures Trust, which has not even built a single school, but—at last—there has been a conversion and the SNP has now grasped public-
private partnerships as the route forward. It is too much, too late. [Laughter.]

I apologise. I meant “too little, too late.” [Laughter.]

The Presiding Officer: Order.

Andy Kerr: The kids who are in schools that are decaying around them are not laughing, Mr Swinney. The people in our hospitals who require better care are not laughing, and the 40,000 construction workers who have lost their jobs because of Mr Swinney’s inability to make the Scottish Futures Trust deliver anything will not be laughing.

Of course, that all happened in the good times for Scottish budgets. The SNP inherited growing budgets and had a £1.5 billion reserve, which it has blown. We no longer have the ability to respond to the Conservative-Lib Dem cuts. The budget that is before us today is not a budget for jobs and is not in a form that we, on the Labour benches, can support.

We have heard the threats before and we have heard them again. The First Minister has, yet again, with his threat of resignation, threatened to flounce off in the huff to his campaign battle bus. Now that Stewart Stevenson is no longer the Minister for Transport, Infrastructure and Climate Change, he has even got his old driver to do the work for him. However, we are not interested in Mr Salmond’s ego; we are interested in the young unemployed who do not have the opportunities that they should have, in those who are in search of work in our communities, and in our teachers, nurses and all those who serve our communities and our people. That is why I want to make this budget about jobs and the economy. That is not, however, what any report about the budget says it is.

From day 1 of the SNP Government to these, its dying days, it has always been about the politics and never about the country. It has been about the SNP’s position as a political party, not about addressing the needs of Scotland. It has been about their jobs and not the jobs of the Scottish people. [Interruption.]

Even this week, Mr Swinney promised us illustrative figures for future years, but what we got was an election trick. He insulted the Parliament and tried to con the public by claiming that there will be no changes to public spending in Scotland over the next four years. That is simply not credible. [Interruption.]

The Presiding Officer: Order. Can we have slightly better order, please, from the party in government?

Andy Kerr: Not in my words, but in the words of The Sun, the budget was described as “The great Swinney swindle”. He did not even have the ability to respond to all-party demands in the chamber for an accurate projection of future expenditure. He has deliberately chosen to keep local authorities, the national health service and other publicly funded bodies in the dark about his real plans.

In these difficult times, with the Tories cutting too hard and too fast, we need to make our economy grow, but what have we got? The cabinet secretary has been practising town centre regeneration in reverse. Let us look more closely at the supermarket tax—a measure that has been pulled out of a hat like the proverbial rabbit, with no consultation, no impact assessment and no understanding of the damaging consequences of the proposal. John Swinney’s message to some of the biggest employers in this country is, “We don’t want you here. We don’t want the jobs, the training, the skills or the investment.”

Let us take Marks and Spencer as an example. It has stated clearly that there will be a competitive disadvantage to investing in Scotland that could cost up to 8,000 jobs. Headlines are now spreading throughout Scotland about the impact of that measure.

John Swinney: Would Mr Kerr like to comment on the competitive disadvantage that he was party to creating when he was a minister in the previous Administration, which kept business rates in Scotland higher than they were in the rest of the UK?

Andy Kerr: We set about—[Interruption.]

The Presiding Officer: Order.

Andy Kerr: We set about creating parity. Perhaps the cabinet secretary will compare his actions today to his manifesto promise that rates in Scotland would not rise above rates in England. They have just done that in relation to the supermarket tax. Labour tried to give the cabinet secretary an opportunity to reflect, to withdraw the statutory instrument and to take more time to consult and come back to Parliament, but he refused. As ever, Mr Swinney presented us with a “take it or leave it” offer. He wanted consensus, but on his terms and not on the terms of anybody else in the chamber—the traditional hallmark of SNP budgets.

We now have the likelihood of another Tory-SNP budget. We want the budget to include a future jobs fund that would guarantee our young people access to work, a modern apprenticeship for every suitably qualified young person, and investment—not cuts—in regeneration. We have instead seen a cut of 46 per cent in urban regeneration. We did not create the black hole in the budget. It was created by John Swinney—it is his budget and his responsibility. We will give him a chance to improve the budget over the next
couple of weeks, but at this stage and with the budget in this condition we cannot support it.

15:09

Derek Brownlee (South of Scotland) (Con): There are things in this budget with which we agree, such as the pay freeze on salaries of over £21,000, to protect jobs; the protection of the national health service budget; the funding for additional police; the maintenance of the cuts in business rates for small and medium-sized businesses; and the council tax freeze. They are all Conservative policies, but I am sure that members will agree that there is always room for more Conservative policies.

Like other parties, we have been in dialogue for some weeks now with the Scottish Government over the budget, and we have outlined our main concerns around where the Government needs to act to improve the budget and provide a greater focus on job creation in the private sector to support and rebalance the Scottish economy, and on reform of our public services, to enable them to be protected as budgets fall. We have not reached agreement with the Government, nor are we yet convinced that sufficient attention has been directed to either area. We will continue to press the case for greater emphasis on reforming public services and private sector job creation, and we will review the Government’s response on that before we take a final decision on how to vote at stage 3.

With regard to tax, alone among the Opposition parties, we have supported the council tax freeze and, just as we made it clear that we would not support a budget that increased council tax this year, so we would not support one that seeks to do so next year. If we are not in government after the election, whoever is will have to look elsewhere for support if they want to hit Scottish families with higher council tax.

The tax on which more attention has been focused is, of course, the one on retail. It is a shame that, when the debate on the budget focused is, of course, the one on retail. It is a shame that, when the debate on the budget focused

Derek Brownlee:
The minister when he retires at the election, but Mr Swinney has clearly inherited the mind maps, as was obvious last week when he refused to tell us what business rates income is forecast to be in the current financial year. He said that

“information of this type can sometimes be misinterpreted and misconstrued by the forces of darkness”.

I do not know who “the forces of darkness” might be, but I think Mr Swinney meant, “I am currently sitting on £89 million more than I expected this year, but if I mention that I will undermine the case for the extra tax on shops.”

I am grateful to the financial scrutiny unit of the Parliament for confirming what the cabinet secretary would not: that the Government is likely to get three times as much as it wanted to raise from the retail levy as a windfall in this current financial year from other businesses, through business rates.

Devolved fiscal powers should be used to make Scotland more competitive, not less competitive. I agree with Andy Kerr that we need to focus on how to help to create jobs in the private sector.

Kenneth Gibson (Cunninghame North) (SNP): Could the member explain how the increase in fuel duty will make Scotland more competitive?

Derek Brownlee: The member understands that the financing of the Scottish Government comes from the block grant from Westminster, the funding of which comes, in part, from taxes such as fuel duty. He will also be well aware of discussions in the run-up to the UK budget on 23 March, in which I am sure he has a keen interest.

The Scottish Government needs to do more to create jobs with the £33 billion that it is responsible for spending.

Some measures can work in the short term. The convener of the Finance Committee referred to the evidence that the committee heard on housing. It was striking that, when we asked economists whether reversing the cuts in the funding of the enterprise agencies or doing more on housing would have more of an economic impact, the answer was pretty unanimous that we should do something about housing.

The issue is not necessarily about Government spending more, because building more houses with the same level of public funding would have a positive economic impact on the construction sector through increased activity levels. The Parliament has to get out of the mindset that says that spending more is always better than spending less, which means that Opposition parties and the
Government should focus more on what spending plans deliver, and less on how much money each project consumes.

We have got to think more in the longer term. The standards of education in this country and the quality of our infrastructure will impact on our ability to create jobs in the future. That is why, although the budget is for one year, it cannot be viewed in isolation.

On Monday, the Scottish Government published longer-term spending figures, as was required by Parliament, following a previous vote. However, although the First Minister was keen to boast about how the NHS budget would be protected—I wonder where he got that idea—Mr Swinney makes it clear in his letter to the Finance Committee that “actual budgets will vary from the illustrations”.

They will have to vary because the draft budget is based on different assumptions from the illustrative budget figures that were issued on Monday.

We were told by many people in the higher and further education sector that this year’s budget figures are sustainable—just—for one year. We on the Conservative side of the chamber believe that a graduate contribution would allow additional funding to go to the sector while maintaining student numbers and the quality of our institutions. Other parties are perfectly entitled to disagree, but the illustrative figures for the next session of Parliament would lead to fewer students or lower-quality institutions, or both. If the SNP’s answer is to increase public funding, it should tell us in which other areas for which the Government is currently projecting a cash freeze the reductions would be made. Would it be the NHS, schools or affordable housing? Are not the public entitled to know?

The First Minister (Alex Salmond): It cannot have escaped Derek Brownlee’s notice that the UK Government proposes in its projections the wholesale withdrawal of public funding from higher education. It is quite clear from the illustrative figures that Mr Swinney published on Monday that the Scottish Government is proposing no such thing. Will Mr Brownlee at least concede that point of accuracy?

Derek Brownlee: I accept that the illustrative figures show a cash freeze. What I am saying is that no one in the higher and further education sector believes that that is sustainable.

I will give another example in which the figures are absolutely unsustainable. The budget that was published in November shows no additional taxpayer funding for Scottish Water because, as the budget states,

“Scottish Water will have sufficient cash so that no loans are required from the Scottish Government”.

However, it also states:

“Over the 2010-15 regulatory period, the Government remains committed to lending £700 million to Scottish Water to enable it to deliver vital improvements to services.”

Of that, £140 million has been provided in the current financial year, so £560 million must be provided over the rest of the period to 2015, and yet the Government’s illustrative figures show not a penny of support to Scottish Water.

Unless the Scottish Government is secretly planning to follow the Conservatives’ very sound policy and remove Scottish Water from ministerial control, SNP ministers will have to cut more than £500 million from other capital spending on the NHS, schools and roads, on top of the cuts that they will have to make to fund further and higher education. The First Minister used to get terribly excited about reductions of £500 million, but clearly he is not so excited when they are of his own making.

The budget is not perfect, but nor is it beyond redemption. To borrow a phrase from the First Minister, it remains in purgatory. To allow cross-party discussion on the budget to continue, we will support the budget bill today, but the guarantee applies only to stage 1.

15:17

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): There are essentially two arguments for debate this afternoon. The first is to consider whether the Scottish budget is sufficient to help to stimulate our economy, to help create jobs and to give people the skills to secure jobs in the future. The second is to consider how it can be changed to do so.

As it stands, this budget fails the test that the Government itself set, which was to grow the Scottish economy. That was supposed to be the Government’s single purpose—indeed, it added a capital P to the word “purpose” in all its literature, giving it a somewhat theological emphasis. That purpose, which we and most parties in the Parliament shared, has now gone.

The Finance Committee was clear—it could not have been clearer—that the purpose was not being met, and was not being matched by the spending priorities in the budget. The committee went further still in its report, which calls for more information before stage 3. The report also asks why the strategic priorities have changed, and whether the Government carried out an assessment of the impact of its previous priorities on its purpose before that purpose was changed to the current one.
It is not an academic exercise. It means that the Government has now pretty much given up on addressing its own budget priorities for economic growth, and instead has a dual strategy. The Government blames the reduction in funding on the UK Government, and it is now focusing almost exclusively on some public services in some policy areas at the expense of most others.

There is no question about the fragility of the Scottish economy, or about the fact that we can look across the Irish Sea to see close at hand a situation that could potentially be replicated in Scotland if wrong decisions are made here. There is also no question but that we must tackle a structural deficit that could choke spending on public services for the next generation unless we handle it properly. We are spending as much on servicing the structural debt interest alone as it would cost to build a primary school in Scotland each day of the week.

When the Chinese delegation was in Scotland recently, it was interesting to note that the Chinese Government has bought more UK debt than the entire amount of trade deals signed with that country, not just in Scotland but across the UK, over the past year. There is no question but that our own business community has subdued confidence, and no question but that the pipeline of construction projects, which had already withered under the SNP when budgets were growing, is now in a dangerously low state.

The Government has tried to spin that the budget contains a revenue stream of financing that will build new infrastructure, but the same Government scrapped those schemes when it came into office. I met businesses in the construction industry recently and I do not need to make up that there was real anger and emotion, because they were palpable. One business said to me that the real crime was not that the SNP got rid of the public-private partnership approach but that nothing was put in its place. The Government accepts that the pipeline of projects has slowed. That is why the SNP is asserting that it is building as much as the previous Government, but that is clearly not the case. The growing gap between the SNP’s assertions and reality is becoming clear.

The Government states that the reductions go too far and too fast. I understand why the SNP is saying that, but in all the discussions that it has had with the UK Government, it has never taken the opportunity to say what would not be too far and too fast. The assertion seems to be the only thing that matters. Last autumn, the cabinet secretary gave the impression that the reductions’ going beyond the Organisation for Economic Co-operation and Development average proved his case. After the UK Government’s spending review was published and there was an additional £1 billion for the Scottish budget over the next four years that had not been forecast by the Scottish Government in June, the cabinet secretary stopped using that point. He did not use it any more because the fiscal consolidation in Scotland is actually lower than the OECD average as a proportion of GDP, but that does not trouble the Scottish Government.

We know that assertions are now the recourse of ministers, but reality is what matters to people in our communities, and it is the choices that matter. Make no mistake: the difficulties over the next four years with the spending plans require different choices. Scottish Water needs to be reformed. Quangos need to be reformed or scrapped. Retention and reform of concessionary travel is something else that we need to address, and the extension of free school meals beyond current eligibility also needs to be considered.

Margo MacDonald: Will the member take an intervention?

Jeremy Purvis: I am afraid that I will not have time to take an intervention. If I do, I will come back to Margo MacDonald.

We find it difficult to accept that, at a time when NHS workers who earn less than £21,000 will get an increase of just £250 and people who are on £21,000 or above will have a freeze in their pay, consultants, who are among the top-paid people in the NHS, will still be able to nominate themselves for a £70,000 annual bonus. We do not think that that is fair or appropriate. We heard the cabinet secretary mention those who have the broadest shoulders. I think that people who earn more than £100,000 have broad shoulders. I do not think that it is right that, in the past year, when the Government has claimed that it has put punitive measures in place, that pay bill has gone up by £53 million. That is not fair, and it is not those with the broadest shoulders who are taking the most responsibility. We also believe that the prescribing bill in the NHS is spiralling too much, with reduced health outcomes.

We have put on the table areas in which we believe proper decisions have to be taken, and those alone will free up £4 billion-worth of resource over four years. We have had discussions with the Scottish Government, as other parties have, and we have indicated that we will work with the Government on the budget if it is a shared priority to tackle the challenges. The cabinet secretary outlined some of them in his statement, and I welcome that. We will continue to meet and discuss those areas. We have set out our priorities—to create jobs, to ensure that every child gets a better and fairer start in life, to help business to grow, and to work against climate change. We have also indicated that we are prepared in the coming years to look at different
choices when it comes to reforming the public sector landscape in Scotland.

We have specifically asked the Government to support skills and, in particular, our young people; indeed, it is no surprise that the National Union of Students in Scotland and the colleges have been focusing on those areas. [Interruption.] I think that the Cabinet Secretary for Education and Lifelong Learning wishes to intervene, but I do not have the time. I leave him to make his comments about the colleges from a sedentary position.

The Cabinet Secretary for Education and Lifelong Learning (Michael Russell): I am just listening to the member in disbelief.

Jeremy Purvis: The education secretary talks about disbelief. He is an education secretary who has locked in a 10.6 per cent cut in college budgets at a time when the overall revenue budget is being reduced by 6 per cent over four years.

Michael Russell: Rubbish.

Jeremy Purvis: If that is rubbish, why has Scotland’s Colleges indicated that the Government’s choices are “potentially disastrous” for the college sector?

Michael Russell: It has not.

Jeremy Purvis: I suggest that the cabinet secretary look at the comments from Scotland’s Colleges.

This budget needs to be changed and needs to make different choices. Before stage 3, two key things must happen: the budget must address the Finance Committee’s concerns, although obviously they will be disregarded by the education secretary; and it must address the issues that we have raised and tackle the pressures on our economy, give better opportunities for our young people and ensure that Scotland’s Colleges, our students and other parties in the Parliament have been listened to.

The budget process might be helped if we can move away from some of this Administration’s arrogance. Changes must be made in that regard.

15:26

Linda Fabiani (Central Scotland) (SNP): In November, in his statement to the chamber following the publication of the draft budget, John Swinney said:

“The budget addresses a financial challenge without precedent since devolution and reflects the biggest reduction in public spending imposed on Scotland by any United Kingdom Government ... The scale of those cuts poses a significant challenge to the delivery of public services in Scotland and our economic recovery.”—[Official Report, 17 November 2010, c 30460.]

That is the context within which everyone in the chamber must consider and take responsibility for Scotland’s budget. Of course, we now have to take into account the tax rises that the UK Government had announced but had not implemented at the time. Some of those tax rises are already with us: VAT is now at 20 per cent; tax on home insurance is at 6 per cent; and—even more bizarre—anyone sensible enough to buy insurance for their gas central heating will have found that that particular tax has increased to 20 per cent. The Scottish Government—and, to be fair, the Executive that preceded it—has installed thousands of new central heating systems in the houses of vulnerable people and the UK Government has simply decided to increase the tax on anyone who has been sensible enough to take out insurance to cover them.

Those are but a few examples, but they demonstrate that the reliance on indirect taxation by Labour and Conservative and Liberal Democrat Governments at UK level is hitting the least well-off the hardest.

Robert Brown (Glasgow) (LD): Can Linda Fabiani tell us by way of comparison the rate of VAT in independent Ireland?

Linda Fabiani: That is typical. When they do not like what they are hearing, they start being nasty to other nations.

The abandonment by the Labour Party when it was in Government of any pretence that it believed in progressive taxation has allowed the right-wing coalition to drive further down that road, making things harder for the people whom politicians should be endeavouring to protect. I mention that because it seems to be quite a faultline between the Scottish Government and the Opposition. The SNP is intent on ensuring some measure of fairness in our society and, to anyone who wants to see where the parties stand on social justice and on having a system that is inherently fair, I point out that the Scottish Government has not only implemented but maintained and fully funded a freeze on the indirect council tax. It is one small measure that the Government can take within the very limited range of powers that it has to help those in need.

We have all heard Iain Gray and his troops call for the freeze to be lifted. Folk have not forgotten how quickly council tax rose under Labour Administrations at national and local level. Indeed, my colleague Tricia Marwick has just reminded me that the increase was 60 per cent over 10 years. We have no desire to see that return.

It is interesting that, although Labour and the other Opposition parties want to see lower-paid people take on an increasingly unfair burden in the shape of rising council tax, they also want to
protect the profits of the big supermarkets. They think that Tesco, with a turnover of more than £42 billion, is less able to afford to take some of the strain than someone who receives the minimum wage for their work.

Charlie Gordon (Glasgow Cathcart) (Lab): Will the member take an intervention?

Linda Fabiani: No, thank you.

Andy Kerr: Will the member take an intervention?

Linda Fabiani: No, thank you. We have had enough laughter today.

It seems that Sainsbury’s and Asda, with turnovers approaching £20 billion a year, and Morrisons, with more than £15 billion a year, cannot spare the pennies, but Scots pensioners can. That is the world according to the Labour Party, the Conservative party and the Liberal Democrat party. Compared with the megaretailers of the world, small and medium-sized businesses face a disproportionate burden—there is no argument about that—so why are the Lib Dems and Labour so strident in their opposition? I understand why the Tories are, but not why the Lib Dems and Labour are. On his website, Mr Purvis recognises and supports the struggle of local retailers against the big supermarkets, as does his leader, Tavish Scott. Perhaps later Lib Dem speakers will, rather than try to slag off other countries, enlighten us about which stance truly reflects the Lib Dem position.

John Swinney’s previous budgets have ensured that thousands of small businesses have seen their rates cut or abolished altogether. I welcome what he said today in that regard. I thought that all members wanted to protect our town centres and had concerns about the effects of out-of-town retail parks, but that is clearly not the case.

We approach the budget with a very important choice to make, which is pertinent in this season of Burns. Is Scotland to be a progressive nation that considers fairness for all, or are we to say, “Deil tak the hindmost”? I know what I and the Scottish National Party want.

We should all work together and support the general principles of John Swinney’s budget.

15:32

Jackie Baillie (Dumbarton) (Lab): Yesterday, the SNP’s election campaign was launched. There was not very much razzmatazz; rather, there was a poster and pledges on what appeared to be beer-mats. There was not much substance either, but there was a huge amount of spin.

As we will see from the budget that has been presented to us, yesterday’s election pledge on the NHS is already in complete disarray. It is more to do with sleight of hand and misdirection rather than the unvarnished truth. The Cabinet Secretary for Health and Wellbeing promises protection for the NHS, and the First Minister tells us that he will spend £1 billion over the next session. If that amounts to protection, they must be deluded—or worse, they think that we are deluded. Their version of protection amounts to cuts.

Kenneth Gibson: Will the member take an intervention?

Jackie Baillie: I have annoyed the member. Sit down.

The First Minister said:

“We’ve protected the health service in real-terms” for four years,

“and we’re now extending that commitment to the next four years.”

That is simply not accurate. I will demonstrate that by telling members what will happen in the coming year, which is an indication of what the SNP will do in the future. Let us deal in facts, for goodness’ sake.

The first fact is that independent analysis by SPICe tells us that, up to 2014-15, the budget will reduce in real terms by £8.6 million. Who should we believe—SPICe or the First Minister? I know who I prefer. People cannot claim that there will be real-terms increases if an independent analysis says exactly the opposite.

The second fact is that the SNP’s 1.6 per cent cash increase for the NHS in the 2011-12 budget equates to a 0.3 per cent cut in real terms, which is a reduction of £33.9 million. That is a cut, not an increase.

The third fact is that the settlement is the lowest for the NHS since devolution, and it has put enormous pressure on staff and services throughout the health service.

Joe FitzPatrick (Dundee West) (SNP): Will the member take an intervention?

Jackie Baillie: No.

We know that, because of the higher cost of drugs among other things, the rate of inflation in health is around 4 per cent in real terms. Therefore, there has been a cut in real terms that is being felt in hospital wards throughout the country. If the budget was set to rise, as the SNP claims, the SNP would not be implementing plans to cut thousands of nurses and other front-line staff. Some 4,000 staff—1,500 of them nurses—will be gone from the NHS this year alone. That is in the good times, before the UK coalition’s budget cuts begin to bite.
Those cuts are entirely down to the SNP. They are the SNP’s cuts, and it cannot blame anyone else. SNP ministers failed to pass on the 6.7 per cent year-on-year increases that Labour delivered for the NHS in England. The SNP took a deliberate decision to give the NHS in Scotland a lower spending settlement of just 2.4 per cent. The NHS is not safe in the SNP’s hands. It has not left the NHS in a strong position to defend itself from Tory cuts.

Let us take a closer look at the health board allocation. The Scottish Government claims a 3.2 per cent increase for territorial health boards but, looking a little closer, we find that the increase reduces to 1.8 per cent and, potentially, it reduces further when we consider the new burdens on health boards. Responsibility for free prescriptions now falls on health boards rather than being funded from the centre. Responsibility for running health provision in the Scottish Prison Service now falls on health boards. That was at a cost of £10 million. The responsibility was transferred from the justice budget to the health budget—it is just a shame that the £10 million did not accompany the transfer of responsibility. It is a new burden, but there is no new money. That is more spin, and more smoke and mirrors.

There has been a massive reduction in capital spending. Across the board, it is reduced by a third, but the largest reduction has fallen to health, for which the budget is £171 million less in the coming year. What projects will not proceed? What happens to the critical problem of maintenance, which is an issue in our health service? In a complete about-turn, the SNP has now embraced PPP—it might call it something else, but that is exactly what it is. I remind members of what Nicola Sturgeon said about PPP:

“PFI for schools and hospitals results in money being taken away from front-line services and used instead to line the pockets of people in the private sector.” — [Official Report, 31 October 2007; c 2847.]

Clearly, she has changed her mind.

The reality on the ground is that the NHS is creaking. The number of operations being cancelled is up, because we do not have sufficient capacity. Bed numbers are down. Readmissions are up, because people are being forced out too early. The staff do a tremendous job and I am sure that, if the Cabinet Secretary for Health and Wellbeing was here, she would agree with me. However, although warm words from politicians to recognise the importance of the efforts of health service workers are always welcome, they are no substitute for decent levels of resources.

What about social care? That is where the true scandal of the SNP term of office is exposed. I will set out a fact from an Audit Scotland report that SNP members will not like. When the SNP inherited the social care budget, there was £3.2 billion in it but, in short order, the SNP cut that to £2.8 billion, which is £400 million less. That is £400 million cut from some of the most vulnerable people in our community. Against that, we have the Government change fund of £70 million, which is a drop in the ocean of the overall social care budget. I understand that, some weeks earlier, the figure was £140 million, but the health secretary lost the argument with the finance secretary.

When we judge a Government, we should judge it by its actions rather than its words. If we get beyond the headlines, we see the inherent dishonesty of the SNP position, with a £400 million cut from social care and a real-terms reduction in the health budget line. We are used to SNP broken promises, as we have had more than 100 of them, but for the SNP to break its key pledge on health on the very day that it makes it is astonishing. The voters of Scotland will not forgive the SNP for that.

15:38

Gavin Brown (Lothians) (Con): Like my colleague Derek Brownlee, I welcome some of what is contained in the draft budget, particularly the commitments to maintain the 1,000 extra police that we fought so hard for, and to continue with the small business bonus and the council tax freeze. Those are important measures, which the Scottish Conservatives value dearly. However, to improve the budget and to turn it into one that would be worthy of support at stages 2 and 3, the SNP has to do more on jobs and to help grow the Scottish economy with the powers that we have. That is the hallmark by which the SNP Government has asked to be judged.

Page 81 of the draft budget states that the finance portfolio

“is ensuring that Scotland is the most attractive place for doing business in Europe”.

If the Government means that, it must look clearly at what businesses have said in the interim period, and it must listen to the committees of this Parliament, in particular the Finance Committee and the Economy, Energy and Tourism Committee, which made that very same point.

Let us address the retail tax that has been proposed by the cabinet secretary. It is not a supermarket tax, as suggested in the initial statement, and it is not an out-of-town retail park tax, as stated in all the press releases; it is a tax on large retail regardless of where the retailer is positioned, so it would hit our town centres badly.

Charlie Gordon: Is the member aware that 28 of the 42 stores in Glasgow city centre that could be affected by the tax are not supermarkets or out
of town? Does he agree, therefore, that calling it a supermarket tax is a misnomer? \[\text{[Interruption.]}\]

Gavin Brown: I agree entirely. The reason why Mr Gordon's phone was going off was probably that someone was phoning to tell him that the tax would hit all our retailers above a certain size, as opposed to just supermarkets, which is what the Government wants us and the public to believe.

The tax would put the Scottish retail sector at a competitive disadvantage against other parts of the United Kingdom. Scottish retailers would have to pay the tax, but English retailers would not. The SNP narrative used to be that it wanted to be independent so that we could make Scotland more competitive than the rest of the UK. The credibility of that narrative has been shot to pieces by the SNP retail tax.

There was no advance dialogue on the tax with the business community. We know that because when we asked the cabinet secretary about it, he admitted that there had been no dialogue on the proposal. What kind of signal does that send to the business community and investors around the world? It sends the signal that the Scottish Government is unpredictable and content to single out one sector for naked revenue raising.

The proposal was made that the tax would cost 8,000 jobs. That was laughed at by front and back-bench SNP members. It could be more or fewer than 8,000 jobs, but we do not know because the Scottish Government did not even bother to do a business and regulatory impact assessment of its proposal. The SNP Government pushed forward the regulatory scheme and Mr Swinney was personally at the vanguard, but the Government could not be bothered to do an impact assessment of the tax. It claimed that the tax would not have a big impact on the economy, despite there being a £30 million hit on one sector. That is not good enough. It does not make Scotland “the most attractive place for doing business in Europe”.

We did not hear too much about the Scottish Investment Bank today, because it is now being hurried through as the Scottish loan fund. I think that the cabinet secretary did not want to utter the words “Scottish Investment Bank” just in case he was asked a question about it. We were promised that the bank would be up and running by the end of last year. Then we were promised that it would be up and running by the end of January. However, when Scottish Enterprise gave evidence last week, it was clear that it would be a number of months before it was up and running.

John Swinney: I am delighted to mention the Scottish Investment Bank, as I mentioned the Scottish loan fund in my speech. The Scottish Investment Bank has been established and operates as a division of Scottish Enterprise. The procurement of fund managers for the Scottish loan fund is very near to completion, if not at completion right now.

Mr Brown should give due regard to the evidence on that matter that the Economy, Energy and Tourism Committee was given by Scottish Enterprise officials. However, I suspect that he was not interested in listening to what he was hearing.

Gavin Brown: I was extremely interested in listening to what Scottish Enterprise said on the issue. I am afraid that the cabinet secretary is being disingenuous. He knows that thus far every penny of the Scottish Investment Bank has come from the existing Scottish seed, co-investment and venture funds. Those funds have existed, and been operated by Scottish Enterprise, for a number of years. Just putting together those three funds and pretending that that is somehow the Scottish Investment Bank is utterly disingenuous. I listened to every word that Scottish Enterprise said, because I was extremely interested in that specific point. If the cabinet secretary wants to contradict that and to suggest that even a penny has been lent by the bank that did not come from those three pre-existing funds, I will be extremely happy to hear that in his closing remarks.

Margo MacDonald: Will the member give way?

Gavin Brown: I am sorry; I think that my time is up.

The Deputy Presiding Officer (Trish Godman): You should be finished Mr Brown.

15:45

Kenneth Gibson (Cunninghame North) (SNP): Forgive me if I do not take Tory concerns about job losses seriously. I remember the Tories saying that the abolition of fox hunting would cost 2,000 jobs in Scotland.

I congratulate the cabinet secretary on producing a budget that delivers for Scotland in the face of unparalleled cuts. It will help to protect front-line services and jobs, and to grow our economy and spending on the national health service, all in the teeth of £1.3 billion of cuts in next year’s budget from the coalition Government at Westminster—£1.856 billion in real terms—and following hard on the heels of Labour’s real-terms cut of £679 million this year. The severity of those cuts is indeed shocking.

However, despite these cuts coming from a Tory-Liberal coalition, let us not forget for one minute why we are in such a financial quagmire. Economic mismanagement by Labour left the UK with its largest level of national debt since the second world war, tipped us into the worst recession in living memory, and destroyed the country’s balance of payments as Labour spent
money like it was going out of fashion. What should we expect from a party that always leaves a financial crisis when leaving government and which had the International Monetary Fund bail it out in the 1970s? Gordon Brown promised us that the days of boom and bust were gone. We must be gracious enough to acknowledge that he delivered on half of that promise.

We should also remember that two thirds of the cuts that Scotland will endure were already planned by Labour. Alistair Darling drew up plans for an £814 million cut in the Scottish block before factoring in plans to raise national insurance by 1 per cent, which would have added a further £104 million of pressure to Scotland’s budget. That measure was met by deafening silence from Labour north of the border. Labour also bequeathed Scotland £28.1 billion in private finance initiative debt when it left office in 2007.

For Labour to now blame Scotland’s woes on the policies of a Scottish Government that it does not wish to control interest rates, VAT, national insurance, fuel duty, corporation tax, oil revenue, all income taxes and the financial sector is ridiculous and the people of Scotland will see straight through it.

By accelerating spending and investing in Scottish jobs and our economy and people, the Government has helped small and medium-sized businesses. The most recent data that are available show that our approach is paying dividends. Scotland’s recession was shallower than the UK’s and we exited recession a full three months before the rest of the UK. Scottish unemployment fell by 5,000 towards the end of last year, with 18,000 additional jobs in the Scottish economy, while UK unemployment increased by 49,000 in the same period. In construction, employment grew by 23,400 last year, while it fell by more than 26,000 over the border. The SNP will build on that record to deliver the best possible deal for Scotland with the border. The SNP will build on that record to deliver the best possible deal for Scotland with the UK economy, while UK unemployment fell by 5,000 towards the end of last year, with 18,000 additional jobs in the Scottish economy, and unemployment fell by more than 26,000 over the border. The SNP will build on that record to deliver the best possible deal for Scotland with the modest resources that we have.

The SNP is committed to ensuring that our young people receive the best available education. That includes maintaining the number of student places and the education maintenance allowance, investing in school building projects, reducing teacher unemployment through a settlement with the Convention of Scottish Local Authorities, and creating a new early years and early intervention fund. Of course, we also abolished Labour’s tuition fees.

During the past four years, our approach has seen our young people achieve the best higher pass rates ever recorded and 86.8 per cent of school leavers have moved on to positive destinations. Those have included apprenticeships, which we have increased by 30 per cent since Labour was in office, college education, employment and, of course, university with free tuition.

The SNP will protect spending in the NHS to deliver excellent care to the people in our society who need it most. That is something that Labour rejects, as confirmed by Mr Whitton’s appearance on “Newsnight Scotland” last Thursday, and something that Jackie Baillie obviously missed.

Jackie Baillie: The member’s time is up.

Kenneth Gibson: If Jackie Baillie had had the courtesy to accept an intervention from me or my colleague Joe FitzPatrick, I would have been happy to take one from her. But, of course, it is all about infantile politics for Ms Baillie, who talks about spending more money on this or that, but gives us no idea where that money is supposed to come from. It is empty rhetoric of the worst kind.

Our determination is to protect the NHS budget in conjunction with our previous commitment to pass on Barnett consequentials from increased health spending in England to the NHS in Scotland. No doubt Labour would rather that we spent that money on the white elephant of the Glasgow airport rail link, about which it has been rather quiet today.

The health budget includes an £8 million increase in funding to tackle hospital infections, on top of the £54 million that we are already spending; that is treble what Labour spent when Andy Kerr was the health minister.

The SNP Government will extend the free concessionary bus pass to all injured forces veterans. At the Glasgow East by-election, Labour falsely said that we would abolish that. That goes some way towards recognising the sacrifices that the veterans and their families have made.

In contrast, the UK cuts agenda has been exposed as fundamentally flawed. Yesterday’s figures show that the UK teeters once more on the brink of recession. Mervyn King rubbed salt into the wound by pointing out that workers were suffering the sharpest fall in real wages since the 1920s. He predicted that inflation could reach 5 per cent in the next few months as we await the full impact of VAT, national insurance and fuel duty increases.

VAT, national insurance and the latest fuel duty insult will take £3 billion out of Scotland this year to line Treasury coffers, in addition to the £12 billion from North Sea oil that will head south. It is shameful that, although Scotland has most of the European Union’s oil, prices here are the highest in Europe, thanks to the UK taking so much tax. Higher costs for goods and services have an impact on competitiveness, and jobs experience the inevitable consequences.
I have not heard a single word from any member of the London-led parties to call for mitigation of that burden returning to the Scottish block of the millions that have been taken, to pay for increased fuel duty and VAT, from the NHS, local government and so on. That is because putting Scotland first simply does not occur to those parties. Meanwhile, they moan about a tax on 235 megastores that would cost those businesses only one fiftieth of 1 per cent of their gross revenue while delivering for Scottish public services and creating a level playing field for small businesses. The £30 million to which that would amount is 1 per cent of the money that Scotland is losing in the payments for VAT, fuel duty and so on that I have mentioned.

The budget delivers for Scotland to protect our economy, jobs and front-line services. Until the Opposition parties reveal where they intend to conjure more money from, explain where they would make cuts instead and perhaps even outline costed policies, they have a duty and a responsibility to pass the motion today.

15:51

Robert Brown (Glasgow) (LD): The Parliament might be relieved to hear that I will pause for breath from time to time, unlike Kenny Gibson.

Without question, the budget debate takes place against a more sombre economic background than any that we have known for many years. I will start with a few words to give the context. When the United Kingdom Government came to office last May, it inherited the worst fiscal deficit since the war. It is undoubtedly true that my Liberal Democrat colleagues in London have received extraordinary abuse for the actions that they have taken in the national interest since then. More than any, we know that Opposition is an easier place to start with. The total cost to the economy of the banking crisis is estimated at between £1,700 billion and £9,000 billion, according to Bank of England figures.

Before the forthcoming financial year, the SNP Government has not required to make cuts because of the recession. For all the huffing and puffing about independence and fiscal autonomy, and despite their dodgy dossiers about easy and automatic growth under full fiscal autonomy, SNP ministers are—privately—hugely relieved that the UK Government had to bail out and rescue the Scottish banks and that they have the stability of the Barnett formula to buttress the Scottish budget at this difficult and volatile time.

Kenneth Gibson: Will Robert Brown give way on that point?

John Swinney: Give way—take a breath.

Robert Brown: I am happy to take a breath if Mr Swinney has an intervention to make, but I would prefer to proceed.

The downside is that one could be forgiven sometimes for having the impression that the SNP lives in a parallel universe in which public debt grows on trees and does not have to be repaid and in which the recession and the banking crisis affect faraway countries of which we know little, as with independent Ireland, whose problems Jim Mather thinks are caused by an incompetent Government.

Independent Ireland, which has a large banking sector, provides a mirror for our situation. Of course, the SNP Government always drew it into evidence in previous years. Ireland does not have the critical mass of the UK’s economy and resources or a stable coalition Government to deliver a recovery plan over four or five years. It probably brings a wry smile to the cabinet secretary’s face that the Irish Government depends on a bunch of erratic and unreliable Greens. The Irish public have had public sector cuts, job losses, wage cuts, emergency tax imposts and VAT at above UK levels. They now have hugely unhelpful political turmoil and uncertainty, and the Irish fiscal crisis still threatens not only Ireland’s future but the euro zone’s stability.

The Scottish Government in the United Kingdom does not have those problems, but it has the lesser problems of managing the first revenue cuts since the Parliament was formed. Its challenge is to continue to deliver good public services and to play its part in creating the conditions in which the economy can grow in order to sustain jobs, support businesses and balance the books.

Like any Government, the Scottish Government has choices. With £33 billion to spend, in comparison with £14 billion only 12 years ago, it has more choices than almost any other Scottish Government since devolution.

My first criticism, in suggesting that the budget does not match up to the challenge, is one that the Finance Committee made. The Scottish Government rides two horses. It must ask the question that the Finance Committee asked: is the primary aim of the draft budget the protection of services, in particular universal services, or is it economic growth? I accept that there is an overlap in that regard, but the priority needs to be to grow the Scottish economy.

In that context, the Scottish Government seems to be insufficiently focused on creating skills,
providing opportunities and equipping enough of our young people with what they need if they are to march forward into the future with confidence. That is particularly the case in relation to colleges.

Margo MacDonald: I detect a common thread between the member’s speech and Jeremy Purvis’s speech. The members think that the priority is growth and not the protection of universal services. Do the Liberal Democrats advocate selective or targeted services?

Robert Brown: There is common ground between Liberal Democrats and members of other parties in the Scottish Parliament, who have been critical of the extent to which benefits such as prescription charges and free school meals have been the main direction of the Scottish Government’s policies. If we spend money on certain things we cannot spend it on other things.

Scotland’s Colleges identified a cut of £48 billion, or 10.4 per cent, in colleges’ budgets, at a time when investing in skills and young people should be central—[Interruption.] There might be issues to do with budgets, but that is what Scotland’s Colleges, which is in a position to know something about the issue, said. For Liberal Democrats the issue was a priority that we pushed with the Government in the context of last year’s budget. That resulted in funding for a further 7,500 places. The issue remains a priority and something of a litmus test for us this year. There is also a significant issue to do with stretched budgets for college bursaries.

On the challenges that the voluntary sector faces, I ask the cabinet secretary whether he has taken forward with local funding partners—councils, health boards and others—the extent to which their policies allow a level playing field for voluntary enterprise. It would be helpful if priority were given in that regard.

The Cabinet Secretary for Finance and Sustainable Growth has a difficult job. He is responsible for making real decisions, as are Liberal Democrats in government in London. The circumstances and pressures are not all of his choosing, any more than they are of ours. Much of the budget spend is welcome. Support for schools and young people, doctors, hospitals and the sick, and central and local government services could scarcely be anything but welcome. However, the cabinet secretary has a distance to go before stage 3 if he is to satisfy Liberal Democrats that his priorities are the right ones and his budget is a budget for Scotland and for our young people.

15:57

Des McNulty (Clydebank and Milngavie) (Lab): In the brave new world that—according to the SNP—arrived in 2007, we were promised across-the-board reductions in class sizes, the abolition of student debt, the maintenance of teacher numbers, additional support for child care and physical education, free music instruction, and much, much more. Indeed, the SNP’s first act in government was to increase the number of young people who entered teacher training. That is a move that Mr Russell would prefer that we forgot.

In the intervening period, we have witnessed the outright abandonment of the pledge on student debt, the introduction of charging for music instruction by many local authorities, increases rather than decreases in class sizes, with secondary 1 and 2 pupils being particularly disadvantaged, and exponential growth in the number of recently qualified teachers who are unable to find teaching jobs. There has been no progress whatever on child care and PE and, of course, there are now 3,000 fewer teachers in our schools.

All those failures are failures of the SNP. They cannot be blamed on the Con-Dem Government at Westminster. They represent cuts that were made when the Scottish Government’s budget was climbing to record levels and which are attributable to policy choices that were made around the Cabinet table by Alex Salmond, John Swinney and their Cabinet colleagues.

The SNP has been served with notice to quit and will be evicted by the electorate in May. In the meantime, its final, political budget, which can be regarded as a consequence of the Westminster coalition Government’s too fast, too deep approach to cutting the public sector, will build on and compound the SNP Government’s mistakes and failures in education.

I find it remarkable that SNP politicians have had the nerve to stand up and tell us that they are making the best of a difficult job. There is no doubt that the shrinkage in the block grant would make life difficult for any finance minister. Cuts are always painful and, undoubtedly, some have had to be made, but the Government’s habit of ducking its responsibilities and avoiding policy choices is particularly damaging.

Joe FitzPatrick: Will the member give way?

Des McNulty: Our schools are under pressure, education is already suffering and we can count the number of teachers who are no longer employed in the system, but the Cabinet Secretary for Education and Lifelong Learning has never been more bullish. It is sometimes difficult to gauge from the Government’s response whether it has any sense of what people feel out in the real
world, what teachers are saying and what parents are worried about.

Some time this week, the Cabinet Secretary for Education and Lifelong Learning will announce the person who is to conduct the supposedly independent review of the McCrone agreement. However, because it has not gone through the statutory negotiating procedure, teachers fear that something that could be positive—an examination of the agreement 10 years on to determine whether better educational outcomes could be delivered—is intended simply to be an assault on their conditions of service.

Schools already have to do with fewer teachers and specialist support staff. They have also faced the removal of classroom assistants. Over the past three years, there was a quiet attrition in school budgets and there were wide variations in the local decisions that were made in different parts of Scotland. That was all prompted by the concordat deal through which the SNP sacrificed education in support of political advantage.

However, the chickens are now coming home to roost. In SNP-led Aberdeen City Council, we see the next stage: compulsory redundancies as part of a dramatic series of cuts in provision. In SNP-led Renfrewshire Council, unqualified people are being recruited to replace classroom teachers for part of the teaching week. Parents in Edinburgh believe that the SNP-Lib Dem-led council completely lacks strategic vision in the way in which it addresses how the available resources should be used.

There is responsibility on government at all levels, but the SNP ducks it every time.

Shirley-Anne Somerville (Lothians) (SNP): Will the member give way?

Des McNulty: A service that should deliver national priorities has become a postcode lottery, while the Cabinet Secretary for Education and Lifelong Learning, who is notionally in charge, devotes his time to usurping the responsibilities of the retiring member for Argyll and Bute. Every time, the SNP puts personal interest before public obligations and party before country.

Mr Swinney said that his budget’s prime objective was economic growth. Why, then, are the budget areas that are most closely related to the generation of economic growth—further and higher education, housing and regeneration, and infrastructure investment—the areas that have been cut the most? Higher education cuts are 13 per cent and regeneration cuts are 70 per cent. Only the sleight of hand that keeps projects in the pipeline when there is no money to deliver them has disguised the extent of the infrastructure cuts, which have contributed to Scotland moving from being the UK’s second top-performing region on economic growth to being the worst performing.

The cuts in education not only create problems for the coming year but will have a long-term impact. We are blighting our young people’s prospects because we are not putting them first.

Joe FitzPatrick: Will the member give way?

Des McNulty: There are some things in the budget that I welcome. For example, I welcome the retention of the education maintenance allowance but, as the National Union of Students has pointed out, there is a real problem with college bursaries that affects our poorest students, and which we really need to address.

James Watt College in Greenock is losing 100 teaching staff. The position is being replicated in other colleges throughout Scotland. If we want a renewables industry in Scotland, we must train the people who will make it work. If we go around cutting college education—precisely the area in which we need to invest—how will we make a success of the renewables industry?

It is all very well the Government saying that its priority is economic growth, but if it does not will the means to make that work, it will not work. That issue lies at the door of Mr Swinney and his Cabinet colleagues.

16:04

Shirley-Anne Somerville (Lothians) (SNP): A few short weeks ago, pure political posturing from Opposition parties forced the resignation of Scotland’s transport minister, after parts of our motorway network ground to a temporary halt as a result of extreme weather. Yesterday, we heard George Osborne blame the same inclement weather for the fact that the entire UK economy had ground to a shuddering stop. For some reason, I do not hear a similar clamouring for resignations in the chamber today. Although a change of chancellor might be nice, we need, more than anything, an urgent change of policy at a UK level. If the UK economy cannot cope with a couple of weeks of snow, how can anyone think that it will cope with the British Government’s suicidal programme of spending cuts and tax increases against a backdrop of painful inflation? Even if the December weather had been tropical, Tory-Liberal Democrat policies had already ensured that growth would falter. With the economy so vulnerable, the message is clearer than ever: the coalition’s cuts are coming far too fast and far too soon.

It is against that background that we debate the Budget (Scotland) (No 5) Bill. With a £1.3 billion cut from the Scottish Government’s pot, the Finance Committee noted—even prior to
yesterday’s grim news on UK GDP—that the budget was
“the most difficult since devolution”
and that
“producing a balanced budget in these circumstances is a
significant challenge for both the Government and the
Parliament.”

I believe that the Scottish Government has met
that challenge successfully, but that the
Parliament is in danger of failing to meet it. On two
key budget issues, the Opposition has it very
wrong so far. I am sure that people outside the
Parliament will be appalled by the decision of
Labour and the Liberal Democrats to vote against
the council tax freeze in committee. They appear
to argue that the freeze will not make much
difference to people. They should try telling that to
hard-pressed households, which are already
facing the VAT increase, benefit cuts, pay freezes
and a rise in inflation. Householders saw council
tax bills rise by more than 60 per cent when those
two parties were in office together; now, they are
again joining forces, obviously keen to return to
the good old days of crippling tax hikes across
Scotland. It is imperative that the Scottish
Government continues to do all that it can to
protect household incomes.

**David Whitton (Strathkelvin and Bearsden)**
(Lab): Will the member take an intervention?

**Shirley-Anne Somerville**: Equally as galling is
this morning’s decision by the Tories, the Liberal
Democrats and the Labour Party to coalesce once
again to vote against the levy on our largest
retailers. I remember when, not that long ago,
Vince Cable trotted up to Stockbridge to meet the
Liberal Democrat Westminster candidate. Both
were pictured outside the proposed site for a new
Sainsbury’s, looking dismayed at the thought of its
impact on the local shops.

One struggles to understand how the Liberals
can introduce a £1 billion VAT increase to
Scotland while complaining about a £30 million
levy on the largest retailers, whose takings over
the length of this debate could almost cover the
full amount.

Only last year, Nick Clegg launched a policy
document proposing a policy that is almost
identical to the one that the Liberal Democrats led
the charge to vote down this morning. I suppose
that that glossy document is in the same bin that
their policy on tuition fees and their anti-nuclear
stance have been in since their ministerial cars
arrived.

Then we come to the Labour Party, which
constructed its entire opposition to minimum
pricing for alcohol on the basis that it would boost
the profits of those nasty supermarkets. Now
Labour complains that the Scottish Government
has the audacity to take £30 million of those profits
to support vital public services.

**Andy Kerr**: Will the member give way on that
point?

**Shirley-Anne Somerville**: I am sorry, but the
member’s colleagues—who aspire to ministerial
office—did not manage to take interventions, thus
proving what a second-rate team they are, so we
will take no interventions on our side.

**Mike Rumbles**: Will the member take an
intervention?

**Shirley-Anne Somerville**: I do not think that Mr
Rumbles aspires to ministerial office either.

It may be the Opposition parties’ wish to raise
the council tax and punish small businesses that
will grab the headlines today, but I am also
pleased about the details of the budget, and I take
this opportunity to highlight two in particular. Too
often in the past, services such as rape crisis
centres and support organisations for victims of
domestic abuse were seen as easy touches for
spending cuts. I am particularly pleased that this
Government has safeguarded the budgets for
many of those key organisations. Although the
sums involved are relatively small in the grand
scheme of the budget, the difference that can be
made to the lives of women is immeasurable.

**Robert Brown**: Will the member give way?

**Shirley-Anne Somerville**: Secondly, I was
delighted that funding for the climate challenge
fund will not only continue but increase. Many
local projects across Scotland, including in my
Lothians constituency, have benefited from the
fund.

I must finish where I started. I believe that the
cabinet secretary has played a near impossible
hand as best he possibly could. The cuts that he
faces are deep—the capital cut, in particular, is
quite beyond the pale. Having made the right
decision to accelerate capital spending so as to
boost construction in the teeth of the recession, as
a Government and a Parliament we have had the
rug cut from under our feet by the Westminster
Government.

Ultimately, we should not be debating how to
divvy up those savage cuts here. There is a better
way, and I look forward to the day when this
Parliament has the power to deliver it.
walking by on the other side of the street are high unemployment, low pay, depopulation, a higher dependence on public sector jobs, impacts on health and housing, poor educational attainment and a low skills mix.

As a community, we worked with the most recent Labour-led Executive and came together to address many of those issues. We invested massively in a new school estate and teachers to address underattainment. We increased the number of people who went through the college at the heart of our community to address and improve our skills base. We voted in extremely high numbers for a housing stock transfer that released massive amounts of money, which is being used to renew existing homes and to build new ones in our area. That is very important in encouraging people to stay. With that support, we also developed a wider range of private sector housing, the price of which was more appropriate for the area. In 2007, we confirmed the future of our local hospital. We set up an urban regeneration company to attract new jobs and to open up the area. We converted our brownfield sites to attract new businesses and jobs. We did all that over that period.

At this point, it should be said that, in these difficult times, we are not foolish enough to expect increasing budgets to address those issues—our community is not naive—but we do not expect to be hit disproportionately hard. In such times, hard-pressed communities should not be asked to pay a higher price than communities that are more resilient to the impacts of the cuts that are in store.

I thought that the cabinet secretary accepted that the issues that confront communities that are less resilient in the face of cuts should be recognised. When I asked him about that in the chamber on 9 September, he followed up his answer with a letter to me on that very subject, but we know now that what he gave me was no more than warm words. We know that the local government allocation will hit communities that have smaller numbers and which are suffering depopulation.

As a result, the schools programme will be delayed, if not worse. The cuts that will be made in the number of public sector jobs will have a disproportionate impact on communities such as mine that already have high levels of unemployment. In addition, of course, the housing budget will be cut by around 30 per cent, which will hit our ambitious local programmes for housing and new builds. Some housing associations are already considering rent increases. As we heard from Des McNulty, our local college has declared more than 90 redundancies, and the level of bursaries on offer is to go from the best in the country, recognising the profile of the community, to the worst. The college principal has asked how a total in-year funding shortfall of almost £5.7 million can be bridged.

The biggest single cut in the SNP budget has been reserved for our successful urban regeneration company, Riverside Inverclyde, which faces a 70 per cent budget cut. No other budget line in the Scottish budget faces such a savage cut, which there can be no doubt goes way beyond any departmental norm and threatens current and future plans for the regeneration of our area.

The cabinet secretary has left the chamber. I hope that he will read the Official Report tomorrow.

That cut is a cut made in Scotland that will impact on a vulnerable community in Scotland. The Government has allowed Scottish Enterprise to renege on its commitments to URCs in Scotland, despite being barely halfway through a 10-year project. The decision has angered my community, and my local newspaper has mounted a campaign. The success of the regeneration company is being wasted.

Is that truly the cabinet secretary’s idea of a reinvigorating approach to regeneration, as recommended by Sir John Arbuthnott in his Clyde valley review and emphasised by Crawford Beveridge in the independent budget review?

My community still bears the scars of the previous recession. We have made considerable progress, slowly but surely, in rebuilding the damage created by the Thatchers years. The work of the urban regeneration company is an integral part of that recovery. I call on the cabinet secretary to avoid repeating the mistakes of the past, to make good on his commitments to the URCs, and to reinstate Riverside Inverclyde’s budget so that it can continue the valuable work that it is doing in my community.

16:16

Joe FitzPatrick (Dundee West) (SNP): Today’s debate highlights that our SNP Government is doing its best, within the limited powers of the Parliament, to protect jobs, public services and household incomes in the face of huge cuts from Westminster. I call it a “debate”, but I find it incredible that two Labour candidates for the position of cabinet secretary have refused to take any interventions from back-bench SNP members. Perhaps I should not be surprised about that because we are now one and three quarters hours into the debate and we have not heard a single constructive idea from the Labour Party.
Andy Kerr: I remind the member that one of the current Government’s ministers refused to take interventions, so his point was hardly worth while.

As for ideas, there is the Scottish future jobs fund, with a guaranteed apprenticeship for all those who are capable of taking one up, and of course, as Duncan McNeil just said, a reversal of the savage cuts on regeneration.

Joe FitzPatrick: This is the stage 1 debate on the budget, and what we have to do today is to provide a balanced budget. It is easy to come up with lots of ideas about how to spend money but if we want to be credible we need to say what we would cut in its place. That is what the Labour Party has failed to do today. Perhaps that is no surprise. As Kenny Gibson pointed out earlier, two thirds of the cuts that we are having to grapple with in the budget were planned by the previous Labour Government—cuts that Alistair Darling said would be deeper and tougher than those imposed by Margaret Thatcher.

In spite of the challenges of such an unprecedented cut to funding, there is still some good news. I hope that the whole Parliament will join me in welcoming the commitment to funding for the Victoria and Albert museum at Dundee, which is a major step towards completion of the project and is crucial to securing the remaining investment and allowing the project to move forward at full speed. I hope that members have the opportunity to visit the exhibition, which is still in the Parliament’s main hall. Inward investment is already being stimulated in Dundee, where there is a positive uplift to our local economy on the back of the V and A project.

The budget also aims to continue the council tax freeze that has been so important in helping households through these challenging times. For the fourth year running, there will not be an increase of a single penny in households’ council tax bills. In the first four years of the SNP Government, bills have been frozen, whereas in the last four years of the Lib-Lab Administration, bills in Dundee increased by 11 per cent.

A band D household in Dundee would be paying an extra £150 this year if there was no freeze. We must remember that that saving has to be added to the money that was saved in previous years—money that the Labour Party would have us remove from the pockets of pensioners and other hard-pressed householders.

The assumption in those figures is that, without the council tax freeze, the increase would be roughly in line with inflation. We heard earlier about the 60 per cent rise throughout Scotland, but if we look back, we can see that once that can of worms is opened, the sky’s the limit when it comes to Labour’s determination to squeeze council tax payers.

Between 1997 and 2007, the council tax in Dundee went up by a staggering 51 per cent. The worst year in that period was 1997-98, when the Labour council slammed the council tax up by 14.9 per cent in one year. It is no wonder that Labour lost two thirds of its councillors in the 1999 council elections as the SNP trebled our representation.

There is one group to which a few pounds does not make a great deal of difference: the large supermarkets. As we have heard, provisional figures indicate that Tesco would be the largest contributor through the Government’s proposed increase in business rates, paying some £8.5 million annually. That needs to be considered in the context of the £3.4 billion pre-tax profits declared by the company last year; it does not seem unreasonable that Tesco should contribute a little bit more.

Jeremy Purvis: In that context, does Mr FitzPatrick believe that Tesco should be in receipt of any industrial grants from the Scottish Government?

Joe FitzPatrick: Grant schemes are laid out and all companies can apply, but that does not prevent the largest companies, when they are making huge profits, from taking on a little bit more of the burden to ensure that we protect public services as much as possible.

It is incredible that Labour members of the Finance Committee voted against the council tax freeze, which would save ordinary households money, while calling for big business, such as Asda and Tesco, to be exempt from paying higher business rates.

David Whitton: For the record, we voted against welcoming the council tax freeze that Mr FitzPatrick is so keen to pursue. I am sure that he read the comments of David Bell, the committee’s adviser, who said that the council tax freeze does nothing for economic growth and that the people who benefit most are those on middle to high incomes.

Joe FitzPatrick: Those who benefit most are constituents from throughout the country who were often in tears when the bills came through their door. In 1997, the bill was hike by 15 per cent but pensioners’ pensions did not go up at anywhere near that rate. Those are the people whom David Whitton is attacking. He should be ashamed of the way in which he is siding with big business.

We should not be surprised, however, because Labour has a track record of putting big business before the interests of ordinary folk. We saw that with PFI and we recently witnessed it with the Alcohol etc (Scotland) Bill, when Labour came out
to bat for the big drinks companies, to the
detriment of the health of the people of Scotland.
The rumour is that in that case the modern
equivalent of 30 pieces of silver is 24 bottles of
Peroni.

The SNP Government is standing up for
communities by maintaining the 1,000 extra police
officers; standing up for households, with council
tax to be frozen for another year; and investing in
our future with funding for the V and A museum at
Dundee.

As a member of the Finance Committee, I call
on all members to put party politics aside and
support the budget. As the MSP for Dundee West,
I plead with members not to place any doubt on
the funding for the V and A at Dundee.

16:23

Mike Rumbles (West Aberdeenshire and
Kincardine) (LD): Listening to the speeches from
SNP members, I think that they believe that
somehow Scotland should be immune from the
belt tightening that has come down from
Westminster. The 2 per cent cut to our budget is
difficult, but looking at the Republic of Ireland, for
example, confirms to me how important it is for us
to remain strongly within the framework of the
United Kingdom.

I am pleased to contribute to the debate on the
last budget to be presented to our Parliament by
this SNP Government. As it stands, the budget is
not what is required for the year ahead by my
constituents in Aberdeenshire.

Just two days ago, the Cabinet Secretary for
Finance and Sustainable Growth—who I am glad
to see has come back into the chamber—
announced that he would review the funding
formula for allocating resources to Aberdeenshire
Council and Aberdeen City Council. Indeed, it was
the front-page story in The Press and Journal—
there must be an election in the air. That is
because the share of the budget that
Aberdeenshire Council and Aberdeen City Council
receive from this Administration has hit an all-time
low. Aberdeenshire Council now receives just 87
per cent of the average council allocation on a
population basis. That is bad enough, but
Aberdeen City Council is now at the very bottom of
Mr Swinney’s priorities for funding for our local
councils. That will not come as a surprise to Mr
Swinney, as he has past form on this. Joe FitzPatrick
referred to the 30 pieces of silver, but I refer to John Swinney’s Pontius Pilate approach to
funding for Aberdeenshire Council and Aberdeen
City Council, which has gone down extremely
badly in the north-east. He has already reviewed
the issue—he gave it to the Convention of Scottish
Local Authorities and then refused to do anything
when, for reasons of self-interest, it refused to
change things. Metaphorically speaking, John
Swinney washed his hands in public, saying that it
was not his decision.

Mr Swinney’s use of the English language to
suggest that he will review the matter again
reminds me of the line in the comedy “Yes
Minister” when the minister says, “Of course, all of
our policies are under constant review.” I am sure
that that is the case here. I am afraid that Mr
Swinney has no credibility at all on the issue.

Kenneth Gibson: Will the member accept an
intervention?

Mike Rumbles: Not at the moment.

There are many other issues on which the
budget is simply not up to scratch. The cabinet
secretary has cut millions out of the universities
and, especially, the college sector and, for the
next four years, he has projected a funding
standstill. Whatever the solution to university and
college funding is, that is not it and he knows it.

The Minister for Transport and Infrastructure
(Keith Brown): Tuition fees?

Mike Rumbles: From a sedentary position, the
minister says tuition fees. I remind the minister
that the Liberal Democrats abolished tuition fees in
Scotland 10 years ago and we are very proud of
that.

The cabinet secretary has also cut bursaries for
our poorest students, and that must be put right.

This should be a budget about helping to create
jobs in the Scottish economy—it would be helpful
if the cabinet secretary listened—and about giving
local people control over local services, not doing
the opposite by centralising services in Edinburgh
and Glasgow. It should also be about restoring
Scotland’s excellence in education by properly
resourcing our universities and colleges, by giving
more powers to schools and by funding early
intervention for children from the poorest
backgrounds, not cutting it. That is what the
budget should aim to achieve. At the moment, it
does not do any of those things.

This is a stage 1 debate and I believe that
Parliament should allow the budget to proceed on
the basis that it must be improved. I listened to
Joe FitzPatrick say that we should put our
differences aside and unite behind the budget. How
silly. This is the wrong budget for Scotland
and if it proceeds without change, it will be
defeated—there is no question about that.

Joe FitzPatrick: It would have been useful if the
Liberal Democrats had produced some costed
alternative spending proposals that could have
been examined during the committee process.
That is what is supposed to happen at stage 1.
Kenneth Gibson: Give just one.

Mike Rumbles: I will give just one that is in the public domain, of which the cabinet secretary is well aware. It was raised by Tavish Scott at First Minister’s question time recently. The amount that is paid in salaries of more than £100,000 a year in the public sector in Scotland has risen by £54 million in the past year—just like that. We are told by Mr Salmond and Mr Swinney that the SNP Government is tackling the issue. Aye, right.

Let us get back to the point. When we talk about compromise on the budget, it must be real compromise. When SNP members say that MSPs must work together to pass the budget, they are absolutely right; however, that does not mean that everybody apart from the SNP must compromise, which is clearly the mindset of Joe FitzPatrick, the cabinet secretary and the SNP members who have spoken in the debate. So far, I have not seen much willingness to change from Mr Swinney although, as I have said, I am willing to give him the benefit of the doubt and see the bill passed at stage 1. Nevertheless, if he does not genuinely move to put right some of the issues that I have raised, I will argue to my colleagues in the Liberal Democrats that we should vote against the budget at stage 3.

16:29

Malcolm Chisholm (Edinburgh North and Leith) (Lab): Now, more than at any other time in the 12 years of the Scottish Parliament, Scotland requires a budget for jobs and growth—a budget that reflects the serious concerns of the Scottish people when confronted with yesterday’s appalling negative growth figures, for example, as well as the cuts that are coming from the UK Government, which, as most of us know, are far too fast and deep. Instead, as many witnesses to the Finance Committee said in their own way, we have a rhetorical commitment from the Government to jobs and growth, but it is a commitment that is often not matched by the relevant budget lines.

Of course, I accept that the room for manoeuvre is limited, so we are not going to see enormous changes in the next two weeks. However, we need there to be changes that make this a budget for jobs and growth. I suggest two main areas in which changes can be made: in the revenue area, there must be changes to address the problem of youth unemployment; and, in the capital area, there must be changes to address the massive cuts to the housing and regeneration budgets.

On youth unemployment, Andy Kerr mentioned the appalling figure of a 338 per cent increase over the course of this parliamentary session in the number of people aged between 18 and 24 who are out of work for more than a year. In my constituency, unemployment has gone up in the past year and half of that increase is in the 18 to 24-year-old age group. Indeed, in Edinburgh as a whole, there are more school leavers out of work than is the case in any other part of Scotland.

What does the Scottish Government propose to do when confronted with that problem? To start with the local angle, two days before Christmas, we had the astonishing letter from Alex Neil that said that, over and above the cuts to the fairer Scotland fund for Edinburgh, there would be an additional £2.3 million cut to the budget for the capital city partnership that funds getting into work services in Edinburgh. That will decimate local projects in the most disadvantaged areas of the city, including a community employability project in west Pilton in my constituency, and will devastate the joined up for jobs initiative in Edinburgh, which has been widely praised in the past few years.

Shirley-Anne Somerville: Can Malcolm Chisholm explain to constituents in west Pilton and other places in his constituency how they will benefit from the budget that is currently going towards the trams? Further, can he say how his wish to extend the scheme will impact on future budgets and where the cuts will fall to pay for the promise that he has made in that regard?

Malcolm Chisholm: There should be some adjustments to the revenue budget and the capital budget for housing, which I will mention in a moment. Obviously, Shirley-Anne Somerville never makes a speech without mentioning the trams, but most people will realise that that is not actually relevant to the particular subject that I am addressing.

We need the wider measures that Andy Kerr was proposing in relation to the future jobs fund and a guaranteed apprenticeship for all, with the relevant qualifications. I accept that we cannot deliver all of that in this budget, but we need to take the first steps towards that. With particular reference to my local situation, there must be a reversal of that appalling cut, which will affect the most disadvantaged areas of the city.

The issue of housing came up quite a lot in the Finance Committee’s meetings and is dealt with in paragraph 96 of its report, which says that there could be an “immediate impact” on economic growth if something was done in relation to the housing budgets.

As Mary Taylor, director of the Scottish Federation of Housing Associations, pointed out in a letter to the committee, the cut to the housing budget this year amounts to more than 30 per cent, if we take account of the capital acceleration, which means that it is beyond the average cut to capital budgets. She also pointed out that the
amount that is available for new housing next year is of the order of £50 million, which might fund fewer than 1,000 additional houses, depending on the subsidy rate. As I suggested to John Swinney in the committee, there must be some adjustment of the capital budget, because spending on housing would be of immediate benefit to the economy.

I must refer to the description of the Government’s tax proposal as an out-of-town tax. As the member who has Princes Street in his constituency, I can tell the cabinet secretary that at least 10 stores in the street would be covered by the proposal and that, as far as I know, Princes Street is not out of town. This week, I had a meeting with people from John Lewis about the issue, and they pointed out that one of the consequences would be the withdrawal of large stores from the business improvement district initiative, which would be, in effect, town-centre regeneration in reverse.

I support the need for extra taxation on big businesses, but the cabinet secretary needs to spread it over a much wider range of businesses. Members of the public must not believe what some SNP members say about our general attitude to the issue. We are concerned not about taxing big business, but about the narrow focus of the policy, which would damage town centres.

Paragraph 122 in the Finance Committee’s report refers to the preservation of core places in FE and HE. I hope that, in winding up, the cabinet secretary or the minister will explain what that means, because—this is also a constituency point—many FE students have written to me in the past few days about bursaries and pointed out that even in the past year many people could not go to FE colleges because of the unavailability of bursaries. That is a situation that will get worse into next year, and it is another issue that is of great economic relevance as well as being relevant to the lives of particular individuals.

16:35

Willie Coffey (Kilmarnock and Loudoun) (SNP): I welcome the opportunity to contribute to the debate on a budget that is clearly very challenging but also, possibly, the most important budget that the Parliament has considered.

That the budget is challenging is beyond dispute. The Finance Committee rehearses the debate between the Scottish Government and the UK Treasury about whether this year’s cuts are £900 million year on year or, as the Scottish Government argues, an even more staggering £1.3 billion. What cannot be disputed by any party is that for the first time since it was reconvened, this Parliament is having to deal with cuts in public services on a scale that has not been seen since the Thatcher era.

It is also beyond dispute that the cuts flow directly from decisions made by Westminster Governments, started under the Labour Party and accelerated by the current coalition. If they are to be honest with themselves and the public, Opposition members must acknowledge that the cuts are the true face of Scotland’s much-vaunted union dividend.

Mike Rumbles: Everybody accepts that the 2 per cent cuts are difficult, but when Willie Coffey looks at independent nations that are under really severe pressure—such as our nearest neighbour the Republic of Ireland, for instance—does he not see the benefits of the UK dividend?[Interjection.]

The Deputy Presiding Officer (Alasdair Morgan): Order, Mr Gibson.

Willie Coffey: The point about the small nations is that no matter what difficulties they are facing, not one of them is suggesting that independence for their nation is a bad thing and that they would prefer to be cocooned in some larger union.

It is the scale of the cuts that make the budget the most important that the Parliament has considered. As the people of Scotland deal with the consequences of the cuts, they are looking to the Parliament—our Parliament—to do more than just manage the resources that are handed down from Westminster. They are looking for an understanding of why the cuts are being imposed, and for leadership so that Scotland can avoid getting into this position again.

Opposition members have so far failed to address those issues, preferring instead to issue the dire warning that if Scotland was not a part of the union, the position might be worse. It strikes me as a weak argument that after 300 years of the union, the best that Scotland can expect is years of cuts and job losses and the decimation of its manufacturing base—which was once world leading—by policies designed to support an unsustainable financial services bubble.

David Whitton: Willie Coffey says that that is the best that he thinks he can get from the union. Does he not recognise that if it had not been for the union, the Royal Bank of Scotland and the Bank of Scotland would have gone bust, taking millions of pounds of people’s savings, pensions and mortgages with them?

Willie Coffey: It is a wee bit rich for Labour to stand up here and say that it would have saved the banks, when it allowed the banks to run amok in the first place.

If we look at international comparators, we see that that argument is simply not true. The small countries across Europe that are mentioned...
include Austria, Denmark, Norway and Sweden, as well as the much-maligned Ireland, which many unionist politicians criticise in this Parliament, to their shame. According to The Economist, all those countries, which have populations below 10 million, have average incomes per head above those in the UK, France or even Germany, which is the most prosperous of Europe’s large nations.

As Opposition members respond to the questions from voters about why we are facing the cuts, they might also explain why they believe that Scotland would be unique among small nations in being incapable of managing its own affairs in such a way as to grow its economy and sustain its public services.

The Finance Committee report highlights the fact that Scotland’s public expenditure is not all delivered through the budget that is available to the Parliament. The budget adviser suggests, quite rightly, that the Scottish Government takes account of what is happening to public expenditure in reserved areas. We have already heard an example today of how that might work, with the suggestion that the Scottish Government should take responsibility for funding the future jobs fund when Westminster withdraws the funding. However, unfortunately, Labour fails to say where it would find the funding for that. We could argue that that is not a serious contribution to tackling the problems that we face, and it really lets down the very people whom Labour claims to represent. We have to ask ourselves where the Scottish Parliament’s responsibility to backfill bad decisions by the UK Government begins and where it ends.

As the budget adviser said, defence spending is one area of expenditure that affects Scotland but is outwith the control of the Scottish Parliament. He highlighted the damage that will be done to our economy in the north-east of Scotland by the possible closure of the air force bases. However, recent figures provided by Westminster reveal just how little defence expenditure comes to any part of Scotland. While Labour was in power, Scotland lost 10,500 defence jobs and, according to the Ministry of Defence, only 10 of the top 500 senior officers are based in Scotland. When Opposition members highlight Scotland’s growing unemployment and the need for the Parliament to use its resources to address that, but fail to highlight the lack of a return to Scotland from the taxes that are paid to London, they do Scotland a great disservice.

How much stronger could our economic growth be if we were able to raise and spend more of Scotland’s taxes here in Scotland? How many more services could we provide if we had the freedom to use Scotland’s assets in the interests of the Scottish people? The budget that is presented here today must be supported, and we should then turn our attention to how we can take control of Scotland’s resources in the interests of a better future for our people.

16:41

Patrick Harvie (Glasgow) (Green): During the current parliamentary session and the previous one under the previous Executive, there were times when I supported the Scottish budget, times when I opposed it, and times when I abstained. I took the decision, or the Greens did as a group, not because we were beholden to anybody else’s agenda, but genuinely on the merits of the argument as it was put forward at the time. Perhaps that is what Robert Brown means when he throws around words such as erratic and unreliable. If so, I am pretty happy with that. I am sure that, by contrast, Mr Osborne regards the Liberal Democrats as extremely reliable and a pleasure to work with. I think that that is more to their shame than anyone else’s.

Robert Brown also said that the UK coalition inherited the worst fiscal deficit since the second world war. In making that comparison, let us contrast the current situation with the spirit and constructiveness of a generation that dealt with that deficit and still built the foundations of the welfare state rather than trying to tear them down.

I begin by asserting my view that Scotland does not support the UK Government’s agenda, which is using market failure of historic proportions as a pretext for a fundamental attack on public services and the welfare state. The Scottish Parliament must oppose that vandalism. Simply managing a Tory cuts agenda on behalf of George Osborne and Danny Alexander is unacceptable.

John Swinney said that when other political parties bring proposals on the budget to the debate, they must say where the resources are to come from within a fixed financial envelope. Even if I accepted that assumption, no member should be surprised to hear that the Greens cannot possibly support a budget that takes an axe to housing but leaves the road-building programme unscathed. If I did that, members would rightly ask what the Green party was even for. We have not forgotten what we are in politics for and we cannot support a budget that takes that approach.

We have similar concerns on a range of other issues. I would mention many of the issues that are raised in the briefings that have been circulated by organisations that have given evidence to the committees. At the same time as axing the freight facilities grant, the Government’s draft report on proposals and policies under the Climate Change (Scotland) Act 2009 makes a paper commitment to just such an incentive scheme to encourage modal shift to rail freight. No
replacement is being suggested for the freight facilities grant, despite that paper commitment. There is no shift of transport spending to active travel, despite consistent all-party recommendations in budget reports year after year. There is a huge cut to energy efficiency spending, again despite consistent all-party committee recommendations year after year.

There is no clarity at all about the future of higher and further education. The Cabinet Secretary for Education and Lifelong Learning states a principle that I can agree with—that higher education is best funded collectively by the taxpayer and that the burden should not be shifted to the individual—but that commitment is worth nothing if we are not willing to raise the general taxation to pay for what is being cut by London. As others have done, I refer members to the NUS campaign on bursaries, which also asks questions that deserve an answer.

I also refer members to the paper that has been circulated by the Scottish women's budget group. It examines the issue of efficiency savings and gives clear reasons why there is a gender implication to them. It mentions the point, which the Government acknowledges, that women will suffer disproportionate job losses in the public sector as a result of the budget, but it notes that there is no evidence of any action, specifically in the sectors in which growth is a stated policy objective, to retrain and equip women with the skills to move into different sectors of the economy. There is a whole host of arguments for opposing the current budget.

Every political party in the chamber has supported legislative targets on climate change, and every political party in the chamber has at least begun to acknowledge the realities and challenges that will come with peak oil. If we are serious about the commitments that we have made on those issues, it is necessary to re-engineer a huge amount of our built environment, transport system, energy system and economy. That cannot happen without investment.

If we are serious about our commitments on social justice and about the need to create a more equal society and to reverse the trends—recognising that the gap between rich and poor grew wider when the economy was growing and then grew wider again in recession—and if we are serious about wellbeing and quality of life in our society, we must have public investment in many of the urgent priorities.

Mike Rumbles: Will the member give way?

Patrick Harvie: I am sorry but I do not have time.

There are alternatives. They include not only the proposals from colleagues in organisations such as the Public and Commercial Services Union on the money that could be saved on the use of consultants, but the suggestions on greener approaches and priorities that we have put forward, including funding investment in the common good instead of continuing a 1960s transport infrastructure programme. Beyond that, there are progressive ways to raise revenue—empowering local government and ensuring that the rich pay more, poorer people pay less and untaxed wealth and business assets are brought into the tax system as well.

We have put forward proposals to achieve that in both the short and long term. The Government disagrees. That is its decision, but if it wishes simply to manage the Tory cuts it cannot expect our support for the budget. More seriously than that, the Government is failing to honour the support that the Scottish people have shown for this Parliament's very existence. We are not here simply to manage a legislative programme; we are here to defend Scotland against a right-wing Tory agenda that Scotland never voted for. The budget fails that test.

16:49

James Kelly (Glasgow Rutherglen) (Lab): I welcome the opportunity to take part in this afternoon's stage 1 budget debate.

Looking at how the budget is formatted and the slapdash way in which the future projection figures were dealt with on Monday, there is no doubt that on many fronts the Government has not got out of the starting stalls in tackling the real issues. The Cabinet Secretary for Finance and Sustainable Growth spoke about the importance of promoting economic growth, as he does in every budget speech, but let us take the retail tax as an example. That tax will result in the business rates bill for a supermarket in my constituency that employs 500 people rising by a third, to £1 million, and potentially undermining the security of men's and women's jobs in that supermarket.

Duncan McNeil mentioned the cuts in regeneration in Greenock. Those cuts are not an isolated example. The Clyde gateway, which covers my area of Rutherglen and Cambuslang and the east end of Glasgow, faces cuts of 46 per cent. SNP ministers have backtracked on promises to the Clyde gateway and that is threatening to undermine the 2014 Commonwealth games legacy for Cambuslang and Rutherglen and the surrounding area. In light of the way in which the SNP has tackled the budget, it is little wonder that the relationship with business that Jim Mather worked hard to build up before 2007 has melted away in recent times.
The SNP promotes a safer Scotland, but there is a £40 million black hole in the policing budget. That is not my assertion; it was made by the Association of Chief Police Officers in Scotland. The SNP has made great play of maintaining police officer numbers, but the reality that police authorities face is that, in order to deliver that aim, they have the task of cutting back on support staff. The SNP has failed to deal with the challenge of how to deploy police resources effectively. When the Cabinet Secretary for Justice, Kenny MacAskill, appeared before the Justice Committee, he was not interested in a discussion about how to construct front-line police officer services and set up support staff to back them up. We are used to hearing him say that that is an operational matter.

The reality is that front-line police officers will be taken off the beat to backfill the work of support staff as those staff are taken away from their positions, some through the threat of redundancy. That will mean that police officers will be taken away from crime hotspots and moved back to the filing cabinets in police stations, which will undermine public safety and get a round of applause from Scotland’s criminals. That is not a first for the SNP.

As we move towards 1 February and the introduction of a presumption against short-term sentences of three months, concern continues to grow not just about the policy, but about its budgeting aspects. It is not just that under the current legislative plans 6,000 criminals who would go to jail will brandish their SNP get-out-jail-free cards and make their way on to Scotland’s streets. Shirley-Anne Somerville spoke about how the budget protects funding programmes for victims of domestic abuse, but she did not speak about the fact that, under the plans, 50 per cent of those who would currently be found guilty of domestic abuse and would go to jail will not do so. Moreover, those plans will require thousands of additional community service orders to be created. The SNP has not provided additional money for that. It has cut the budget for community justice authorities by 1.3 per cent in real terms, which leaves another multimillion-pound black hole in the SNP budget.

When the SNP is challenged on those issues—Kenny MacAskill was challenged on the police officer support staff mix in the Justice Committee, for example—it does not want to engage or interact. It says that that is someone else’s problem.

The SNP is falling short in meeting the challenges on many fronts. When communities need investment, the SNP cuts regeneration budgets and when communities need protection, the SNP cuts police budgets. It is time for the SNP to think again about the budget.

16:55

Margo MacDonald (Lothians) (Ind): I am with Patrick Harvie when he says that we are not here to manage Tory cuts and that we must resist them, but what with? Two hands tied behind our backs punching at each other? I am also with Mike Rumbles when he says that Government must compromise and the other parties must compromise, too. The Government could, for example, compromise on the matter that Malcolm Chisholm raised but, as yet, I do not know in what way or in what area the Liberal Democrats are willing to compromise. I asked about that and tried to find out what their feeling is on the provision of universal services. Would they target them? Do they see that as a way of saving money? The Tories have indicated some areas in which they would save money, so they are halfway towards a compromise.

I am well aware that we are asking the nigh-on impossible of the cabinet secretary. There is just not enough money to do what we would all like to be done. However, I ask the cabinet secretary to look again at the real cut of £1.7 million for the poorest students in higher and further education. Ignorant people never ever set in train a programme for growth—educated people do that. I also ask him to take a leaf out of Her Majesty’s Government’s book and perhaps create an alternative source of revenue by clawing back money from contracts, the terms of which have been overtaken by economic recession. HM Government is currently renegotiating the terms of contracts that were struck with its major suppliers of goods and services. Could the Scottish Government take the same action in relation to the companies whose PPP contracts now appear to be ridiculous in their generosity? Those contracts are generous with public money that is being drawn away from education services and other services that directly impact on Scotland’s ability to withstand a double-dip recession.

By the way, I remind everybody that the recession is not driven from Edinburgh, but is instead a result of London-made policy. Could we agree that London has not exactly provided a shining example of economic management?

Is it right that a market has been created in PPP contracts? Companies bundle them up, which greatly enhances the value of their interest in the projects through economies of scale. The PPP contracts are not sacrosanct. They are commercial contracts that are open to renegotiation. If we are all in it together, why do we exclude them? That is a scandal and I urge the minister to see how much could be recouped from that source. This year’s
budget alone shows the cost of PFI/PPP payments to be £800 million, some of which goes towards contractual agreements that were struck well before the economic slump. For example, there is a hospital that is costing the health board and the Scottish Government three times its estimated value.

I am not a latecomer to the issue. My election leaflet of 1999, under the heading “RIE ... RIP OFF”, said that I would

“demand that the Scottish Parliament investigate the terms of the PFI deal which hands control of, and profits from, the new Royal Infirmary of Edinburgh to private companies.”

We have waited 10 years and those companies have had a fair shot at it. Why do we not take the bull by the horns? I urge the cabinet secretary to do that.

I should, however, thank the cabinet secretary for being understanding of the special pleas that I made on some constituency interests, such as the ski slope in Midlothian. I know that members would be disappointed if I did not mention that. Another issue is the wonderfully imaginative and ambitious project for watersports in Leith docks. I will tell the cabinet secretary much more about that if he gives me hope this afternoon that there will be some money left in the kitty—it does not need a lot of money at all.

To be fair to the cabinet secretary, he has tried to make the best of a bad job. Gavin Brown was critical of the Scottish loan fund, but I wonder what else the cabinet secretary could have done. I did not hear clearly from Mr Brown what the cabinet secretary could do.

Gavin Brown: I am critical of the Scottish loan fund because it was announced almost two years ago and re-announced almost a year ago, but almost nothing has happened.

Margo MacDonald: I am half-satisfied with that answer; the member has obviously thought about it. However, in the new era of co-operation—late in the day though it may be—perhaps the issue can be thrown into the pot.

I am quite serious. It does no one in Scotland and no party that is represented in the Parliament any good to denigrate our ability to get ourselves out of the mess that has been made for us. It is foolish to point to small countries and say that, somehow, we cannot do what many of them can. I will not waste my time chastising the people who do that—except Mike Rumbles. I remind him that the “Government Expenditure and Revenue in Scotland” report concluded that in the financial year 2008-09 Scotland had a surplus of £1.3 billion, or 0.9 per cent of GDP, which included a share of oil revenues and of UK support for the banking collapse. The UK, by comparison, had a budget deficit of 3.4 per cent, which included 100 per cent assumption of oil revenues, so we are not all that bad really; we start from a much higher platform than Ireland.

The committee’s report talks about the protection of universal services. The Parliament must address that issue. I agree with Patrick Harvie that there are services that must be protected, but there are some that we must look at again. Someone must bite the bullet on the issue. I urge the Government to take the lead and Labour members to be honest, because they know that perfectly well. Can we leave the matter to Campbell Christie’s commission? Perhaps, but we must give him some feeling of confidence that the Parliament will make a realistic assessment of how national and universal services can be delivered in a new way. The budget does not say much about that; perhaps it should.

17:02

Tom McCabe (Hamilton South) (Lab): The draft budget for 2011-12 was always going to be a more difficult and contentious affair than those for previous years. It is presented at a time of unprecedented financial upheaval for the Parliament and precedes a prolonged period of financial constraint, the like of which we have not had to face for at least a generation. As if all that were not bad enough, it also precedes a Scottish election—an event that some unkind people might suggest will be known for more heat than light.

Against that background, the Finance Committee’s report recognises the pressing need for clarity of purpose and reassurance on the rationale for some of the measures that are proposed in the budget. Those issues are not pursued in the report for partisan reasons, but answers will be vital if a direction is to be set that not only protects as much as possible, but sustains critical services in a growing economy.

The evidence that we received on the draft budget’s ability to promote economic growth was not favourable. The Cabinet Secretary for Finance and Sustainable Growth attempted to address at least some of the issues when he spoke, but the fact remains that the balance of opinion was that the budget was more focused on the protection of services than on growing our economy. Few would dispute that that is admirable, but many more would worry about the sustainability of such action, if that is the case. It is in the interests of the Government to address those issues head on, with objectivity and with as much cross-party consensus as possible. It is certainly in the interests of our citizens to have clarity and reassurance on a number of other key areas of the budget.
The cabinet secretary has been open about there being less employment in the public sector over the spending review period. The committee does not believe that it is unreasonable to ask for a more precise figure as a result of the budget. In similar fashion, it is far from unreasonable to seek clarity on the tests that will be applied to confirm the efficiency savings that are such a large part of the assumptions that balance the budget.

The cabinet secretary has set the bar at an unprecedented level for efficiency savings; indeed it is at a level that has not been sustained by any other country that I am aware of. If those efficiencies are to be achieved, a credible test for confirmation is essential to avoid cuts being dressed up as efficiencies.

The Parliament is well aware that the cabinet secretary has received advice on the future and sustainability of a range of universal services. He has made his own judgment on that and he is perfectly entitled to do so. However, the Finance Committee received evidence that expressed concern about the equity between generations and the medium to long-term impact on a declining budget. Maintaining life as we know it will be a considerable challenge during the life of this budget and in subsequent years. Again, the committee believes that it would be a service to clarity and reassurance to hear a more expansive explanation of how that can be achieved.

When he spoke earlier, the Finance Committee convener mentioned the commitment to maintain core further and higher education places. As members in the chamber are only too well aware, a wide variety of courses is available that provide opportunities to many people of varying abilities and interests. It would be reassuring indeed to hear that no misguided elitism will be allowed to deny earnest and committed young people the right to improve their life chances through making subjective choices on what constitute core subjects.

The Finance Committee’s report highlighted each of those areas but, as I said, it did not do so for partisan reasons. There is a need for a more expansive explanation of those points, which are critical for the future of the Scottish economy. That explanation is also critical if the cabinet secretary is serious about justifying how the budget will be a contribution to Scotland and not just something that gets us past the next election date.

17:07

Jeremy Purvis: Tom McCabe’s message is clear and stark. I will touch on one of the points that he raised because it was one of the considerations of the Finance Committee; I also mentioned it in my intervention on the cabinet secretary’s opening remarks and I hope that he will consider expanding on it during his closing remarks.

The Government’s figures that look forward to 2014–15 contain only one reference to efficiency savings: the reducing budget for Scottish Government administration, which is assumed to fall by 3 per cent per year, reflecting efficiency savings. However, as the cabinet secretary said during his opening remarks, the budget’s forecast figures are predicated on 3 per cent annualised efficiency savings across the public sector in Scotland. As Tom McCabe indicated, that is a fairly radical shift and there must be proper consideration and full scrutiny of it. What is the baseline for that percentage? What are the projected savings? How much of those savings would be expected to be retained by the respective body?

This budget debate has been slightly different from those that we have had in recent years. During previous debates, SNP members would have mentioned at least four separate countries in the amount of time that today’s debate has had: a central European one, more than one Scandinavian one, and always Ireland. Robert Brown had the audacity to ask Linda Fabiani a straightforward question about the VAT rate in Ireland and he was attacked for being negative and told not to raise such an issue because it would insult our partners and friends across the Irish Sea. Goodness knows what she thought of the Minister for Enterprise, Energy and Tourism a few weeks ago when he described the Irish Government as incompetent.

When it comes to criticising others, it is hard to beat SNP member after SNP member laying into the evils of large retailers in Scotland. When the SNP runs out of countries for us to emulate, it tries to find bogeymen to blame, and they do not come much bigger in this debate than large retailers. The largest of them all is Tesco, which we were told is so huge, with turnover and profits so colossal, that it should be paying more in Scotland. Of course, Tesco should receive no support from the Government. SNP members said that the large retail levy would rebalance employment between large and small businesses; John Swinney said at the Local Government and Communities Committee meeting today that it would not. They said that the levy would stem the growth of supermarkets; John Swinney said that it would not. They alleged that it would fund the council tax freeze and social workers—Alex Salmond said last week that it would allow 1,000 nurses to be hired—and that it would fund the small business bonus scheme and town centre measures, but John Swinney said in clear terms that it could not and would not do that. Most of all, SNP member upon SNP member argued that
large retailers have the broadest shoulders. I think that the people who have broad shoulders are those in the public service who earn more than £100,000. The numbers of such people and their pay bill have risen in the past year.

Joe FitzPatrick: Will Jeremy Purvis take an intervention?

Jeremy Purvis: I will do so if I have time, because I will name Joe FitzPatrick shortly.

For all I know, the £30 million that the Government seeks to raise from the levy will fund the £28 million consultants’ bonus pot that is to be paid out next year. I remind members that that scheme pays up to £70,000 in annualised bonuses to people who are already the highest paid in the public sector. I do not know whether the £30 million will fund that bonus pot, but the figures are roughly the same.

If large retailers’ profits are so huge and if their shoulders are so broad, why on earth does the SNP want to slash the corporation tax that they pay? Tesco paid £840 million in corporation tax at a 28 per cent rate in 2010. The SNP wants that rate to be 20 per cent. I do not know why on earth it wishes to give tax cuts of hundreds of millions of pounds to large retail companies.

If such companies’ shoulders are so broad, I am surprised by how much the SNP Government has given Tesco in regional selective assistance grants in the past three years. It was given £1.7 million for Tesco Bank in October 2010. In Joe FitzPatrick’s area—Dundee—Tesco was given £1.25 million. The most striking grant was for the Tesco Bank headquarters in Edinburgh in June 2009. Alex Salmond opened the headquarters, which came with a £5 million RSA grant. The money that the large retail levy will raise will probably cancel out the grants that the SNP Government has given Tesco.

The SNP said that we had to make suggestions on the budget, which I did in my opening speech. However, if the SNP does not agree with suggestions, it considers them never to have been made in the first place. Compromise is not a choice that is available when we are asked to take it or leave it. Compromise involves understanding that there are other parties in the Parliament that have suggestions and that organisations across Scotland are concerned.

The Cabinet Secretary for Education and Lifelong Learning was keen to make sedentary interventions in my opening speech to criticise my comment that colleges have a concern, so I have the media statement from Scotland’s Colleges on the four-year figures. It says:

“More detail is required to understand fully what these overall figures for recurrent expenditure mean for the college sector. However at first glance—and taking inflation into account—this would mean that the real terms cut in funding for the college sector continues.

Such a cut could have a potentially disastrous impact on the college sector’s ability to continue to deliver high quality further and higher education opportunities for all Scots.”

Given that one in 10 in our country is served by the college sector, I expected a bit more from the Cabinet Secretary for Education and Lifelong Learning than dismissing the sector’s concerns. That is one area in which compromise is due. If that is provided, we will of course continue to work with the Government to highlight other ways in which the budget needs to be improved.

17:14

Derek Brownlee: The debate has rather suffered by its proximity to the Scottish Parliament elections, but there is little that we can do about that.

A wide range of subjects has been discussed. SNP members put about quite a lot of smoke and mirrors on the retail levy. They told us that only 0.1 per cent of businesses would be liable for the levy, but they did not mention that the levy would raise only 0.1 per cent of Government revenue. We were told that the levy is a supermarket tax. Shirley-Anne Somerville, in an attempt to embarrass the Liberal Democrats—that is a dishonourable thing to do—started to regale members with stories about Sainsbury’s in Stockbridge. I do not know whether she was referring to the store that is currently in Stockbridge or the site that Sainsbury’s was trying to acquire but, in any case, neither store would be subject to the levy. The retail levy is not a supermarket tax, and the points that Charlie Gordon and Malcolm Chisholm made about the premises that would be affected are on the record.

Gavin Brown asked a fundamental question, which has never been satisfactorily resolved. Why did the Government not bring forward a business and regulatory impact assessment to accompany the statutory instrument that would introduce the retail levy? Such assessments were intended to be a major tool in the Government’s handling of the burden of regulation on business, and it cannot be credible that a decision on whether an assessment is made lies entirely in the hands of the Government. If a tax on business does not have an impact on business, what does? If the Government has complete discretion about whether to carry out an assessment when such measures are proposed, what comfort can business have that red tape and regulation are properly assessed by the Government? The decision about whether an assessment is made must be taken out of the hands of the Government.
So far, no one from the Government benches has challenged my figures on the surplus of non-domestic rates income for the current financial year. Whether the figures are challenged or not, the broader point is that there should be transparency in the revenue yield figures, as there is in relation to income tax figures at UK level and other taxes. Surely, if the Parliament aspires to have further tax powers, it is only reasonable that members of the Parliament and the public have access to more information about the yield of taxes, rather than leaving it to the discretion of the Government to publish what it wants, when it wants. The Government will not even answer simple parliamentary questions on the subject.

The bigger problem with the retail levy is the message that it sends out about what Scotland is likely to do. It sets the precedent of a Scottish Government not just increasing taxes but moving without warning to do so. That is the wrong signal, because we must encourage investment in Scotland and we must encourage companies to site headquarters here.

Margo MacDonald: Does the member recall the heartfelt pleas that various businesses made before the referendum to establish the Scottish Parliament? Whenever someone suggests that the Parliament should have more powers, businesses say that they are going—but they stay.

Derek Brownlee: A bigger problem, which I would have thought the member would understand, because she is an advocate of greater fiscal powers, is that the SNP has just given all those businesses a perfect example that might give credence to their arguments. It would have been much better if the SNP had taken the opposite tack and said that it would use powers to make Scotland more competitive.

Kenneth Gibson: Aye, by putting up fuel duty.

Derek Brownlee: Mr Gibson is concerned about fuel duty. Many SNP members have told us what is wrong with the UK Government’s spending and tax decisions, but they have not said what cuts they think would not be too far and too fast. Mr Gibson criticised us for standing in the way of Scotland being in control of its monetary policy, but I understood the SNP’s position to be that monetary policy in an independent Scotland would be governed by the Bank of England. I stand to be corrected on that.

The one member who has been consistent in what he has said about the UK Government is Patrick Harvie. I do not agree with him at all, but at least he comes from a consistent philosophical point of view. He described the UK Government’s fiscal policy as a fundamental attack on public services. However, all we are doing is going back to 2005-06 levels of spending.

Patrick Harvie: Surely the member agrees that, when hospitals and general practitioners’ surgeries are run by private companies, a fundamental part of the welfare state will have been attacked. It is not about going back to a previous level of spending; it is much deeper than that.

Derek Brownlee: The fundamental point about the welfare state is what services are provided, rather than who provides them. Of course, in Scotland the health service is not being opened up to the private sector. Nothing in the budget seeks to do that.

If we look at the figures in the Government’s longer-term projections, we see not a reduction but an increase in resource departmental expenditure limits from 2011-12. Admittedly, that does not take account of inflation, but the Westminster Government has an inflation target of 2 per cent and the Scottish Government has an efficiency savings target of 3 per cent, so surely the pressures must be rather less severe than the Scottish Government suggests.

Some concerns have been raised about capital spending and it is perfectly reasonable to raise them. The Scottish Government has now supplemented capital spending with PPP although, of course, it will not use that terminology. I welcome that change of heart, but PPP should be assessed on its affordability, and value for money should always be key. Margo MacDonald made some important points earlier about the transparency of PPP projects and the terms on which they are negotiated. If the Scottish Futures Trust is tasked with getting more for every pound of capital spend, should it not perhaps be tasked with squeezing the spend further and should there not be a similar mechanism for squeezing more out of revenue spending?

Some other points that are worthy of mention were made. Margo MacDonald said that we should stop denigrating Scotland’s ability to recover. We disagree fundamentally on the constitution, but I say to her that the debate about the budget concerns policy choices. If we make the wrong policy choices, we will go in the wrong direction whether we are independent or part of the UK. Nobody doubts that, if Scotland takes the right policy direction, it will recover regardless of constitutional status. That is why constantly harping back to all the benefits of independence as if it were a magic wand that could be waved—as some of the SNP members have done—is fundamentally misleading. We must debate the policy choices that are right and appropriate.

Margo MacDonald: Will the member give way?

The Presiding Officer (Alex Fergusson): The member must wind up.
Derek Brownlee: I will simply make one further point, which concerns the comments that Margo MacDonald made on the UK Government’s renegotiation of public spending contracts. It is an excellent suggestion, which I hope the Scottish Government will follow as well.

17:21

David Whitton (Strathkelvin and Bearsden) (Lab): As we know, budgets under the SNP Government have a habit of being controversial. Two years ago, the Parliament rejected the budget, as we, the Liberal Democrats and the Greens voted against the spending plans, agreeing that they were inadequate to see Scotland through the economic downturn. Last year’s budget scraped through, but Mr Swinney refused to reinstate the Glasgow airport rail link despite that being the will of the Parliament. His decision was opposed by all major business organisations and even managed to unite the Confederation of British Industry and the Scottish Trades Union Congress.

Does the pattern seem familiar? This year, the one-year budget is blatant electioneering. It is not a budget for Scotland but a budget for the SNP.

Kenneth Gibson: Where is David Whitton’s budget?

Joe FitzPatrick: What are his figures?

Kenneth Gibson: He should show us his budget.

The Presiding Officer: Order. That is quite enough sedentary interventions, thank you.

David Whitton: Don’t worry, Presiding Officer, they have been at it all afternoon.

The rabbit in the hat is the introduction of a retail tax which, like other Swinney specials, has not been properly thought through. Liz Cameron, the chief executive of Scottish Chambers of Commerce, said:

“We know that Scotland’s economic recovery is fragile, and we have seen this week that we cannot take economic growth for granted. Government must use its powers to support new jobs and investment in the private sector rather than piling on more burdens in the form of higher business rates ... It is time for our Parliamentarians to subject these plans to scrutiny and reach a decision that puts Scotland’s economy first.”

Have any of the budgets over the past few years provided a great boost to our economy? I think not, and I am not alone. Let us examine the evidence.

When the spending review was published in 2007, it—alongside the SNP Government’s economic strategy—placed increasing sustainable economic growth at the top of its priorities. However, the Centre for Public Policy for Regions concluded that, in both documents, there was “a dearth of sound economic analysis and evidence to underpin policies.”

How right it was.

The 2011-12 draft budget reports that the enterprise, energy and tourism programme is “focused on supporting those sectors that are key to the long-term growth of the Scottish economy.”

They are so key that their budgets have been cut by £366 million, or 46 per cent, since 2007.

The housing and regeneration programme—which will continue to support the economy, protect the supply of new homes and, unfortunately, offer ever more excuses for photo opportunities by Alex Neil—has had its budget cut by £221 million, or 36 per cent, since 2007.

The draft budget claims that the SNP has invested more than £7 billion in colleges and universities. However, that represents not additional investment but on-going programmes. The figures in the table on page 209 show that, in reality, spending in that budget line has fallen by £237 million, or 13 per cent, since 2007. The effect of that can be seen in newspaper reports today, which tell us that James Watt College in Greenock is seeking 100 redundancies among teaching staff and support workers. I predict that those will not be the last.

Even the rural economy has suffered under the Salmond-Swinney slump, as the budget for environment and rural services has fallen by £37 million, or 17 per cent.

If economic growth is a priority, why cut the budgets of agencies that were created to improve it? Even Skills Development Scotland, which is the agency that was tasked with growing a skilled workforce, is facing a budget cut of 10 per cent, or £20 million. It is losing 126 staff in its second wave of redundancies.

Kenneth Gibson: Mr Whitton keeps talking about all the budgets that have been cut. If he wants money to go back into those budgets, from where would he find the money?

David Whitton: Well, we have been here before.

John Swinney: We have this every single year.

David Whitton: No, it is not every single year. I recall that, in the first year, we made 29 proposals in committee, all of which were voted down by the SNP, so its members should not come to us with any of that nonsense.

As I was saying before I was so rudely interrupted, economic development and the skills agenda have been passed from pillar to post.
Promises have consistently been broken. The savage cuts that were announced last week in the budgets for Clyde gateway and Riverside Inverclyde, as highlighted by Mr Kelly and Mr McNeill, adequately demonstrate that.

Little wonder that the unanimous conclusion of the Economy, Energy and Tourism Committee in response to the question, “Will the Draft Budget 2011-12 support economic recovery?” was, as stated at paragraph 190 of the committee’s report to the Finance Committee and as Mr Kerr highlighted, that “insufficient priority has been given to sustaining the growth of the economy in setting budget priorities.”

At paragraph 191 of its report, the committee states:

“the Committee therefore concludes that this budget is not best geared to promote economic growth.”

That was a unanimous view, supported by the SNP members on the committee, Rob Gibson, Stuart McMillan and Professor Christopher Harvie. That will be why they have been told to keep quiet today—and I cannot see any sign of them in the chamber, although they usually take part in economic debates. [Interruption.] I see that Rob Gibson has just arrived.

The SNP’s flagship policy to freeze the council tax also comes in for criticism.

John Swinney: This is another great triumph.

David Whitton: We will wait and hear whether Mr Swinney’s closing speech is a triumph. His contribution has nae been so far.

Professor David Bell, the Finance Committee’s budget adviser, did some modelling work on who benefits from the freeze and its impact on sustainable economic growth. He concluded that the differences to household outgoings between freezing council tax or increasing it in line with inflation are relatively small for most households, the main beneficiaries being those on middle incomes. As Shirley-Anne Somerville should note, he stated:

“There is no case that it supports economic growth and its fairness implications are certainly not clear cut.”

Yet, the First Minister wants to consider the policy for the next two years.

There we have it. Any organisation that is tasked with economic development and regeneration in the broadest sense, be it Scottish Enterprise, Skills Development Scotland or VisitScotland, has had its budget cut not just this year but in previous years, and we have a flagship policy that fails the fairness test.

Keith Brown: Is David Whitton still struggling to identify one area where he would cut expenditure? Does he support the suggestion by the person sitting behind him, Richard Simpson, that the Labour Party should propose a cut in concessionary travel for pensioners, thus excluding groups of pensioners?

David Whitton: I would have started my cuts with the money that was wasted on the national conversation and the proposed referendum bill—together with all the time that civil servants wasted on those measures, which were never going to come through.

For those and other reasons that have been outlined by Mr Kerr, we on this side of the chamber believe that Mr Swinney must think again. There are another 6,415 reasons—that is the number of 18 to 24-year-olds in Scotland who are currently claiming jobseekers allowance.

According to the SNP manifesto, at page 44, “Prior to independence we will work to reduce dependency by improving educational and economic opportunities, particularly in areas of deprivation.”

Does Mr Swinney not realise that Clyde gateway and Riverside Inverclyde cut through some of the most deprived areas of Scotland? According to the Joseph Rowntree Foundation, in 2010, “unemployment in Scotland had surpassed that in England, having been markedly lower at the start of the recession.”

The foundation’s report also says:

“During the recession, the proportion of children in low-income households ... went up in Scotland by 2%, whereas it went down in England by 1%.”

The SNP said that it would widen access to higher and further education, but figures from the Higher Education Statistics Agency show that the percentage of pupils from state schools in FE and HE in Scotland is below that in England, and that drop-out rates in Scotland are above those for other parts of the UK.

The SNP also said that it would recognise the key role that colleges play in the economy and their communities, and that it would help them to develop that role as part of a revitalised lifelong learning agenda. That has not happened. The Scottish funding council has announced significant cuts for colleges in 2011-12.

The SNP said that it would work with employers to help them with the practical support that they need to tackle skill shortages, but its record on that is another let-down. The fact that age restrictions remain on many modern apprenticeships means that grants are unavailable for adults.

Let us have a quick look at what was said in one or two other SNP speeches. We heard from Mr
Unpredictable himself, Kenny Gibson, that I had said something on “Newsnight” last Thursday. That would be news to Mrs Whitton, because I was sitting at home beside her at the time. I did, however, share a sofa with Mr Gibson on Sunday.

Kenneth Gibson: On a point of clarification—

David Whitton: No, you’ve had your chance. You don’t even know what day it is.

The Presiding Officer: The member is in his final minute.

David Whitton: What I said was that the Labour Government would look to widen the protection of the health budget to include protection of the £400 million that the SNP is taking out of social care.

In previous years, Labour has argued for more investment in modern apprenticeship places and training, although SNP ministers now try to claim the credit for that. We make no apologies for seeking more investment in apprenticeships, training and investment, and no cuts to regeneration. The budget does not support the SNP’s stated purpose of achieving sustainable economic growth. If it is not changed, I fear that we are heading for a repeat of what happened with the budget of two years ago, and the fault for that will lie at the door of the Cabinet Secretary for Finance and Sustainable Growth, John Swinney.

17:32

John Swinney: In his speech, the convener of the Finance Committee, Mr Welsh, made it clear that the budget report that we are debating would be the last that he would preside over as convener of the Finance Committee, and the last that he would be involved in as a member of this Parliament. I take the opportunity that I would have taken, if it had been possible for the committee to meet in Angus in December, to pay the warmest tribute to the distinguished political service that he has given to the people of Angus since 1974, and the distinguished way in which he has chaired the Finance Committee during the present parliamentary session, which I think has commanded respect across the political spectrum in Parliament. [Applause.]

I will try to address some of the issues that have been raised in the debate. Mr Brownlee made a point about what I presume must be the mid-year estimates for non-domestic rates for 2010-11, which suggest that the Government will raise £2.163 billion in non-domestic rates income. I point out to Mr Brownlee that—as I went through at length with the Local Government and Communities Committee this morning—non-domestic rates are held in a separate part of the Scottish consolidated fund. In some years, that element of the fund is in surplus and in some years it is in deficit. Since the Parliament’s establishment in 1999, the highest surplus has been £167 million and the greatest deficit has been £104 million. As we entered 2010-11, the deficit on the non-domestic rates account was £34 million. Clearly, that £34 million must be made good in the collection that is undertaken in 2010-11. As I also said to the Local Government and Communities Committee this morning, we will not know the final position on the collection of non-domestic rates in 2010-11 until the financial year is concluded.

As far as the information issue is concerned, I would have thought that Mr Brownlee, as a scholar of much of the information over which I preside, would know that a non-domestic rates account is published by the Government every year and signed off by the relevant accountable officer, who is the director general for economy.

Derek Brownlee: I am assuming from that that the cabinet secretary is not denying that, on the most recent available figures, there is still a surplus of £89 million. None of the detail about publishing figures annually after the year end in any way undermines the case for publishing figures more frequently to allow members on all sides to have a better understanding of the pattern of non-domestic rates income collection.

John Swinney: The point that I made to Mr Brownlee last Thursday—I am sorry if he felt that I was making it rather cheekily—is that if we publish a mid-year estimate it can acquire the status of a stated amount of money that we have the capacity to raise. It can create a false impression of the health of the non-domestic rates account, because we might end up not managing to raise or collect it in non-domestic rates income. That is why I set out that information carefully on the record.

Jackie Baillie made a point about social care budgets. Expenditure on social work was £2.275 billion in 2007-08; now, in 2011, it is £2.844 billion. I do not recognise the figures that Jackie Baillie used earlier.

Jackie Baillie: Is the minister saying that Audit Scotland is wrong?

John Swinney: I am saying that the figures that I have in front of me—which I recognise as being the relevant figures—demonstrate an increase in expenditure from £2.275 billion in 2007-08 to £2.844 billion in 2010-11.

Jackie Baillie also attacked the Government’s plans on capital expenditure. I found that to be a bit odd, because the one thing that the coalition Government in the United Kingdom cannot be criticised for is that it has adopted a harsher approach on capital expenditure in 2011-12 than the approach that it inherited. The capital expenditure plans of the Liberal-Conservative
Government in the United Kingdom are based entirely on the predictions and projections of the outgoing Labour Government of which Jackie Baillie was, I suppose, notionally a supporter. The point is clearly made—it is the first of a number that I will make—about the importance of addressing the reality of the budget situation that we face.

Patrick Harvie dealt effectively with Robert Brown’s rather petty point. Mr Harvie made a substantial point—one that has been made by the Transport, Infrastructure and Climate Change Committee, in which Mr Gordon has been active—about the freight facilities grant. I am receiving further representations about the freight facilities grant and I am examining and exploring some of the possibilities for our further supporting the work that is undertaken in freight facilities grants.

Mr McCabe, in closing for the Finance Committee, welcomed my admission to the committee that I expected public sector employment to fall over the course of the next spending review. Public sector employment will be smaller as a consequence of the spending review than it is today.

What I found a bit difficult to accept was the criticism by other Labour members of any loss of employment in the public sector. Wherever it was coming from, wherever it was happening and whoever was involved in it, I was criticised for it. The difficult consequences of the current economic climate must be accepted. That “openness”—as Mr McCabe described it—of saying to the committee that there would be public sector employment loss must feature in the debate.

**Tom McCabe:** Although the cabinet secretary was open about the fact that there would be less public sector employment, I asked him to be specific about how much public sector employment would be lost as a consequence of the budget.

**John Swinney:** Mr McCabe will understand, as a former leader of a local authority, that that is an impossible figure for me to calculate, given that it is dependent on the decisions that will be arrived at independently by a range of different corporate bodies around Scotland.

My point to Parliament is that, if I am prepared to go to the Finance Committee and accept that public sector employment will fall over the course of the spending review, there has to be some acceptance that there cannot be perpetual, persistent and unreserved criticism of every occasion on which that happens. Mr Whitting has done it again in relation to Skills Development Scotland, where a voluntary severance scheme is in place. We have had a voluntary severance scheme in place in the Government to find individuals who wish to leave public sector employment. These are the realities that we are having to face: I would have thought that there would be acceptance of that, rather than criticism of it.

I now come to the substance of what I want to say to Parliament in bringing the debate to a close. Mr Purvis made a point about the importance of compromise being reflected in the approach that is taken by all political parties. I think that I have demonstrated over the past four years that, in all our budget discussions, I am prepared to compromise. In 2008-09, I compromised with the Conservatives, the Greens and Margo MacDonald. In 2009-10, I compromised with the Labour Party on certain issues, when we had the budget that came back to Parliament a second time. Much of the ground that we were on, we had been on before. I compromised with the Conservatives and, in 2010-11, I compromised with the Liberal Democrats on some issues.

There is no novelty about compromise on my part, but if there is no novelty about compromise on my part on some of the budget choices that we face, there must be acceptance of the realities and of the obligations that I have to fulfil, and have fulfilled, in promoting this budget to Parliament today, because it is a balanced budget, which sets out the money that is available to be spent. I know that Patrick Harvie parts company with that view and believes that it should not be the sum total of the money that is available to spend, because he thinks that I should raise revenue from other sources. In forming a judgment on that option, I am not confident that I could command a parliamentary majority on raising additional revenue: I have tried to secure a parliamentary majority on raising additional revenue of £30 million from supermarkets but, so far, my record on that has not been great.

I have set out to Parliament a balanced budget, which involves taking a set of decisions that will reduce public expenditure by £1.3 billion. The test and the obligation on everyone else is that when we participate in discussions about how we address the matter and there are suggestions about where additional spending may be deployed, I also need suggestions about where spending will be reduced.

**Charlie Gordon:** I repeat my point that 28 of the 42 stores in Glasgow city centre that would be affected by the cabinet secretary’s proposed tax are not supermarkets. Why does the cabinet secretary persist in calling them supermarkets?

**John Swinney:** I do not think that I will be able to find my earlier reference to my statement to Parliament in November, but the point that I made was that it was a levy on retail premises, which
includes supermarkets and out-of-town settlements. If Mr Gordon chooses to check the Official Report, he will find that that is the case.

Let me make the points to Parliament that I have set out a balanced budget and that there is a requirement for us to find other changes if members wish to deliver changes in priorities. So far, in the course of the debate this afternoon, the Labour Party has complained about a lack of money for health, social care, housing, regeneration, apprenticeships, the future jobs fund, education, higher and further education, college bursaries, youth unemployment, police, and community justice. That is a list of its complaints this afternoon.

Some of my back-bench colleagues—Joe FitzPatrick, Kenny Gibson and Shirley-Anne Somerville, all of whom delivered spirited speeches that were excellent contributions to the debate—posed the question: where is the money coming from to pay for those measures? I am happy to engage in dialogue and discussion with other parties, but we must be clear: if people wish to spend more money, they need to tell me where they are prepared to take the tough decisions that I have already taken.

The Minister for Parliamentary Business (Bruce Crawford): On a point of order, Presiding Officer. In relation to the point of order that Mr Rumbles raised at the beginning of the debate on the budget bill, I would be grateful if you could confirm that standing order 10.4.4 states that, if the lead committee makes a recommendation that nothing further be done under an instrument,

"the Parliamentary Bureau shall, no later than 40 days after the instrument is laid, by motion propose that nothing further is to be done under the instrument."

The Non-Domestic Rates (Levying) (Scotland) (No 3) Regulations 2010 are subject to annulment by 4 February, as is set out in the Business Bulletin. Can you therefore confirm that any debate on the regulations in the chamber will have to take place next week in order to fulfil the requirements of the standing orders?

The Presiding Officer: Yes.
Decision Time

17:46

The Presiding Officer (Alex Ferguson): There is just one question to be put as a result of today’s business.

The question is, that motion S3M-7771, in the name of John Swinney, on the Budget (Scotland) (No 5) Bill, 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)
Allan, Alasdair (Western Isles) (SNP)
Brown, Gavin (Lothians) (Con)
Brown, Keith (Ochil) (SNP)
Brownlee, Derek (South of Scotland) (Con)
Campbell, Aileen (South of Scotland) (SNP)
Carlaw, Jackson (West of Scotland) (Con)
Coffey, Willie (Kilmarnock and Loudoun) (SNP)
Constance, Angela (Livingston) (SNP)
Crawford, Bruce (Stirling) (SNP)
Cunningham, Roseanna (Perth) (SNP)
Don, Nigel (North East Scotland) (SNP)
Doris, Bob (Glasgow) (SNP)
Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
Fabian, Linda (Central Scotland) (SNP)
FitzPatrick, Joe (Dundee West) (SNP)
Fraser, Murdo (Mid Scotland and Fife) (Con)
Gibson, Kenneth (Cunninghame North) (SNP)
Gibson, Rob (Highlands and Islands) (SNP)
Goldie, Annabel (West of Scotland) (Con)
Grahame, Christine (South of Scotland) (SNP)
Harvie, Christopher (Mid Scotland and Fife) (SNP)
Hepburn, Jamie (Central Scotland) (SNP)
Hyslop, Fiona (Lothians) (SNP)
Ingram, Adam (South of Scotland) (SNP)
Johnstone, Alex (North East Scotland) (Con)
Kidd, Bill (Glasgow) (SNP)
Lamont, John (Roxburgh and Berwickshire) (Con)
Lochhead, Richard (Moray) (SNP)
MacAskill, Kenny (Edinburgh East and Musselburgh) (SNP)
MacDonald, Margo (Lothians) (Ind)
Marwick, Tricia (Central Fife) (SNP)
Mather, Jim (Argyll and Bute) (SNP)
Matheson, Michael (Falkirk West) (SNP)
Maxwell, Stewart (West of Scotland) (SNP)
McGregor, Jamie (Highlands and Islands) (Con)
McKee, Ian (Lothians) (SNP)
McKelvie, Christina (Central Scotland) (SNP)
McLaughlin, Anne (Glasgow) (SNP)
McLetchie, David (Edinburgh Pentlands) (Con)
McMillan, Stuart (West of Scotland) (SNP)
Milne, Nanette (North East Scotland) (Con)
Mitchell, Margaret (Central Scotland) (Con)
Morgan, Alasdair (South of Scotland) (SNP)
Neil, Alex (Central Scotland) (SNP)
Paterson, Gil (West of Scotland) (SNP)
Robison, Shona (Dundee East) (SNP)
Russell, Michael (South of Scotland) (SNP)
Salmond, Alex (Gordon) (SNP)
Scanlon, Mary (Highlands and Islands) (Con)
Scott, John (Ayr) (Con)
Smith, Elizabeth (Mid Scotland and Fife) (Con)

The Presiding Officer: The result of the division is: For 62, Against 2, Abstentions 56.

Motion agreed to,

That the Parliament agrees to the general principles of the Budget (Scotland) (No.5) Bill and, in doing so, notes the Finance Committee’s 2nd Report, 2011 (Session 3): Report on Scotland’s Spending Plans and Draft Budget 2011-12.
Present:

Derek Brownlee
Linda Fabiani
Tom McCabe (Deputy Convener)
David Whitton

Malcolm Chisholm
Joe FitzPatrick
Andrew Welsh (Convener)

Apologies were received from Jeremy Purvis.

Budget (Scotland) (No.5) Bill: The Committee considered the Bill at Stage 2.

Section 1, schedule 1, section 2, schedule 2, sections 3 to 5, schedule 3, sections 6 to 10 and the long title were agreed to without amendment.

The Committee completed Stage 2 consideration of the Bill.
Scottish Parliament
Finance Committee
Tuesday 1 February 2011

[The Convener opened the meeting at 14:02]

Budget (Scotland) (No 5) Bill: Stage 2

The Convener (Andrew Welsh): Good afternoon, and welcome to the fifth meeting of the Finance Committee in 2011 in the third session of the Scottish Parliament. The only item on today’s agenda is consideration of the Budget (Scotland) (No 5) Bill at stage 2.

I draw members’ attention to two procedural points in the note from the clerk that members will have among their papers. First, only a member of the Scottish Government may lodge an amendment to the bill; and, secondly, as stated in paragraph 5 of the note, it is not possible to leave out a section or schedule by disagreeing to it, because for that to happen, an amendment would have to have been lodged.

Before we start our formal proceedings, I thought that it would be useful if I allowed the cabinet secretary to make some explanatory remarks about the bill and gave members the opportunity to ask questions.

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): Thank you, convener. I am joined today by Alyson Stafford, director general finance, and by John Williams from the finance directorate.

I begin by acknowledging the work of the Finance Committee during this year’s budget process, as reflected in the report that was discussed by Parliament last week. I continue to give careful consideration to the points and recommendations made by the committee and I will send my formal response to the convener in due course.

As you said, convener, this meeting of the committee focuses on the content of the Budget (Scotland) (No 5) Bill as approved in principle by the Parliament last week. As members of the committee are aware, there are, in the presentation of budget information, a number of differences between the draft budget and the bill. However, there are no changes at this stage to the spending plans that were outlined in the draft budget. To assist the committee, I will explain the main differences with reference to table 1.2 on page 3 of the supporting document for the bill. Column A sets out by portfolio the 2011-12 budget as shown in table 5.01 of the draft budget document that was published in November. Column H in table 1.2 sets out the draft budget as it needs to be restated for the purposes of the budget bill; and columns B to G provide the details of the adjustments that were necessary to meet the statutory requirements of the parliamentary process.

The major adjustments exclude £65.2 million of non-departmental public body non-cash costs, which do not require parliamentary approval. Those costs relate mainly to charges for depreciation and impairments, and the NDPBs include bodies such as the national institutions, Scottish Enterprise and Scottish Natural Heritage. Also excluded are judicial salaries and Scottish Water loan repayments to the national loans fund and the Public Works Loan Board, which also do not require parliamentary approval.

There are also international financial reporting standards adjustments of a little under £300 million, which have been agreed with Her Majesty’s Treasury, to reflect the adoption of IFRS across central Government from 1 April 2009. Again, I remind the committee that the conversion to IFRS is spending power neutral and simply reflects differences between the way in which Her Majesty’s Treasury budgets for such items and the way in which we are required to account for them.

There have been adjustments to portfolio budgets to reflect the requirement that a number of directly funded and external bodies, including the National Archives of Scotland, the Forestry Commission, teachers and national health service pensions and the Food Standards Agency, require separate parliamentary approval.

Finally, there is a restatement of specific grants included in the overall 2011-12 local authority settlement that remain under the control of the appropriate cabinet secretary with responsibility for these policies. The police grant, for example, remains the responsibility of the Cabinet Secretary for Justice. Full details of all grants that have been treated in this way are included in the summary table on page 71 of the supporting document.

I again make clear that the adjustments are essentially technical and do not change in any way the budget that has been scrutinised by this and other committees and approved in principle by the Parliament.

As I made clear to Parliament last week, I remain committed to working constructively with all parties in Parliament during the 2011-12 budget process and will work to continue to seek consensus on a budget that will meet the needs of the people in Scotland during the challenging financial times that we all face. That priority will be the focus of my discussions over the next week.
I hope that members have found my remarks helpful. I am happy to answer their questions.

The Convener: I thank the cabinet secretary for that statement and invite questions from members.

David Whitton (Strathkelvin and Bearsden) (Lab): Cabinet secretary, you said that you do not propose to change your spending plans at this moment. I take it that that means that you are not reconsidering your proposal to introduce a large retail levy.

John Swinney: I intend to bring those proposals to Parliament, subject to the Parliamentary Bureau’s timetabling.

David Whitton: How do you respond to comments in the committee report—and, indeed, in reports from other committees—that the budget does not help to sustain economic growth? Despite that criticism, you are still saying that you do not foresee any change to your spending plans.

John Swinney: I said that I do not foresee any change to my spending plans today, but I also said that I was committed to having a constructive dialogue with all parties to try to reach an agreement by stage 3. That has been and remains my position. All I can do is reiterate to Mr Whitton the remark that I made to Parliament last Wednesday and have just made again to the committee, which is that I intend to work to secure agreement on the budget proposals.

With regard to Mr Whitton’s question about the budget’s implications for economic growth and economic recovery, I have seen and am actively considering the committee’s comments on the issue. However, I point the committee to chapter 2 of the draft budget document that was published in November, which contains a pretty extensive explanation of the relationship between our budget choices and the focus on economic recovery and the Government’s economic priorities. As I have said, I am considering the committee’s recommendation, but I am doing so in the context of what is a fairly extensive explanation of how the Government’s approach to spending is enhancing economic development in Scotland. If I consider that I need to add anything to that narrative, I will be only too happy to do so, but I repeat that there is already a pretty comprehensive explanation of the relationship between spending choices and the focus on the economy.

David Whitton: Page 22—which is indeed in chapter 2—of the budget document says: “Over the last three years we have ... protected household incomes through freezing council tax”.

I draw your attention to the remarks of the committee’s budget adviser, Professor David Bell, who takes the view that the council tax freeze does not support economic growth and, in fact, that “its fairness implications are ... not clear cut”.

What is your reaction to that?

John Swinney: I note with interest Professor Bell’s views, but we should bear in mind the views of members of the public, who are benefiting from the council tax freeze and have certainly made it clear to me that they welcome the fact that the tax has been frozen since this Government came to office and appreciate the respite that it has given them as they wrestle with other challenges in their household income such as increases in fuel prices or in VAT. I also note—and am delighted to welcome—the committee’s own welcome for the freeze, even though I am not sure that it commanded the support of everyone around the table.

David Whitton: As you well know, it was not the position of everyone in the Finance Committee.

John Swinney: I had an idea that that was the case.

David Whitton: In fact, it says at the bottom of the particular page in the committee report that there was a division. However, Mr FitzPatrick managed to win the day. I am sure that he got some brownie points from you for that.

Linda Fabiani (Central Scotland) (SNP): Oh, you are so nasty.

David Whitton: I thought that you were not able to speak.

Notwithstanding what you have laid out in chapter 2, cabinet secretary, the budget has been scrutinised by this and the Parliament’s other committees and I think that it is fair to say that the general view is that it does not sustain economic growth. I find it surprising that, in light of that criticism, you have not made any changes at all.

John Swinney: At the risk of repeating myself, I say that I have already told the committee that, although I do not intend to bring forward proposals today, I might well bring forward proposals by stage 3 as a product of my discussions with other political parties. I have set out to members my position of everyone in the Finance Committee.

The Convener: I thank the cabinet secretary for that statement and invite questions from members.
In the draft budget document, we set out the implications of our investment in skills and training, including our capability to fund 34,500 training places to support young people and others in entering the labour market; our commitment to the small business bonus scheme, which is removing the rates burden for 63,000 businesses in Scotland and reducing it for a further 11,000; and our aspirations for the low-carbon economy and the fact that our investment in, for example, modern apprenticeships will create the conditions in which we will be able to invest in skills and training for new industries such as the renewables industry. I could keep the committee here all afternoon giving further examples of how our budget choices are supporting economic growth. However, I have made it clear that, if needs be, I am prepared to do more to achieve consensus in Parliament.

There is a “but” here, however. If other parties want me to spend more money on areas that support economic recovery, they have to tell me where the money will come from in what is a balanced budget. There are no other pots of gold around; this is the budget that we have to deal with. To return to Mr Whitton’s first question, I simply make it clear that, if we do not support the supermarket levy, we will be down £30 million before we start any of these discussions and before we try to find other resources that will enhance economic activity. I am very happy to engage in such discussions, but there must be some acknowledgement across the political spectrum that that is the genuine issue that must be discussed over the next eight days. As I have said, I am absolutely willing to take part in those discussions and will give all the time, energy and effort that I can to ensuring that we reach an agreement, but those are the terms in which any discussion will have to be framed. I do not think that it is unreasonable for me to insist on that.

David Whitton: Have you considered any alternative to ring fencing the health budget to allow a broader definition of health spending?

14:15

John Swinney: Either we pass on the Barnett consequentials to health or we do not—it is a black-and-white issue. In that regard, we have done what we said we would do. We have made provision in the budget for the establishment of a £70 million change fund, which is designed to do exactly what it says on the tin: change the way in which we deliver social care services in order to improve the outcomes for affected individuals. This is ground that Administrations have been on for some time. We are determined to put in place resources to drive the process of change to enable us to create new models of operation that will meet the greater demand for services that is already with us and which will be even greater in the years to come. That is an acknowledgement of the close degree of working that needs to be created between the health service and social care providers, whether in local authorities or in the third sector, where there is a wide range of provision.

David Whitton: I am grateful to the cabinet secretary. I hope, though, that we will get your considered reply to our report in good time so that we can read it before the stage 3 debate.

John Swinney: Well, we will see about that. I hear Mr Whitton’s comment and I understand why the committee would have that aspiration. I will do what I can to address that.

David Whitton: Thank you.

Joe FitzPatrick (Dundee West) (SNP): On the Scottish Government’s support for jobs and industry, can the cabinet secretary tell us about the impact of the United Kingdom Government’s cuts to the capital budget and how that has impacted on the Scottish Government’s flexibility? Further, what difference is there between the current UK Government’s cuts to the Scottish Government and those that the previous Labour Administration proposed?

John Swinney: On the last point, it is clear from the record of Parliament last Wednesday that the Conservative and Liberal Democrat Government has taken the same approach to capital expenditure, with the same control of totals, as the previous Government. There has been no change to the reductions in capital spending since the change of Government last May.

On the scale of the reductions, our capital budget is reducing by 25 per cent in one financial year and by 38 per cent over the spending review period. The capital budget is reducing from £3.293 billion in 2010-11 to £2.506 billion, which is about an £800 million reduction that will have a significantly constraining effect on capital expenditure. The Government has decided to supplement the traditional capital budget with a programme of NPD—non-profit-distributing—investment that will be structured over the next six years and will counter some of the effects of the reduction. However, we should be in no doubt that it is a significant reduction in capital spending.

As we saw from the capital acceleration programme that the Government undertook in 2008-09 and 2009-10, there is a beneficial effect from capital expenditure going into the economy. One of the issues with which we must wrestle is the fact that the economy requires capital investment not just from the public sector but from the private sector to stimulate growth. Clearly, at a time when we might have hoped that private
investment would have reached a higher level than it has and there is still a lot of anxiety about levels of private capital investment in the economy, public expenditure performs a significant role in the process.

Derek Brownlee (South of Scotland) (Con): It is perhaps unfair to take advantage of the absence of the Liberal Democrats, who cannot therefore defend their spending decisions. However, more substantively, the draft budget refers to the Scottish Water figure of £700 million over the determination period, but the indicative figures that you published last week suggest that no additional capital will go to Scottish Water over the remainder of the spending review period. Where will the £560 million to which the draft budget refers come from if your indicative figure shows zero?

John Swinney: The indicative budget shows a capital line for finance and sustainable growth of £957 million in 2012-13, £843 million in 2013-14 and £1.034 billion in 2014-15, and the Scottish Water investment will be contained in that line.

Derek Brownlee: But the indicative figures that you produced last week had a breakdown that—I think—showed a receipt for Scottish Water of only £88 million or £89 million per year and did not show any capital supply to Scottish Water.

John Swinney: That is because we did not show capital at level 2; we showed it at level 1 for all portfolios. I explained to the convener in the letter that I sent him last Monday that we had decided to show capital only at level 1 because, within portfolios over a four-year period, there is quite a change in the pattern of capital expenditure from budget line to budget line. We thought that it would be more valuable to show capital at portfolio level. We complemented that by showing indicative numbers in tables 2 and 3 on the implications of the combination of traditional capital and NPD capital investment to give a complete capital picture. For example, as I just cited to Mr FitzPatrick, the capital budget in 2010-11 was £3.293 billion; in 2011-12, with the addition of the NPD programme, it will be £2.7 billion; and, by 2013-14, it will be up to £3.1 billion. The committee will begin to see a pattern from the impact of the NPD investment.

Derek Brownlee: The Government is still committed to funding an additional capital contribution to Scottish Water of at least another £560 million over the period to 2015.

John Swinney: That is correct.

The Convener: That ends questions from members, and we turn to the formal proceedings on the bill. We have no amendments to deal with but, under standing orders, we are obliged to consider each section and schedule and the long title and agree to each formally. We will take the sections in order, with schedules being taken immediately after the section that introduces them, and we will take the long title last. Fortunately, standing orders allow us to put a single question where groups of sections or schedules are to be considered consecutively. Unless members disagree, I propose to do that.

Section 1 agreed to.
Schedule 1 agreed to.
Section 2 agreed to.
Schedule 2 agreed to.
Sections 2 to 5 agreed to.
Schedule 3 agreed to.
Sections 6 to 10 agreed to.
Long title agreed to.

The Convener: That ends stage 2 consideration of the bill. I thank the cabinet secretary and committee members for their presence and contributions.

Meeting closed at 14:23.
Note: (DT) signifies a decision taken at Decision Time.

**Budget (Scotland) (No.5) Bill:** The Cabinet Secretary for Finance and Sustainable Growth (John Swinney) moved S3M-7899—That the Parliament agrees that the Budget (Scotland) (No.5) Bill be passed.

After debate, the motion was agreed to (DT) by division: For 79, Against 48, Abstentions 0).
I have advised Parliament previously that my in-year financial management in 2010-11 would be focused on identifying ways of smoothing the scale of the reduction in public spending into the next financial year. My plan had been to carry over £100 million from this year to next year. Due to steps that I have taken to reduce expenditure this year, I have, in fact, made a carry-over provision of £130 million with Her Majesty's Treasury, as set out in the spring budget revision. I have also been able to reprofile other spending programmes in 2010-11 and 2011-12 to free up resources. As a consequence of those decisions, I am able to support some new priorities today and to fulfil my statutory duty to balance our budget.

I wish to present a number of measures to Parliament today. First, I have reflected on the representations made by the Transport, Infrastructure and Climate Change Committee and the road haulage industry about provision for the freight facilities grant. I confirm today that I will increase by £2 million the funding for the freight facilities grant in next year's budget. That will be funded through adjustments to the existing Transport Scotland budget for 2011-12.

One of the issues that has arisen in the local government settlement has been a negative implication for a limited number of local authorities—principally and significantly Argyll and Bute Council—arising from an updating of indicators agreed with local government that drive the distribution of supporting people funding. In order to temper the effect of that change, I intend to allocate £5 million to tackling the problem and have invited the Convention of Scottish Local Authorities to match that amount. The distribution will be agreed and undertaken in the local government finance amendment order in March.

In 2007, I introduced a capital city supplement for the city of Edinburgh. It has not been updated since and I propose to increase the level by £400,000.

Last year, the Liberal Democrats suggested the establishment of a post office diversification scheme. That was a successful initiative and I have agreed to their proposal that we operate in 2011-12 a further round of that scheme at a cost of £1 million.

I have also reflected on concerns expressed about funding for urban regeneration companies. The chairman and board of Scottish Enterprise have made the fair point to me that their reduced budget is under significant pressure to support existing commitments and to address the need to support new priorities such as investment in the renewables industry. I confirm today that, by making use of an emerging underspend on the regional selective assistance budget this year and by Scottish Enterprise making some adjustments...
to the profiling of other areas of its planned expenditure in 2010-11 and 2011-12, we will enable Scottish Enterprise to increase its funding for the urban regeneration companies to £12.5 million in 2011-12. That is an increase of around £6 million compared with the plans in the draft budget. That will increase funding to the Clyde Gateway, Riverside Inverclyde, Irvine Bay and Clydebank Re-built urban regeneration companies. I fully recognise the constraints facing Scottish Enterprise and I appreciate the flexibility that it has shown.

I have received a range of calls for additional expenditure in the areas of learning, skills, training and employment, and I propose to respond in several ways. The Scottish Government has already put forward a substantial package of support for higher and further education and for skills and training. The draft budget that was published in November provided the resources to preserve university and college places while upholding our commitment not to raise university tuition fees or college charges. It supported the continuation of education maintenance allowances and it provided funding for 34,500 training places, including modern apprenticeships.

However, I acknowledge that we must create new opportunities, particularly for young people. I have agreed proposals that have been put to me by the Liberal Democrats that will provide for an additional 1,500 modern apprenticeships in 2011-12. We will make available an additional £15 million across 2010-11 and 2011-12 in funding for college bursaries and we will provide a further £8 million in funding to support an additional 1,200 college places in 2011-12. That funding covers teaching and student support costs. The Government will also support the provision of 7,000 flexible training opportunities in 2011-12—2,000 more than originally planned in the draft budget.

On the issue of employment creation, the Conservatives have been keen to maximise initiatives to support employment growth in the private sector. I am therefore pleased to announce a further £10 million in support for employment creation, focused on new starts and on encouraging sole traders and small firms to take on new employees by assisting with their employment and recruitment costs and with exporting opportunities.

More generally, I have considered representations made by the Conservatives—and others, including the Finance Committee—on the economic impact of investment in housing. As I have already confirmed in discussions with the Conservatives and through the publication last Friday of the Government’s strategy and action plan for housing in the next decade, we will take forward a range of measures to stimulate greater private investment in housing development in Scotland, including through the £50 million investment and innovation fund. The Conservatives have proposed that the Government provide additional investment in the sector, and I can confirm today that we will invest a further £16 million in housing programmes in 2011-12. That will be delivered by expanding the open-market shared equity scheme, by introducing an infrastructure loans fund to ensure that stalled developments can take their course, and by developing the new supply shared equity scheme.

I have also considered what scope exists to generate additional efficiency and effectiveness across the public sector during the next financial year. I set out within the draft budget a package of measures including an efficiency target for next year of 3 per cent and the setting of a public sector pay policy for 2011-12 that will help to sustain public services and employment by bearing down on pay increases—including a complete freeze on pay for chief executives—while seeking also to protect the lowest paid.

However, I confirm today that the Scottish Government will examine carefully the Conservatives’ proposals for tackling absenteeism, to determine what additional interventions can be made to add to our work in this area. [Interruption.]

The Presiding Officer: Order. I am sorry, but since the cabinet secretary began speaking, I have heard an almost non-stop running commentary from some members on my right, particularly Johann Lamont. I would be grateful if that would stop. If members wish to comment, they should do so through an intervention.

John Swinney: I have set out today a package of measures that I believe responds effectively to the issues that have been raised with me since the draft budget was published. They are fully funded, without detriment to the substantial package of investment that I announced in the draft budget in November.

The budget reaffirms our social contract with the people of Scotland by providing the resources to continue the council tax freeze and allow for the full removal of prescription charges. Those measures help households facing pay restraint and help to maintain demand in the economy at a time when we face increases in VAT and fuel prices.

We are delivering our commitment to pass to health spending in Scotland the consequentials arising from decisions on health spending in the United Kingdom spending review and we are continuing provisions for free personal care.
We acknowledge and share the Conservative party’s concern about continuing to improve access to drugs, including cancer drugs. We are happy to look at—and to discuss further with the Conservatives—how we make even further progress in improving access to drugs.

We have worked closely with COSLA’s leadership to agree a settlement for local government that maintains its share of the budget, to help maintain the delivery of vital local services and to maintain core commitments on police numbers, school education and adult social care.

This is a budget that supports new business growth, including by continuing the small business bonus scheme as part of a package of business reliefs worth £2.4 billion over five years.

We are taking forward strategic infrastructure commitments, such as the new Forth crossing, the new south Glasgow hospitals project and the school building programme, and we are protecting local government’s share of the capital budget.

I have announced a programme of infrastructure investment worth £2.5 billion in health, education and strategic transport interventions, which will be delivered through the non-profit-distributing model and will help to maintain construction jobs over the medium term despite the severe cuts that have been made to our capital budget. Those investments will all help economic recovery.

We will take forward the £70 million renewables infrastructure fund and, as the Finance Committee recommended, we will continue to make representations to the UK Government about the early deployment of the fossil fuel levy surplus in Scotland.

We remain committed to improving the energy efficiency of Scotland’s housing and to tackling fuel poverty, and are providing £48 million in support for the home insulation scheme and the energy assistance package next year.

I have two final announcements to make. I advise Parliament that I am now in active discussions with the voluntary sector about the establishment of a new initiative to create employment opportunities for those struggling to get access to the labour market. I expect to make an announcement on the proposal very shortly.

Finally, as a consequence of the budget negotiations with the Liberal Democrats, the planned number of modern apprenticeships stands at 16,500. Although that represents a significant commitment, I do not think that it is all that we can do to deliver opportunities for our young people. I therefore announce that the Scottish Government will increase that total in Scotland in 2011-12 to deliver 25,000 modern apprenticeships, which is a record number.

We are doing all these things despite an unprecedented cut of £1.3 billion in next year’s Scottish budget. That is why I believe that we have prepared a budget that best meets the needs of the people of Scotland and why I believe that Parliament should support the budget bill today.

The Government has listened to the calls that others have made of it and we have responded in the spirit of building consensus across the chamber.

Businesses and households across Scotland are acting to put their own finances in order at this most challenging of times, and it is essential for Parliament to do likewise. I commend the budget to Parliament.

I move,

That the Parliament agrees that the Budget (Scotland) (No.5) Bill be passed.

14:48

Andy Kerr (East Kilbride) (Lab): Of course, a Government’s budget is not only a list of spending commitments such as the one that we have just heard. Cumulatively, over the years, line by line in every budget, the figures add up to a statement of the Government’s values. Those values will give direction to all parts of Government and public services and, with the will of the people, they will plot the country’s course.

It is at that point that we and the Scottish National Party Government go our separate ways. This budget shows more clearly than ever that this Government’s values are not those of a Labour Government, and the direction set for the country is not one that Labour would set. [Interruption.] I am sure that that is not Johann Lamont shouting out.

The Presiding Officer: One moment, Mr Kerr. You have made your point. The cabinet secretary was heard in relative silence and I ask that Mr Kerr receive the same treatment.

Andy Kerr: I have met Mr Swinney and his colleagues on many occasions in the past few weeks to discuss matters that are dear to our hearts. While we have been having those conversations, a lot has happened in our economy. Lloyds Banking Group has announced 200 job losses, mainly in insurance. Forestry Commission employees in Scotland fear for their jobs. There are threats to teaching and support posts at James Watt College. At the Scottish Refugee Council, 44 of the 59 staff could lose their jobs. Nearly 70 jobs are under threat at Robert Wiseman Dairies in Cupar. The list goes on. Each entry on the list represents a personal tragedy for those involved, who may be unable to provide for their families; of course, each also represents a
social tragedy for the communities that are affected by the loss of jobs and services.

Rising unemployment is the signal failure of the SNP Government. When John Swinney laid out his first budget to the Parliament, Scotland had the lowest unemployment rate in the UK; at the time of this budget—his last—we have the highest rate of unemployment in the UK. Under Labour, between 2002 and 2007, Scotland outgrew the rest of the UK; under Mr Swinney, we lag behind the rest of the UK.

John Swinney: Does Mr Kerr acknowledge that unemployment in Scotland is falling, while unemployment in the rest of the United Kingdom is rising, and that the measures that I have announced today might help some of the people whom he is attempting to make political capital out of?

Andy Kerr: Mr Swinney offers box ticking on arrangements around parties. He offers half measures while Labour offers full measures. The SNP Government has been saved by the very coalition parties that seek to wreak havoc in our public services and economy in Scotland.

On four occasions John Swinney has stood up in Parliament to outline his budget and on four occasions he has been supported by the Conservatives. I hope that this is the last time. Annabel Goldie says that she wants a coalition with the SNP next time around. She already has a coalition with the SNP this time around. That is without mentioning the Lib Dems, who are on their knees in London and on their knees in Scotland to the SNP Government.

We will offer an economic, social, jobs-driven vision for Scotland that ensures that we resurrect our flagging economy. Mr Swinney did not get it right. The SNP manifesto said that the party would make Scotland the most competitive part of the UK, but he has failed in that process. Unemployment is higher now than when he came into office and growth is lagging behind that in the rest of the UK.

As Mr Swinney said, the process has been difficult. I have been involved in both sides of negotiations over the years and I understand the difficulty involved in making such decisions. Choices were hard during my time in government and, given the reckless ideological cuts being made by the Tories at Westminster, choices are even harder during the SNP’s time in government.

However, it is our sincere view that the cabinet secretary has made the wrong choices. When he seeks to meet party-political needs to get his budget through, he fails to understand that his half measures add up to 0.1 per cent of the available budget in Scotland. There is criticism of the budget from communities, academics and business people. The measures that he is taking are simply not good enough.

Our focus for today, tomorrow and the next day must be jobs, jobs and jobs. We do not have that in the budget today.

John Swinney: Will Mr Kerr share with Parliament which of the proposals that I have announced this afternoon he does not support?

Andy Kerr: We do want half measures. Labour offers full measures and we will ensure that we deliver those in government.

The budget has moved 0.1 per cent. Let us remember what folk—they are not from the Labour Party—say about the budget. Peter Wood, director of Optimal Economics, said:

“I fear that the commitment to economic growth is more of a slogan than a reality.”—[Official Report, Finance Committee, 30 November 2010; c 2864.]

We heard more of that today.

Labour’s priority is the economy and jobs. Jo Armstrong from the Centre for Public Policy for Regions said that

“it is difficult to see the link between the headline of sustainable economic growth and the current budget allocations.”—[Official Report, Finance Committee, 30 November 2010; c 2864.]

Is the cabinet secretary trying to say that 0.1 per cent of movement satisfies those criticisms of his budget?

The cabinet secretary responded to the Parliament’s committees, but let us listen to what they had to say. They concluded that

“insufficient priority has been given to sustaining the growth of the economy in setting budget priorities.”

That is the tragedy of the opportunities that faced us in the discussions. The greatest resource for our country and our businesses is our people, but the cabinet secretary has cut education funding and done nothing to restore the thousands of teachers, the thousand classroom assistants and the 1,500 nurses who were lost under the SNP Government in the good times, along with the 2,500 vital national health service staff who have also lost their jobs.

The engine of innovation is our higher education and universities sector, but it is being slashed in this budget, leaving parents and young people in the dark about the future and the prospects for accessing a degree.

Alasdair Allan (Western Isles) (SNP): Will the member give way?

Andy Kerr: In a second, when the member might answer my next point.
We have been nothing but consistent in our view of this Government's investment in infrastructure. It got things badly wrong from the outset; it has refused to change its position in four years; it emptied the pipeline of projects; it dismissed this party's appeals about the Glasgow airport rail link; and it has never dealt with the disaster of the Scottish Futures Trust. Perhaps Mr Allan might want to justify the existence of that organisation.

Alasdair Allan: Does the fact that the member has been unable to identify which of the cabinet secretary's measures he disagrees with explain why he failed to lodge any amendments to the budget?

Andy Kerr: From my eight years in government, I recall that the SNP lodged only one amendment to the budget. I also recall that in the negotiations around the SNP Government's first budget, we put forward 20 amendments, one of which—on police—was rejected by the SNP, which then went round by the back door and did a deal with their friends on the Tory benches. That is how the SNP acts in government. I thank the member very much for his intervention.

The basic requirements for our economy to thrive are infrastructure, the ability to move goods, services and people and our connection to the outside world. Even as we were having our conversations with the cabinet secretary, BMI announced the withdrawal of vital routes from Glasgow to Heathrow—and what did we hear from the Government? Absolutely nothing. That is the problem with this Government.

The SNP is implementing the Tory cuts, with the heaviest blows falling on areas such as higher education, enterprise and others vital to economic recovery, driving growth and creating jobs. The fact that the party in government today has been saved by the coalition parties tells us everything we need to know about its approach. The difference between it and us is that we have a vision for jobs, which we will set out—[Laughter.] If that vision is so bad that it makes members laugh, why is the cabinet secretary trying to deliver half of our own commitments? The SNP Government is copying our own vision. However, although it knows that we are right, it will not allocate sufficient resources to deliver the full impact of those measures.

It is our duty to say that this is not good enough for Scotland. Scotland deserves better and in 12 weeks' time the people of Scotland will have a choice of a better Government—one that will deliver full measures to deal with unemployment and jobs. Labour has stood and will always stand by the working people of Scotland and their right to work and to wages that allow them to provide for families, and contribute to their communities and which allow the country as a whole to prosper. The cabinet secretary has chosen his priorities, and the country will soon be able to make its own choice.

The budget is a test of values; it is a test of who we are and what we stand for. For the past four years, the SNP has shown who it stands with—the Tories. It has no credible plan for growth and we cannot support it.

Our pledge is that if we win the election a Labour Government in Scotland will improve the budget and put our people and their jobs first. Among the many measures that we could undertake, we will create 10,000 future jobs fund opportunities, which will be advertised in our first 100 days in government. That is what we stand for; those are our values; and we will take them into government if we are elected by the Scottish people.

14:59

Derek Brownlee (South of Scotland) (Con): Mr Kerr was right in one respect: that was certainly a vision, although perhaps not quite the vision that he wants to portray to the Scottish people.

The budget is not a Conservative budget. Members will have to wait until 23 March for a Conservative budget, although that will, of course, be a Liberal-Conservative budget in the best progressive tradition of both our parties. [Interruption.]

The Presiding Officer: Order.

Derek Brownlee: It is obvious that the art of cooperation learned by the Liberal Democrats in supporting and working with us at Westminster has rubbed off at Holyrood, and I welcome that. The budget is a compromise, and it is the better for it. It is obvious that it is not a Labour budget, because it balances and does not add another £200 billion to our national debt.

The Government proclaims—as its predecessor did—that growing the Scottish economy is its top priority, but we did not think that that aim shone through the original draft budget. The Economy, Energy and Tourism Committee, the Finance Committee and many outside observers shared that sentiment. Changing the budget to promote jobs and growth was therefore vital. When I asked a panel of economists at the Finance Committee—some of whom have already been referred to—how the budget could be improved to promote economic growth and jobs, they were as clear as any group of economists could ever be expected to be. They said that investment in housing would have a quick and significant impact. Today, we have achieved significant additional investment in
housing to provide additional jobs and help more Scottish families to get on the housing ladder.

The Conservatives have always believed that job creation does not come only from large firms; small businesses, including sole traders, have a part to play. Moving from being a sole trader to being an employer can be a big step, but, cumulatively, such moves across the Scottish economy can have a big economic impact. We all know that there is a well-established need to increase exports to grow the Scottish economy, so the support for exporters, start-ups and small firms in today’s announcement is good news for Scottish jobs. Together, those measures make a meaningful difference to what was in the draft budget.

Mr Kerr was keen to remind members about what has happened in this session. Over the session, the Conservatives have secured significant achievements: 1,000 additional police officers; a £60 million town centre regeneration fund; the reduction and abolition of business rates for tens of thousands of small businesses; transparency in Government spending—Scotland is the first part of the United Kingdom to have that; the Beveridge report, which changed the terms of the debate on public spending options in Scotland; and the council tax freeze. This year, in building on the draft budget, which protected NHS spending and froze public sector pay above £21,000 to protect jobs—both items were delivered by the Conservatives and the Liberal Democrats at Westminster—we now have action in two crucial areas in the budget in which we sought improvement: protecting and creating jobs and beginning moves to reform public services.

The new measures for small business job creation will help small businesses throughout Scotland to take on additional staff, provide additional assistance to those who wish to start up in business and give additional help to exporters. The additional funding for housing will not only allow families to get on the housing ladder, although that is crucial; it will provide a timely boost to the construction industry and create and protect thousands of jobs—more than 5,500, according to some estimates. Other housing measures that have been announced as a result of our discussions will help first-time buyers and allow developers to get on with delivering the additional housing that Scotland needs.

In his speech, the cabinet secretary referred to the reform of absence management. We believe that that has the potential to release multimillion pound savings and to provide those who are off work through ill health with the help that they need to get back to work as soon as possible. A two-day reduction in absenteeism across the devolved public sector in Scotland would save £138 million a year. That issue needs to be tackled.

We very much welcome the commitment to make progress on access to cancer drugs. I understand that further meetings will take place on that in the near future.

All of that, of course, is on top of the welcome rejection of the additional tax on shops, which would have put jobs and investment at risk. We have learned today that that tax was entirely unnecessary.

The measures fit against the background of the Liberal-Conservative UK Government’s reducing corporation tax, lifting the lower paid out of tax, reforming the welfare state to make work pay, and providing a national insurance holiday for new Scottish start-up businesses. That is a platform for economic recovery and job creation. The Scottish and UK Governments are working together with the same aim, which is surely what all of us should seek.

I know that all parties have considered college bursaries in the debate on the budget. Today, we have a solution for the coming year, which we welcome. However, we need a solution for every year. Students, whether in further or higher education, are rightly wary of promises that politicians make before elections. It is obvious to everyone that the current funding arrangements for further and higher education and student support cannot be sustained without reductions in student numbers or in the quality of education. We need additional sources of income for the FE and HE sectors, which is why the Conservatives would like to introduce a graduate contribution. Having protected the national health service and wishing to avoid council tax rises, few options are available to reduce spending elsewhere on the scale that is required to maintain existing funding models for FE and HE.

Overall, the package of measures that has been announced today moves the budget substantially in the right direction so, as Mr Kerr correctly predicted, the Conservatives will vote for the budget today. We have secured significant progress on delivering Conservative priorities, creating jobs and reforming public services. It seems as though the Labour Party does not support those. The budget takes effect from April, so the decisions that Parliament takes today will be implemented largely in the next session of Parliament. We hope to be in a position of still greater influence in that next session but, for the avoidance of doubt, I make it clear that, if a Government of any colour seeks to remove what we have achieved in the current budget or previous ones, there will be a high price to pay. Across a range of policy areas, we have delivered
substantial achievements and we will vote for the budget to deliver more.

15:06

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): Yesterday, I spoke to a major employer in my constituency where there are major concerns about the future of a number of jobs. The company has a heritage that goes back over a century in Galashiels and—the Borders being the Borders—I know some of the staff who work there very well. It is a profoundly important company for the local economy and it works in a global marketplace in which decisions around the world have an impact locally. That is the backdrop to my thoughts this week as we come to the final stage of the bill.

The ramifications of the turmoil of the financial crisis, in which Scottish institutions were as implicated as any others, will be with us well into the future. That is why we on the Liberal Democrat benches take the view that the Scottish Government’s budget must do more for the Scottish economy and that its agencies must deliver more and do so better. In that regard, our stance at stage 1 was endorsed by the Parliament’s Finance Committee.

At stage 1, we had the inevitable sparring over the scale of the reductions in the Scottish budget. The SNP takes the view that the reductions are too fast and too deep. I fully understand why it thinks that, but it has never been straight with people and said what the reductions would be if they were not too fast or too deep. The First Minister had an opportunity to do so last week with the Deputy Prime Minister, but he did not take it. However, we now know from the cabinet secretary’s speech, which has provided welcome clarity, that the budget that we are debating at stage 3 has £41 million more for next year than when it was originally published, with £25 million of that for colleges and young people and £16 million for new housing. Any objective analysis would say that that is fair. I welcome the fact that the Government has listened to the views of others in the Parliament—or most of them.

There is a degree of denial from the SNP but, similarly, Labour now seeks to give the impression that there would be no reductions in Scottish spending, even though the UK coalition is reducing the growth in spending over the next five years, whereas Labour proposed to do so over the next seven years. Ed Miliband said some interesting things in his Fabian Society speech on 15 January. It sounds as though Mr Kerr and Scottish Labour were not listening, so let me help them out and remind them what Mr Miliband said. He said:

“Parties don’t suffer defeats like the one we suffered last May because of an accumulation of small errors. They do so by making serious mistakes, and that’s why I have said what I have said on issues like Iraq, failing to properly regulate the banks, ignoring concerns about economic security and not doing enough to deliver on the promise of a new politics.”

That was Ed Miliband talking about the Labour Party, and it was in stark contrast to Mr Kerr’s comments. Iraq, failing to secure regulation of the banks, ignoring concerns about economic security—those were full measures for which we are now getting a half-hearted apology from the Labour Opposition benches.

Derek Brownlee: I think the member forgot to say that they also wrecked the public finances.

Jeremy Purvis: Well, indeed, but I had not finished quoting Mr Miliband’s Fabian Society speech. If Labour—

Andy Kerr: Will the member take an intervention?

Jeremy Purvis: I will in a moment, because I am sure that Mr Kerr will wish to reply to Mr Miliband, so I will give him the opportunity to do so.

If Mr Kerr’s vision has been unimpaired, I wonder whether he read Mr Miliband’s speech. Let me quote what he said about the Labour Party:

“We need to be honest: over 13 years in government we forfeited the right in too many people’s minds to be the natural standard-bearers for this progressive majority in Britain.”

Andy Kerr: I refer the member to my earlier speech. We stand for the progressive majority in Scotland, but on the point—[Interruption.]

The Presiding Officer: Order.

Andy Kerr: What would he say to his UK coalition partners—the Lib Dems have made the biggest mistake in UK politics for a long time—about regulation? They advocated to Gordon Brown a reduction in regulation to create more avenues for the banks to make money, and their view was shared by our First Minister.

Jeremy Purvis: If Mr Miliband’s statement was a flip, that was definitely a flop, Mr Kerr.

When Scotland’s Colleges made a public statement that it was concerned that the reductions in funding over the coming years were “potentially disastrous”, we took note. Similarly, when the shortfall and planned reductions in bursary funding for some of the poorest students were laid bare by the National Union of Students and others, we took note. College student associations from across Scotland have worked hard on their campaign, and today shows that it has paid dividends. [Interruption.]
The Presiding Officer: Order. There is still too much background noise on a continual basis from members right across the chamber. Let us hear one speech at a time.

Jeremy Purvis: It is not just a political gain for the Liberal Democrats or any other political party; it is a gain for students, such as the students at Borders College whom I met to discuss the issue last Friday. For one student, the planned reduction to their bursary under the draft budget would have meant that they would not be able to afford the rent on their flat. Another would not have been able to buy equipment to help them to secure a course. Another would not have been able to afford transport, and another told me that they might have had to quit their course altogether.

At Borders College alone, some 800 students are in receipt of bursary support. For those 800 learners, and thousands upon thousands more across Scotland, I am pleased that the Scottish budget has been improved at this final stage. The examples that I have given are reflected across Scotland.

Johann Lamont (Glasgow Pollok) (Lab): Will the member take an intervention?

Jeremy Purvis: I am afraid that I do not have time.

Although I cannot say that the pressure has been removed, I can say that the fact that the Scottish Government has accepted the case that we presented to it is testimony to what can be done. With the additional college places and the security that many will now have to finish their studies and gain skills, the economy will gain as well as the country overall. As the cabinet secretary said, we have also secured funding for additional modern apprenticeships, and that will also create welcome training opportunities.

We are also pleased that for a second year we have secured funding for the post office diversification fund, which was our idea. Post offices are often the glue that binds local communities together, and that is positive.

It is most certainly not a perfect budget bill that the Parliament will pass today, but it is a better one. It is better for young people who want the skills that they and we need for the economy, better for the colleges that will be able to provide more opportunities, and better for the businesses that will have more opportunities to take on apprentices. It is better because of Liberal Democrat involvement.

The Presiding Officer: We come to the open debate. Speeches should be of six minutes, please, and no longer.

15:13

Kenneth Gibson (Cunninghame North) (SNP): The SNP Government's budget is geared towards economic recovery and protecting jobs. We listened carefully to the ideas that Opposition parties put forward and approached them constructively. It is a sign of maturity and shows a spirit of consensus that some of the Opposition parties have given time and thought to the budget instead of simply dismissing it out of hand. I hope that the spirit of consensus and compromise will continue and we will reach agreement on a budget that will deliver the absolute best for Scotland during these difficult times.

Let there be no mistake: these are indeed very difficult times, with an unprecedented Westminster cut of £1.856 billion in real terms to the Scottish budget, rising inflation, an increase in VAT, an increase in national insurance and an increase in the already extortionate fuel duty. All of that increases the burden on public services and impacts on their delivery while simultaneously squeezing the budgets of Scots families and individuals as they struggle to cope with the greatest real-terms cut in their wages since the 1920s. It is our duty as members of this Parliament to do all that we can to help to cushion the blow and ensure that we invest in projects and initiatives that will protect and create jobs and help our economy to grow.

By the very nature of politics, we all have different ideas on how all that can be achieved. On the SNP side of the chamber, we say that Scotland should be in charge of her own resources and economy, as that would allow us to invest properly in infrastructure, energy projects, jobs and education, but that is a debate for another day. The depressing reality is that we have a limited pot of money, and we must agree on the most prudent way of spending it.

Although we all have our pet projects that we would happily advance at the expense of others, we are, I believe, broadly agreed on some of the main issues: protecting our NHS; providing world-class education that is affordable to everyone; maintaining record police numbers; and creating more jobs and training opportunities for our young people. I therefore hope that we can iron out our relatively minor differences so that we can pass the budget today.

I maintain what I said in the stage 1 debate: this is an outstanding budget, considering the extreme challenges that the cabinet secretary has faced. Local government spending has been reduced by only a fraction of the amount that many prophets of doom had warned that it would be and in comparison with the reductions down south. Concessionary bus travel has been not only protected but extended to injured service
personnel. Free university education has been maintained, and the council tax has been frozen once again. Those are but a few commitments in the budget that will make very real differences to the everyday lives of Scottish people.

This Government, as is reflected in the budget, is truly committed to providing the best services for Scotland. That includes an absolute commitment to protect NHS budgets, in conjunction with the previous commitment to pass on any Barnett consequentials from the increased health spending in England to the health service in Scotland. The budget also includes an £8 million increase in funding to tackle hospital-acquired infections to ensure that our hospitals are as clean and safe as they can be. That funding comes on top of the £54 million that has already been committed to tackling the issue.

Further to our commitment to protect services, the budget puts in place measures that will boost our economy and create jobs. The additional £6 million for regeneration is particularly welcome. Perhaps the most successful of the measures that the Government has taken over the past few years has been the introduction of the small business bonus scheme, which has removed the rates burden from more than 63,000 properties, thereby allowing businesses to reinvest, employ more people and grow into the successful and dynamic businesses on which this country prides itself. In case anyone thinks that that is simply rhetoric, we should remember that Colin Borland told the Finance Committee that one in eight of Scotland’s small businesses would have gone bust during Labour’s recession had it not been for the small business bonus scheme. In maintaining that valuable scheme into next year, the budget will help tens of thousands of Scotland’s businesses during these tough times.

As we have heard, the budget will provide an additional 1,200 college places at a cost of £8 million, and an additional £15 million has been provided for college bursaries. That is £1 million more than the NUS asked for in its recent campaign. In addition, an amendment has been made to include a £10 million fund to support job creation in small businesses, which I know that the Conservative party was extremely keen to see happen. Most members will welcome that.

We have also made provision to increase the number of apprenticeship places by 25 per cent next year to a record 25,000. It must be said that there would be no demand or requirement for such a vast quantity of young tradespeople without the budget’s investment of £3.3 billion in the construction sector.

The SNP has listened to and acted on the various suggestions of Opposition parties, and it is disappointing that at least one and possibly two of those parties do not seem to be as enthusiastic for the budget as they should be. I believe that the cabinet secretary has bent over backwards to accommodate as many different perspectives and points of view as possible in an effort to help the people of Scotland and the Scottish economy. I therefore ask all members of the Parliament to support the budget today.

15:18

Ms Wendy Alexander (Paisley North) (Lab): I welcome a number of the individual measures that have been announced today, but the way in which our final budget has emerged—following deals in what in the old days would have been smoke-filled rooms—but which these day are smokeless rooms—means that it is easy to lose sight of the longer-term trends. The last-minute deals on what are fairly small sums of money miss the longer-term trends in budget setting, and it is those longer-term trends that I want to focus on.

Over the past 12 years in Scotland, we have increasingly developed a treasury function. As this session of Parliament draws to a close, I want to look back at the budgetary progress that we have made over the past four years. At this stage four years ago, there was no shortage of promises, particularly from the current party of Government. Its success in keeping those spending promises is a matter of record, and I will not be tempted to revisit that.

Four years ago, the SNP made not just big spending promises but big budget promises. It promised to develop the treasury function as well as the spending function. First among the budgetary promises was the promise to abolish the council tax and replace it with a local income tax. Members will recall that the Scottish Government dropped those plans on the fair basis that it thought that they could not command a majority in this place. That might have been true, but the key issue is that the plans were never published.

We approach another election at which the SNP will offer plans for a local income tax, but with no figures, modelling or detail. Four years on—and despite all the resources of the Scottish finance directorate and the office of the chief economic adviser—the SNP still has no plans for a Scottish local income tax and no discussion document, green paper or white paper.

The second big budgetary commitment in 2007 was a promise to write off student debt. Again, four years on—despite all the resources of Government—the SNP has produced no discussion document, green paper or white paper, no detail and no modelling.
The third big budget promise of 2007 was to abolish public-private partnerships and replace them with not-for-profit trusts and bonds. Again, we have no discussion document, green paper or white paper.

The observant parliamentarian will spot the pattern. The Government came to power with three really ambitious budgetary promises: to introduce a local income tax, abolish student debt and replace PPP. On every one of those big three financial promises, it did not get as far even as laying out the detail. The truth is that the treasury role in Scotland that developed in the first eight years of devolution has been allowed to atrophy and not to progress under the current Government.

Given that record on budgetary promises in the past four years, what are the challenges for all of us in the next four years? The first is higher education finance. How will we in Scotland respond to the new system of higher education funding in the rest of the United Kingdom? The truth is that the future of our universities and colleges hangs in the balance. Arguably, that will be the biggest decision that we will face in the next four years. However, with weeks to go to the election, the SNP has produced no modelling, numbers or detail—members will get the picture.

The second challenge is building infrastructure. Four years ago, the Scottish Government’s website would have shown that dozens of projects were reaching financial close. I suggest that members who want an investment-led recovery go to that website today. It shows one project for which tenders have been advertised and four “potential” projects. Not a single project is in the pipeline. The Scottish Government has left an inheritance of nothing in the pipeline for whomever tries to stimulate an investment-led recovery.

The third big challenge that faces an incoming Government is the future of our public services. What progress has been made in the past four years on better delivery, improving effectiveness and service redesign? The SNP began well in 2007, when it published the Howat report, but nothing happened. In 2009, we had the Beveridge review. It reported in 2010, but nothing happened. Now, in 2011, we have the Christie commission and an invitation to wait and see until after the election.

Whatever small sums of money are reallocated today, the truth is that we have made anything but progress in budgetary terms in the past four years. The next Parliament needs to rise to the challenge that the Government has neglected, so that the spending machine starts to become the treasury function that we were promised, that the country needs and which the Scotland Bill will start to deliver.

Joe FitzPatrick (Dundee West) (SNP): Today, we find ourselves in a similar position to that of previous years: last-minute alterations are the norm as this minority Government tries to get its budget passed. The cabinet secretary has worked to build consensus across the chamber. Reaching consensus has been particularly difficult for him this year, given a budget that has, for the first time, been reduced in cash terms. Let us remember that two thirds of those cuts were planned prior to the Liberal and Tory parties coming into power at Westminster—they are cuts that Alistair Darling said would be deeper and harsher than those under Margaret Thatcher.

The proximity of the election in May has done nothing to make the process of negotiations any easier. However, despite the biggest ever cut to the Scottish block grant, this budget will deliver for the people of Scotland. We have the continuation of the council tax freeze and the small business bonus, funding to retain the extra 1,000 police officers and an end to the tax on ill health with the introduction of free prescriptions. All that is contained in the budget that is before the Parliament. The cabinet secretary attempted to take on board the contributions of Opposition parties, and the different ways in which they responded to his offers were plain to see in the opening speeches. In spite of the negativity coming from the Labour benches, I hope that, at decision time, Labour will do what is best for the people of Scotland by supporting the budget.

In past debates, Mr Gray and Mr Kerr professed great concern about a favourite couple of theirs: the fireman and the nurse. That couple and millions more across Scotland will be given support by this budget through the council tax freeze, yet Labour suggests that it may not support the budget. How times have changed. Will Labour really oppose its favourite couple getting free prescriptions that are part of the free health care that is one of many traditional Labour policies? Will it really propose a continuation of that tax on ill health? Is Labour really saying that it will oppose the Government’s protection of the health budget? It is clear that the fireman and the nurse have been dumped by Labour.

Last week, Labour had a new couple: the Playboy and the chief executive officer. It told the chamber that the largest businesses, such as Tesco and Sainsbury’s, could not possibly have an increase in their business rates, yet it seems that it is just fine and dandy for Labour that couples across the country—pensioners, firemen and nurses—pay extra in council tax.

Andy Kerr: Will the member inform the chamber of the weekly savings that a band D household in Dundee will make from the council
tax freeze? When it came to the retail levy, we listened to the views of the Union of Shop, Distributive and Allied Workers—the workers’ representatives.

Joe FitzPatrick: I have spoken to a number of workers who are USDAW members and who were surprised at the union’s stance. It would be particularly interesting to find out what consultation Mr Kerr and his colleagues in the Parliament had with Labour Party members across Scotland, many of whom are appalled by the Labour Party’s stance in supporting Tesco.

In Dundee, the average saving this year will be £150. Of course, that has to be added to the savings that council tax payers had last year, the year before and the year before that. That might not be a lot of money for Andy Kerr, Iain Gray or David Whitton, but it is a lot of money to my constituents who are suffering because of the economic mess in which Mr Kerr’s Government in Westminster left this country. It is for those on the Labour benches to explain why they opposed the retailer tax and why they will not support the council tax freeze—a measure that supports hard-working households across Scotland. The reality is this: Labour has no answers. Its finance spokesperson spoke for, I think, 10 minutes. He talked of a vision, but we heard nothing—not one single idea.

At the core of this budget is a commitment to support Scotland’s economic recovery by increasing employment, strengthening education and promoting new business growth. A sign of the efforts to which the cabinet secretary went is that he listened to contributions from all parts of the chamber, including the Labour Party, and strengthened the budget on the areas that they raised in spite of the difficult economic pressures that we face.

As a Dundee MSP, one important commitment in the budget for me is the commitment to funding for the Victoria and Albert museum project at Dundee. That project will, in itself, help to achieve the aims of economic growth and increased employment. Let us be perfectly clear: the future of the V and A at Dundee project would be less certain without the commitment that the Scottish Government has made in the budget. Voting against that commitment would make the project less certain. The project will provide a major boost economically as well as culturally to Dundee. Inward investment is already being generated for the city because of it, with a positive uplift for the local economy that will continue to grow as we move towards the planned opening in 2014.

We have heard from the cabinet secretary that the budget will create 25,000 new-start apprenticeships—more than have ever been created before. I have mentioned the funding for the game-changing V and A at Dundee and the continuation of the council tax freeze, but there is also the new fund to protect jobs and services in the voluntary sector. Are we really to believe that the Labour Party is against all those initiatives?

This is the right budget for Scotland. It will protect jobs and front-line services and support economic recovery. The Government is taking the steps that it can, within the Parliament’s limited powers, to protect jobs and to offer new opportunities in the coming years. I urge all members to support the budget this evening.

15:31

Jackie Baillie (Dumbarton) (Lab): I am grateful for the opportunity to contribute to the budget debate. Although I want to focus on health, I want first to take issue with the cabinet secretary’s comment about Argyll and Bute Council.

Let us be clear—councils across Scotland have lost supporting people funding. Argyll and Bute Council has suffered worst, followed swiftly by West Dunbartonshire Council. The cabinet secretary’s announcement fails to close the gap in the allocation. Mr Swinney knows that the COSLA leaders’ meeting of 19 November agreed the formula for distribution, which is very different from what has subsequently emerged from the Scottish Government. Under that formula, Argyll and Bute Council expected to receive £6 million more. As I understand it, the cabinet secretary is giving back £1 million to the council, but where is the missing £5 million?

Dick Walsh, the leader of Argyll and Bute Council, wrote to me:

“it is clearly disappointing that my Council is now in a position of having to make cuts to services that it would not have had to make.”

Argyll and Bute is represented by an SNP MSP who is a minister. There is an aspirant SNP candidate who is a cabinet secretary. Surely they could have convinced the Cabinet Secretary for Finance and Sustainable Growth. If the position does not improve, they will be accused of being responsible for wholly unnecessary cuts to services for some of the most vulnerable people in Argyll and Bute. This is entirely a debate between COSLA and the Scottish Government about the formula that was agreed on 19 November; it sits separately from the wider debate on the budget. I look forward to the cabinet secretary resolving the matter.

Of course, the SNP already has form in this regard. What about social care? The true scandal of the SNP term of office is exposed when we consider what it has done with social care. When the SNP came into office, it inherited a social care budget of £3.2 billion. However, in a few short
years that budget was cut to £2.8 billion—£400 million less. [Interuption.] I am disappointed that the cabinet secretary is sighing about the issue, because we are talking about £400 million that has been taken from the most vulnerable in our community.

John Swinney: I am sighing because Jackie Baillie continues to produce duff numbers in the Parliament.

Jackie Baillie: I look forward to the cabinet secretary’s apology, because the numbers come from Audit Scotland. It is not for me to cite duff numbers—that is more the province of the Government.

The Minister for Public Health and Sport (Shona Robison): Will the member give way on that point?

Jackie Baillie: I have already given way.

Although the Scottish Government has introduced a £70 million change fund, the strong view on the ground is that that will simply substitute for the cuts. There will be cuts to community and voluntary organisations on the ground and to care-and-repair projects. Funding for pensioners lunch clubs will be halved. Mental health services have changed so dramatically that workers are now on zero-hours contracts. New charges will be placed on services for people with learning disabilities. All those measures will have a negative impact on people in our communities, driving them into the formal care system more quickly than would otherwise have been the case. That is the consequence of passing the budget today.

There will be no protection for older people who require care, those with learning disabilities and those who require support due to mental illness.

What about the much-vaunted protection for health? In the previous budget debate I challenged the accuracy of the SNP’s promise, which was made by the First Minister on the day of the party’s election launch. He told us that he would spend £1 billion extra over the next parliamentary session.

The Cabinet Secretary for Finance and Sustainable Growth is always keen to intervene when I get something wrong—he is always keen to correct me. I see from the Official Report of the previous debate that, remarkably, he did not take the opportunity to do so on that occasion. Let me give him that opportunity again.

The First Minister said:

“We’ve protected the health service in real-terms ... and we’re now extending that commitment to the next four years.”

That is just not accurate. I will tell members the facts. The SNP’s health budget will drop by £8.6 million in real terms. That is a real-terms cut, not an increase and not protection. Here is another fact: the SNP’s 1.6 per cent cash increase for the NHS in this budget equates to a 0.3 per cent cut in real terms, so there is a reduction of £33.9 million this year—a cut, not an increase.

John Swinney: Jackie Baillie is establishing an excellent parliamentary tradition of continually providing duff numbers to Parliament. What she has said is not the case.

Jackie Baillie: I love the cabinet secretary’s assertion, but do I prefer to believe his rhetoric or the independent information from the Scottish Parliament information centre? There is no contest: SPICe every time.

The pledge that the SNP made on the very day of its election launch now lies in tatters. It is just not accurate. The present settlement is the lowest for the NHS since devolution. If the budget was set to rise, as the SNP claims, the Scottish Government would not be implementing plans to cut thousands of nurses and other front-line staff. Four thousand staff are gone from the NHS—1,500 of them nurses—this year alone, and that is before the budget bill is passed. That is in the good times, before the UK coalition’s budget cuts have begun to bite, and the cuts are entirely down to the SNP. Shame on you.

15:37

Margaret Smith (Edinburgh West) (LD): This is not the budget that we would have chosen to put before the Scottish people had we been in government, but the duty of a reasonable, responsible Opposition at this time, of all times, is to work with Government to try and deliver an improved budget that we can support. That is what the Liberal Democrats—and, indeed, the Conservatives—have sought to do.

As we emerge from recession, we need an able and skilled workforce that is ready for the new industries and challenges of the future. Delivering that able, skilled workforce should be a fundamental component of this year’s budget. Instead, the Scottish Government’s budget delivers concerning cuts in both higher and further education, with a real-terms cut of 7 per cent for colleges.

The contribution that Scotland’s colleges have made in helping the country to turn the corner and to exit recession must not be underestimated. In many areas across the country, colleges have responded quickly and effectively to local demand for courses, whether from school leavers or from individuals seeking retraining to enter new vocations following redundancy. Our colleges have consistently met the demand for training and upskilling when unemployment has hit, and they
have been at the heart of the partnership action for continuing employment initiative. Their flexibility and the fact that they are rooted in our communities are real strengths, which is why Liberal Democrats feel that they are uniquely placed to play a leading role in Scotland’s push against youth unemployment and in our economic recovery.

We welcome the agreement of Scotland’s colleges to keep student numbers at current levels despite the cuts that are being imposed on them, although we understand how difficult it is to deliver that request from the Government in reality. Last year, the Liberal Democrats fought for more college places in the budget and secured 7,500 additional places. In this year’s budget negotiations, too, we have sought to support Scotland’s colleges, students and those who seek to undertake modern apprenticeships and other training. I am delighted that the cabinet secretary has agreed to our proposals that there should be an additional £15 million for FE bursaries over two years including this year, to provide additional support to existing students, as well as £8 million of additional funding in 2011-12 to provide an additional 1,200 college places with appropriate support. That represents a substantial boost to the college sector.

Our colleges have an excellent track record of attracting poorer students and older students with family commitments into further and higher education. Twenty-nine per cent of college teaching takes place in Scotland’s most deprived postcode areas, so it is essential that those who struggle the most financially to access FE and HE are given the support that they need. That is why we made the issue of student support and college bursaries central to our discussions with the Cabinet Secretary for Finance and Sustainable Growth. We share the concern of NUS Scotland about the funds that they will receive to get them through the academic year and their course. NUS Scotland said that we face a £14 million shortfall in bursary funds and colleges will be unable to support all the students whom they are asked to take on. Liberal Democrats do not think that that is acceptable for our students, our colleges or our country as we try to climb our way out of recession.

Twenty-three out of 39 colleges reported this year that they would be unable to meet their student targets given their initial bursary allocation. They said that without additional bursary funding they would be unable to afford to take on enough students. Many colleges have dipped into core funding to subsidise bursaries in the past and we hope that the extra bursary funding that Mr Swinney announced on the back of the negotiations that we undertook will protect core funding for college learning.

If we are to grow our way out of the current economic situation, it is important that we lead the way in training individuals in growth areas such as renewable energy. I am delighted that 500 of the 1,500 new modern apprenticeships that will be delivered as part of our successful negotiations with the Government will be in the renewables sector. I am pleased that the Scottish Government has gone further, to deliver more modern apprenticeships, which is good news for business and individuals. I also welcome the additional 2,000 flexible training opportunities that have been announced following our discussions.

Training and employability should be at the heart of the budget. I encourage the cabinet secretary and the Minister for Housing and Communities to reconsider their decision on the capital city partnership in Edinburgh. Unemployment in Edinburgh is at its highest level in more than a decade, and job seekers from areas such as Muirhouse, in my constituency, are feeling the effects of the recession particularly hard. Edinburgh has the worst level of positive destinations for school leavers, so young people are experiencing difficulties in finding work. The CCP has been praised by the Government as an excellent example of joined-up working, which has attracted a great deal of matched funding. It helps thousands of people every year and focuses on people who have employability issues. I appreciate that we need to simplify and streamline the training landscape, so partnership working makes sense. We are in difficult economic times, but it makes sense to consider supporting an initiative that is working successfully.

The Scottish Liberal Democrats are serious about education and skills. That is why we put record resources into higher and further education when we were in government, and it is why in opposition we have signalled our willingness to work with the Government, other parties in the Parliament and people outside the Parliament, to
provide proper support for Scotland's colleges, universities, training providers and students.

By accepting the Scottish Liberal Democrats' proposals, which reflected concerns that were expressed by NUS Scotland and others in the education and training sectors, the Scottish Government has improved the budget. I hope that the Parliament will support it.

15:43

Stuart McMillan (West of Scotland) (SNP): I welcome the opportunity to speak in the budget debate.

Given the £1.3 billion reduction in the Scottish Government budget for next year, which follows the £500 million reduction this year, I am sure that all members acknowledge that the cabinet secretary faced a massive financial challenge. John Swinney deserves every credit for producing a balanced budget in these straitened times.

Today's announcements include an increase in apprenticeship places to 25,000, an additional £10 million for the supported jobs fund in the voluntary sector, an additional £15 million for college bursaries, the £1 million post office diversification scheme, and the additional £2 million for freight facilities grants.

My favourite announcement was about the reintroduction of moneys for urban regeneration companies in Scotland. The population of Inverclyde and Ayrshire will be happy to learn that the SNP Government appreciates URCs and, in particular, the excellent work of Riverside Inverclyde, which will continue. Alf Young, the chairman of Riverside Inverclyde, said in the Greenock Telegraph on 24 January:

“I have always been told by the politicians and their officials this was a 10-year mission to take 20-odd years of dereliction and do something about it, and that they would back us”.

Today, John Swinney continues that progress and the work of turning around 20-odd years of dereliction in Inverclyde, as Alf Young highlighted.

The cabinet secretary knows of my genuine interest in safeguarding Riverside Inverclyde. I raised the issue with him in the Economy, Energy and Tourism Committee last week and met him last Thursday afternoon. In addition to that, I wrote to him and Alex Neil about it and raised it in the committee when Scottish Enterprise officials gave evidence on 19 January.

The future of Inverclyde's economic success depends on our regeneration. Other parties and individuals have made representations on the URCs and Riverside Inverclyde in particular. However, I am content that John Swinney and the SNP Government have listened to the arguments.

On a different matter, I whole-heartedly welcome the increase in apprenticeship places to 25,000 for next year. That record number will provide new opportunities for our population. Those new modern apprenticeship starts will be welcomed throughout the west of Scotland and Scotland as a whole.

Other beneficial aspects of the budget include the freezing of the council tax for the fourth year in a row, as already mentioned, and the maintenance—indeed, the extension—of the concessionary travel scheme. I know many people who value the travel scheme, which not only helps people to get out and about in their communities but helps the tourism industry in Scotland.

Another welcome element concerns the health budget. Ensuring that the Barnett consequentials on health go to the NHS is a welcome addition to the budget. Many of my constituents warmly welcome it as they fully value the NHS and the services that it provides.

During the Economy, Energy and Tourism Committee’s budget scrutiny last year, I asked the panel of witnesses, which included Professor Brian Ashcroft and Alf Young:

“What one thing would you recommend be changed in the budget? Obviously, there would be knock-on effects, but if the Government was to change one thing, what should it be?”

Professor Ashcroft answered:

“Can I get in first? The Government should not ring fence spending on health.”

Alf Young’s response was:

“I would choose the same thing.”—[Official Report, Economy, Energy and Tourism Committee, 24 November 2010; c 4367.]

There is much to welcome in the budget. I am sure that John Swinney would have preferred to have the additional £500 million, £1.3 billion and even the £30 million from the retail levy. Think how much more John Swinney could deliver for Scotland if he had that money. If he had more, I am sure that it would be invested wisely.

The £30 million retail levy was contentious in the Parliament. In recent weeks, I spoke to many people in the small business sector. They were disappointed with how the Parliament voted last week, but they realise who is on the side of the small business sector in Scotland.

John Swinney has proposed this Scottish budget to the Parliament in financially straitened times. However, I am sure that the Parliament can rise to the occasion and not only agree to the budget unanimously this evening but ensure that the Scottish people appreciate that it is a budget for Scotland in financially challenging times. I am sure that they will appreciate the hard work and
effort that John Swinney has put into the budget. I hope that the Parliament will rise to the occasion and back the budget to ensure that Scotland and its economy can move forward.

15:49

Des McNulty (Clydebank and Milngavie) (Lab): I welcome the revisions to the budgets for the urban regeneration companies. I lobbied Mr Neil on that matter on behalf of all the regeneration companies—in particular, Clydebank Re-built—and will be interested to know the detail of the additional money that Mr Swinney has made available.

The revisions to the bursary funding that the cabinet secretary announced are welcome for people who will complete courses in the current academic year and those who will undertake courses next year. However, in the context of a 10.4 per cent reduction in college funding and a similar reduction in university funding, it is hard to argue that the budget is good for further and higher education or for students.

My welcome for something for which Labour consistently argued is therefore a bit muted. Unlike the Liberal Democrats, I see it not as a great victory, but as a pragmatic step that will bring benefits to thousands of individual students who should never have been denied bursary support as they were in the original SNP budget. However, thousands more students will encounter fewer lecturers, poorer facilities and less support because hundreds of millions of pounds have been cut from college and university budgets.

In colleges throughout Scotland, lecturing and support jobs are being lost, mostly through voluntary redundancy, although some are going through compulsory redundancy. In universities, as we saw in the announcement from the University of Glasgow yesterday, departments are being closed, specialisms are being dropped and students are losing out.

College and university principals were told before Christmas to adhere to the line that the cuts were only 5 per cent and that that was a good settlement for further and higher education. They did not rock the boat, but the truth has now dawned on them. The percentage cuts in higher and further education in Scotland are higher than those that the Tory-Lib Dem coalition has imposed in England.

Margaret Smith: Will the member take an intervention?

Des McNulty: The facts are undeniable: the further and higher education sectors in Scotland have been particularly badly bruised by this SNP budget. While the Liberal Democrats claim a great victory—as I am sure Margaret Smith is keen to do—which they hope will offset the anger at their betrayal over tuition fees south of the border, closer examination reveals their support for another betrayal, this time of students and staff here in Scotland.

By signing up to this project, the Lib Dems have put their names to the worst settlement anywhere in Britain for students and the further and higher education sectors. If anyone wants proof of that, they should speak to the representatives of students or staff at their local college or university.

Margaret Smith: I will ask Des McNulty a clear question: did the Labour Party make any representations to the Government to ask for any improved funding for bursary support students? Did it, or did it not?

Des McNulty: We absolutely did, and if Margaret Smith was in the debate two weeks ago, she will have heard me make that point.

In colleges, people know what the real financial situation is and what the settlement means. In Clydebank College, the grant is being reduced from £11.5 million to £10.3 million. It is happening across Scotland: in James Watt College in Greenock, in Banff and Buchan College in Aberdeenshire, and in the University of Stirling and the University of Abertay Dundee.

In future, because of the SNP Government’s decisions, we will end up with fewer places for more applications. All the strong-arm tactics that Mr Russell employed to buttress his claim that the cuts will be no more than 5 per cent will not hide the pain that the budget will bring for the sector.

I turn to the school sector. When this Government came in, it announced the end of ring fencing for local government. All the funded programmes in the national priorities action fund were to be rolled up into the local government general grant, which was then held back to force councils to accept the Government’s council tax freeze.

A series of policies was to be supported by budgets, such as increasing the number of teachers; reducing class sizes; implementing the Education (Additional Support for Learning) (Scotland) Act 2004; introducing initiatives such as better behaviour and hungry for success; implementing the Scottish Schools (Parental Involvement) Act 2006; and ensuring continuing professional development.

On top of that, the SNP promised a raft of additional commitments, including a reduction in class sizes to 18 in primaries 1 to 3, the maintenance of teacher numbers, the abolition of student debt, additional hours of nursery education and so on. When we look at what has happened to
those budgets, we see that they have disappeared. The £56 million that was supposed to support keeping teacher numbers at 53,000, and keeping down class sizes in English and maths, has simply gone. We have 3,000 fewer teachers, and most local authorities are abandoning the secondary class size pledge because the resources to deliver it have been taken away.

There was £25 million in the budget to support improvements for pupils with low attainment, with a focus on social inclusion and equality. On speaking to anyone in the authorities that have those types of schools with those types of pupils, one finds that that money is away too.

Money was supposed to be set aside to implement the Education (Additional Support for Learning) (Scotland) Act 2004, but the Government has not implemented the act. There was £13.5 million to help with the continuing professional development that was needed to support curriculum for excellence; many teachers are wondering where that has gone. There was £17 million to increase the number of support staff in schools, but in Aberdeen, for example, those staff are all apparently to be sacked by the SNP-Lib Dem council.

A total of £250 million, rolled up into local government budgets, has been taken away and has disappeared. It has been stripped away from education in Scotland, and that is only part of what has gone; we know that the mainstream budgets, too, have been stripped to the bone. That is the reality of the budget under the SNP, and that is why the Labour Party will not support it.

15:55

Patrick Harvie (Glasgow) (Green): John Swinney began by saying that he had sought consensus with all political parties in the chamber on the budget. Even when I disagree with Mr Swinney—in fact, especially when I disagree with him—I try to give credit where it is due, so I will go as far as to say that he has always been pretty straightforward with other political parties during budget negotiations. But consensus? Not this time. The reality is that John Swinney does not need a consensus to get a budget through; he needs 65 votes. That is what he has sought to get, and it appears that he will get past that mark today. We do not, though, have consensus and we never have had it on the right response for Scotland to the Tory cuts down south.

I have made the Green position clear repeatedly and I will run through it one more time in case anyone is unclear about it. The cuts agenda that the UK Government is pursuing is not only economic vandalism but social vandalism, and it is unnecessary. There are also wrong priorities within the Scottish budget, with some cuts being more harmful than others. John Swinney has protected the road building programme with enough enthusiasm to make Jeremy Clarkson proud, but he has brought us a £94 million cut to the housing budget. For him to come to the chamber today and talk about a £16 million addition to that budget, as though it is some great stimulus measure that will blind us to the fact that there has been a £94 million cut to that budget, is simply not credible.

Beyond that, revenue raising is necessary to protect public services and the investment in a low-carbon Scotland that we need. I believe that that revenue raising can be done within existing powers fairly and progressively if we are prepared to be creative, as we have sought to be. We have produced proposals on bringing empty properties into non-domestic rates and on bringing urban vacant land—land banks—into business rates, which could generate income. We have talked about an additional way of using a large business supplement that would have got over some of the arguments that we heard last year from the other Opposition parties against the retail levy. We have talked about progressive ways to raise revenue and about some of the unnecessary priorities that the Government is pursuing. Just delaying the pursuit of the replacement Forth road bridge by a year or so, until we hear the results of the engineering work on the existing bridge, would allow us to know whether that spending was necessary and we might be able to reverse a huge number of the cuts that are being made to the higher and further education budgets and to the housing budget, as well as plug the £30 million gap and commit to a full-scale home insulation programme. However, the SNP has rejected those proposals, not out of necessity but out of political choice.

I am sure that Mr Swinney will be happy to see his budget passed, but is he happy with the new political alignment that he has fostered to achieve that? Around the turn of the year, I wrote to John Swinney urging him to take a stronger stance against the UK Government’s cuts agenda. I told him that if he was not willing to take that stance, he should look for support for his budget not to us, but to the parties behind that ideological cuts agenda. That seems to be exactly what he has done.

The Tory position is consistent—it is deeply harmful, but it is consistent. However, the Lib Dems’ position on the budget is every bit as two-faced as their 2010 election campaign was. Desperate to rehabilitate themselves with the generation of students whom they have just betrayed, they come here and tell us about the importance that they place on bursaries—
something that they know full well not a single party in the chamber would oppose, but they are using it as a pretext to vote for a budget that slashes the overall funding for higher and further education. Again, that is utterly not credible.

Last week, I read an interesting article in The Herald. It said:

“The SNP at Westminster is to … make greater use of the phrase ‘Conservative-led government’ in describing the Tory-LibDem Coalition. The nationalists will limit their use of the term ‘coalition’, believing that it fails to suggest sufficient responsibility for swingeing public spending cuts.”

The article ends:

“A senior SNP source said: ‘It is definitely language that you will see used more often.’”

I think that we can start using it today because, if this budget is passed—a budget that implements Tory cuts that Scotland never voted for—it will not much matter whether the cabinet secretary who proposed that budget is a blue Tory, a yellow Tory or a tartan Tory; he will not deserve to be forgiven for offering Scotland a Tory-led budget. There will be countless voters—many of whom voted SNP for the first time in 2007—who hoped for much better and who are being badly let down by the Scottish Government today.

The Deputy Presiding Officer (Alasdair Morgan): From now on, I will restrict members to five minutes, which is one minute more than they might have been expecting.

16:01

Bob Doris (Glasgow) (SNP): The budget that is before us today is £1.3 billion less than the budget that was passed in 2010. I believe that the 2011 Scottish budget cuts are a product of Labour’s disastrous handling of the UK economy and of the Conservatives in London cutting too quick and too deep. However, we are where we are, and political parties in Scotland need to move beyond the blame game and towards fixing the problems that we face. That is what the Scottish public expect.

As a minority Government, the SNP must, as a matter of political reality, seek consensus and compromise. That is how we seek to govern, and always have done. The fact that Labour appears to have done all that it can to block a budget that is in Scotland’s national interest tells me that it is not fit to govern after May this year.

I never wanted £1.3 billion-worth of cuts, but there is still £30 billion to be spent, and we should never forget that. Despite that, what we hear from Labour is constant negativity. Andy Kerr made it crystal clear that Labour lacks vision and has no ideas. I would like to speak about how we are using some of that £30 billion, which is a significant amount of cash. Before I do so, I note that Labour cannot even suggest how it would transfer even one single penny of it.

I am proud to see the SNP Government delivering a record number of apprenticeships for 2011-12. Those 25,000 apprenticeships will give our young people vital training opportunities, which will be welcome in Glasgow and across Scotland. The SNP has a strong track record in the area. Through the four budgets that we have had passed, we will have delivered 76,000 new apprenticeships. I note that that contrasts rather favourably with Labour’s last four years as the Scottish Executive, during which it delivered 73,000 apprenticeships. We should remember that the Labour Party delivered fewer apprenticeships during a time when the budget was rising significantly, and that we are delivering more apprenticeships during a time when the budget is shrinking drastically. The facts speak for themselves.

I genuinely urge Labour to support the Government’s budget. Do Labour members really want to vote against a record number of apprenticeships? That is the question that is being asked this afternoon.

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): We want more.

Bob Doris: I hear a Labour member saying from a sedentary position that they want more apprenticeships. I ask her why Labour delivered fewer apprenticeships when it was in government and had more money than is available to the SNP Government, which is delivering record levels of new apprenticeships with less money.

Do Labour members want to vote against a council tax freeze that will support under-pressure pensioners and hard-working families? Do they want to vote against Scottish students from poor backgrounds and attempt to deny them access to an additional £15 million and 1,200 extra student places? I hope not, although we will find out at decision time this evening.

I praise the NUS for organising the hundreds of FE students in Glasgow who have contacted me with concerns about bursaries, and I look forward to telling those students that the SNP has worked across party lines to address their concerns and to deliver for them.

Patrick Harvie: Will the member give way?

Bob Doris: I do not have much time. I am sorry.

I want in the time that I have left to talk about the large retail supplement. This budget does not include everything that I wanted, as an SNP politician, because I wanted it to include an additional £30 million. I suspect that Labour did not, because it cannot say how it would spend one
penny. I ask the cabinet secretary to say whether, if the SNP is re-elected in May this year, the Government will continue to progress the idea of having a large retail supplement. I certainly have ideas about that, including about finding ways of allowing large cities to retain more of that levy, and I am happy to work with the Christie commission, my own party and across parties to flesh out those ideas.

We are standing up for small businesses in this budget, so I am delighted that the Conservatives have belatedly come on board in relation to that. I thank them for their constructive work on the £10 million fund to support small and medium-sized enterprises and employability. The budget and the help that 74,000 small businesses get through the small business bonus will be received with enthusiasm in the streets of Glasgow, in places across the city such as Maryhill Road, Springburn Way, Dumbarton Road and Victoria Road, where we are standing up for small businesses and not kneeling before the large corporations, as Labour would have us do.

16:05

James Kelly (Glasgow Rotherham) (Lab): I welcome the opportunity to contribute to the budget debate.

There is no doubt that this is a flawed budget, which delivers £1.3 billion of cuts. It will be backed by a triple Tory alliance of the Tories, the tartan Tories and the new Tories in the form of the Liberal Democrats. The budget is flawed both in policy terms and in relation to its process.

Stuart McMillan: Will the member give way?

James Kelly: Let me develop my theme.

Consider the budget’s political priorities: it does not prioritise economic growth and it will not do enough to create jobs in our communities and protect them from the cuts. Stuart McMillan mentioned economic regeneration in his speech, and the cabinet secretary said that he is committing an additional £6 million to the regeneration companies. Let me tell members that Clyde Gateway, in the area that I represent, is already having to make £22 million of cuts next year, so £6 million across the regeneration companies will not be enough—[Interuption.] It will not be enough—I say to Mr Doris—to stop the cuts at Clyde Gateway, which are a threat to the legacy of the Commonwealth games.

This budget is also flawed in terms of process. The cabinet secretary told us that there will be 3 per cent efficiency savings. That amounts to about £1 billion, but nowhere in the budget document can I see where the efficiency savings will fall and what changes will result in budget lines, which means that there is a £1 billion black hole in relation to efficiency savings alone.

The report last week from Audit Scotland on capital infrastructure revealed how the Government budgets, and the point was reinforced by the cabinet secretary in his speech. An overallocation of £100 million has taken place. That is not only not prudent and effective budgeting but is, in effect, a £100 million Swinney slush fund, which he can use to buy off political parties during stage 3 of the budget process.

Anne McLaughlin (Glasgow) (SNP): I was at the same Public Audit Committee meeting, when we spoke to the Auditor General for Scotland about the £100 million. Does James Kelly recall that the Auditor General agreed that that is a normal accounting tool that is used widely, that it is a sensible way to use it and that it does not mean that £100 million is just floating around waiting to be used?

James Kelly: The Auditor General for Scotland said that it would not be possible to specify which projects the £100 million was allocated to, therefore there is a lack of transparency. I repeat my point that that money represents a £100 million Swinney slush fund, which has been used to buy off the other political parties.

When we follow the process on to the justice budget, we can see that it is flawed. The SNP tells us that it will maintain police numbers. Even if it maintains police officer numbers, there will be fewer police on the beat because—as we were told at the Justice Committee—there will be a cut of up to 1,200 support staff, which means that police officers will be taken off the beat to backfill the work of the support staff. We heard earlier in the week that complaints about antisocial behaviour have rocketed to half a million. We want police on our streets fighting crime, not manning the filing cabinets.

The approach of SNP members on so many issues has been to sit on the sidelines. They are spectators—not participants. The budget fails on policies, on priorities and on process. It is not fit for purpose for Scotland in 2011 and I urge Parliament to vote it down at 5 o’clock this evening.

16:11

Margo MacDonald (Lothians) (Ind): I will not pretend that I like every last jot and tittle in Mr Swinney’s budget. However, had it not been for our ban on fox hunting, I would have been sure that the start of the Labour Party’s contribution to the debate sounded like foxes being shot. In later speeches, though, I realised that there was something more to what Labour had to say.
In an echo of something that Wendy Alexander alluded to, we could start by calling the budget by its correct name. It is not a budget, so why do we not settle for a name that does not flatter to deceive? How about the Scottish Government’s spending programme or cap-in-hand day? I would even suggest ideology day, because that is what just about every member has been doing, with the honourable exception of Patrick Harvie.

However, the minister is to be congratulated on his sense of fairness in doling out the local authority share of his spending money, especially following the unprecedented weather that has probably left every council in Scotland with a bigger roads repair bill than it might have anticipated. One of my personal tests of Mr Swinney’s performance was how he met a genuine dilemma on how best to use whatever amount of the block grant he allocates to Scotland’s cities. It is almost impossible to calculate a share of the money that is available to the minister that everyone would agree is fair, when our local authorities have such different locations, needs and other factors.

The cabinet secretary knows the case that I have made for an enhancement of the capital city supplement, given the extra effort that is required to address the damage to the capital city’s appearance and infrastructure that has been caused by the severe winter weather. I thank him for the extra money that he has levered in via the capital city supplement. There are quite a few weeks left, so he might find that there is a bit more left in the kitty. I am willing to share with Margaret Smith, who made an excellent case for the city partnership. I know that other members from the Lothians region agree.

However, I am mindful of the fact that members have a duty to contribute to policies that impact on areas outwith their constituencies and regions. It was a happy coincidence that Dalry baths was there to provide an excellent case study for Campbell Christie’s commission’s consideration of ways in which we might better deliver public services and keep services in the public sector. I thank the cabinet secretary, because he smoothed the way towards my having a meeting with the commission last week, and we are well on the way to using Dalry baths as a template.

On the subject of the responsibility of members to contribute to wider interests, I have asked the minister to instigate a review of private finance initiative and PPP contracts. I am extremely serious about the issue, and I am certain that people outwith Parliament think that it is ridiculous that some companies are making profits while other people’s contracts—whether commercial or personal employment contracts—are having to be renegotiated. I have not given up on that.

**Andy Kerr:** If the cabinet secretary carries out such a review, will the member also ask him for a forward look on his adoption of PPP for the building of major road projects?

**Margo MacDonald:** The short answer is yes. The public sector and the public are being ripped off and—we are told—it is going to be 10 years before we get back to the economic circumstances that we had in 2007. It is just too long to be taken for doolies.

That said, I am almost entirely persuaded to support the spending programme, especially the move towards the colleges that I and others approve of and which Jeremy Purvis—to give him his due—has pursued. My views in that respect are sympathetic and positive. However, he has been lucky; it looks as though we have the best of the Liberal Democrats north of the border. It is just a pity that their colleagues south of the border do not take their example from them. I also thank, and am grateful to, the cabinet secretary for leveraging a bit of money into the Midlothian ski centre, through sportscotland.

In the end, I did not do all that much swithering. I have swithered in the past about voting for the plans that have been set out by Labour and the SNP, but this time, at least, the SNP put figures to its proposals. Labour did not and I suggest that its members listen to Douglas Alexander’s comment that they might well be a Government in waiting, so they should not only be oppositionist but offer alternatives. They did not do that in this debate.

16:16

**Linda Fabiani (Central Scotland) (SNP):** There are not many occasions when it is so important for members to take their time and consider carefully the issue that is before them. A particular set of circumstances has led us here—the formation of a minority Government, the collapse of the UK economy, a change of Government at Westminster, and the ensuing large and rapid cuts—so we must, as a result, take today’s voting decision with extra care, thought and some humility.

My colleagues on the SNP group and the cabinet secretary, John Swinney, have come here today will all that in mind. It was quite clear to me that Mr Swinney had listened and, against the background of the cuts, had balanced as far as possible a reasonable and good budget for Scotland that, as he said, will give people certainty. It has also happened despite the opposition to the supermarket levy. I have to say that I still cannot understand why the Lib Dems and Labour oppose that move but, as I think Bob Doris also said, we are where we are.
The Tories, the Lib Dems and, of course, Margo MacDonald have been very reasonable in thinking about the way forward. Derek Brownlee is always fairly reasonable and Jeremy Purvis was as reasonable as it gets, which is always a bonus. What did we get from Labour? It was all so predictable. We got the usual negativity, a lot of bluster, no real substance and certainly no ideas. Andy Kerr might well get up and talk about the “full measures” that Labour want, but his glass is half empty. I hope that when David Whitton speaks he will be a bit more reasonable, considered and thoughtful and, indeed, show some humility in what he puts forward.

We also keep hearing an awful lot from Labour about what it would not do, but what would it do? What is its policy? Perhaps its policy is to shut accident and emergency units to pay for GARL. I do not know, but I certainly think that people should be told.

We have heard all that despite the fact that John Swinney has come to the chamber with some really important initiatives and compromises. He has listened. I am delighted, for example, to hear about the voluntary sector initiative, which will be really important. There is also money for the freight facilities grant and urban regeneration companies. All of those measures have been taken against the background of the maintaining of the council tax freeze and pledges on prescription charges. Such moves constitute a crucial social contract with the people of Scotland. After all, it is important that people have confidence in the way that their Government acts in moving forward: I certainly think that people have confidence in this Government.

The other big issues include apprenticeships. The increase in the number of apprenticeships from 20,000 this year to 25,000 next year is really good news. That is against the background of having exceeded last year’s target of 18,500 modern apprenticeships: more than 20,000 were delivered.

Many members have said that we have had a lot of lobbying from students who have been concerned about bursary cuts. We are all in the same boat. Again, the cabinet secretary has listened, and I am pleased about that. There will be an additional 1,200 college places at a cost of £8 million and, of course, the bursary bill has been raised to give confidence to young people who are pursuing further education in our colleges.

Patrick Harvie: Will the member give way?

Linda Fabiani: No, thank you.

The Scottish Government has also chosen to continue the education maintenance allowance. In East Kilbride, where I live, that fund increased by 6.3 per cent in 2009-10; the number of people who received the allowance went up from 585 to 620. That is all good news. The budget also contains small business bonus funding, which has been important over the past few years and is one of the reasons why business start-up figures in Scotland have been maintained.

There is much in the budget that will benefit Scotland, and advances that we have seen in the past few years that should be protected are being protected. A balancing act has had to be performed by responsible politicians putting aside partisanship for the sake of the country and how we will move forward. Scotland expects that every MSP will do their duty, so I ask that they do so.

16:21

Hugh Henry (Paisley South) (Lab): I well understand Patrick Harvie’s frustration and anger about what he has heard today—about the lack of aspiration and clear intention in dealing with disadvantage throughout Scotland. I am sure that his anger has been made even worse by the fact that he helped to put the Government in place, and it is now badly letting down him and the people whom he represents.

Like Wendy Alexander, I could not argue against many of the cabinet secretary’s proposals. I welcome the £2 million for the freight facilities grant, the additional supporting people funding and the £400,000 for the capital city fund. Previously, the First Minister and the permanent secretary refused Edinburgh capital city fund money to help creditors who were affected by the gathering 2009. That money might go some way towards allowing those people to do what they suggested to the permanent secretary they would do. I also welcome the money for the urban regeneration fund and modern apprenticeships, for example.

However, what marks the budget out is a clear lack of ambition and a clear unwillingness to deal with the deep-rooted problems that we face. It marks an unwillingness to tackle disadvantage and is a refusal to undo what the Government has done in the past few years in shifting money and resources to better-off people at the expense of those who are most disadvantaged. That is why I cannot support the budget. It fails to measure up to addressing the needs of Scotland.

Andy Kerr highlighted issues that have been brought about by rising unemployment. He spoke about wrong choices and pointed out that the budget has moved only 0.1 per cent for a series of half measures.

Margo MacDonald: Does the member believe that the money that is available in the devolved circumstances under which we govern is enough to do what he thinks should be done to redress the
imbalances that exist and to grow the Scottish economy?

Hugh Henry: It is clear that I do not think that the money is enough, and that I think that we are suffering because of the disastrous policies of the Conservatives and the Lib Dems, who are cutting too far and too fast through the recession that is now starting to develop. However, the money that we are squabbling and arguing about today is a pittance compared with the overall budget. Much more can be done.

James Kelly was right to highlight issues that we considered in the Public Audit Committee. On good accounting practice, the Auditor General has said that he cannot say where the money was allocated to and whether it was put aside to help the cabinet secretary to offer the sweeteners that he has offered to Opposition parties today.

The reality is that we are now seeing real cuts in services that are affecting the unemployed, social work and the voluntary sector. On housing, there is a mere pittance to try to undo some of the damage that has been caused by the SNP’s failure in the past three or four years. The money for the colleges is but a drop compared to what is needed. If the Lib Dems think that their justification for supporting the budget will undo the untold damage that they have done to students, they are kidding themselves. Students will not forget their betrayal in a hurry.

In councils, we are seeing the disastrous effect of the SNP budget and Government. In Renfrewshire Council, 10 per cent of the school week is being removed from teachers and the council proposes to bring in the long-term unemployed, put them through a European social fund training course and then to deliver the curriculum for excellence. That is a dilution of quality education simply to save money, as that council has admitted.

The effect of the budget is to reduce services, standards and quality and it shows complete poverty of ambition and complete lack of aspiration. Andy Kerr has outlined some of the priorities that a decent Government should pursue, and I look forward to that happening after May.

16:26

Jeremy Purvis: Hugh Henry is right that we Liberal Democrats have struggled in a coalition against a party to get a better deal for students. We sought in a coalition to prevent fees from being introduced for students in Scotland. We worked hard in a coalition against the introduction of fees and we tried, although I admit that we failed, to persuade coalition partners on the introduction of a graduate payment. We have learned the lessons from our coalition with the Labour Party in Scotland, which is why we make no apologies—none whatever—for the contribution that we have made to the budget process or for working with students in Borders College and other colleges in Scotland.

In a debate of divisions among members, there have been areas of broad agreement and consistency of approach. Some SNP back benchers have said that members who vote against the budget are against everything in it, whereas Labour members have said that, if we vote for the budget, we are in favour of everything in it. Of course, neither of those is the case. If so, we would not have had the comments that we had from Patrick Harvie, with his partners in the Dublin Green-conservative coalition and its austerity budget, which we have talked about previously in the chamber. In most of the speeches, unsurprisingly, there was a rehearsal of the platform of the parties for the election in May. Mr Harvie rehearsed his stump speech for his campaign against George Galloway. However, there was not much from Labour members about their work in seeking changes to the budget from stages 1 to 3 of the process.

Wendy Alexander’s comments were significant. One could be mischievous and say that, because her thesis is that the SNP has not delivered its policies, Labour must have learned from that and chosen not to have any policies at all. If we had a suspicion that that might be the case, it was confirmed by Mr McNulty’s speech and, if there were any nagging doubts, Mr Kelly’s contribution removed them all. However, Wendy Alexander highlighted fit and proper concerns about budgets since the SNP came to office. We have sought to make improvements, although we consider that the budget continues to have deficiencies. As Margaret Smith said, the bill is not the one that we would have presented to the Parliament. However, we have tried to persuade the Government and other parties to make changes. With regard to bursaries and colleges, we have used our judgment, given the pressures that face the economy.

I began my earlier speech by talking about a discussion that I had with a key local company in my constituency whose workforce is potentially facing redundancy. Regrettably, that will be a pattern in the economy, because it remains fragile. It is no good being in denial about that, as Labour is, and it is no good saying that the budget is perfect. We know that there are still considerable challenges.

I sat and listened to every single Labour speech in the debate. It was a bit rich of the previous Labour speaker to say that there is a lack of ambition, because that is what we have heard from Labour members this afternoon. We have
brought a debate to the Parliament, bringing forward ideas for a regional development bank and saying that it is time to thank those in Scottish Enterprise for their contributions during its 20 years in existence but to indicate that it is not a fit body to take us to the next stage of the economy in Scotland. That is our radical proposal, which we have published, debated and laid open for business and other organisations to see and test.

Similarly, we believe that Scottish Water can be financed differently to free up badly needed resource to invest in our economy and support businesses. We have an ambition that Scotland should be the most entrepreneurial and innovative economy in the world by the end of the decade. That means that, from May, whichever Government is formed in the Parliament, the considerable task of reform must start. The economy was supposed to be—and perhaps still is—the Government’s Purpose with a capital P but, as the Finance Committee has identified, there are now some frayed edges to the strategic priorities in the budget. I hope that the next Government, whichever parties contribute to it, will continue to have the economy as its purpose.

Finally, there was a tinge of the debate that caused me an element of disorientation, because both Linda Fabiani and Margo MacDonald were extremely nice to me. Linda Fabiani said that I was as reasonable as it gets, and Margo MacDonald said that she gave me my due. My mum is going to be very proud if she sees the Official Report. However, I will end while the going is good on that. Margo MacDonald said that, in her view, we have the best of the Liberal Democrats north of the border. I will not make any further comment other than to say that I will send the Official Report to Michael Moore.

The budget that we are debating at stage 3 is not perfect, but it is a better one. We have made our contributions and we have listened to the concerns. We still face challenges, but at least 800 students in the area that I represent and thousands upon thousands more across Scotland will be helped in the year to come. That is a major contribution not only for them personally but also for the businesses that we hope will employ them and the public sector that will rely on them. Given that, we are satisfied with the contribution that we have made to improving the budget.

16:33

Gavin Brown ( Lothians) ( Con): The budget that we are debating at stage 3 is definitely an improvement on the budget at stage 1. It protects many of the commitments that the Scottish Conservatives secured in previous budgets, and those are things that we continue to value highly—the 1,000 extra police officers across Scotland, the council tax freeze and, indeed, the small business bonus, which helps more than 70,000 small businesses throughout the country. I was reminded just last week, at the Federation of Small Businesses reception, how important and beneficial that policy has been. I spoke to businessmen at that event who said that their business had survived in the main because of that policy, so it is critical that it remains.

At stage 1, the Scottish Conservatives said that the Government had to do more on jobs and more to help grow the Scottish economy using the powers that we have, and that sentiment was echoed by the Economy, Energy and Tourism Committee across the parties, so we welcome the measures that the cabinet secretary has put forward today.

In particular, we welcome the commitment to employment support for SMEs and start-ups and the £10 million that is being allocated to that. It will be of particular interest to sole traders and microbusinesses that want to get over the important hurdle of taking on their first employee. About half the small businesses that are sole traders want to take on an employee but are nervous about doing so and need some assistance to give them that final push, and I think that the Government’s employment support policy will help them with that. It is particularly welcome that an allocation has been included specifically for exporters. Such measures will help this country to have an export-led recovery and to start punching above its weight again in exporting, and they will add to the excellent work that is already being done through the smart exporter initiative.

We welcome the announcements on housing. My colleague Derek Brownlee mentioned the evidence that the Finance Committee heard that doing more on housing would have a significant economic impact. The £16 million that has been allocated to that is particularly welcome. I am told that it is estimated that the part that has been allocated to infrastructure connections could result in the creation of about 5,000 jobs in building new houses and getting mothballed projects moving again. That will certainly go down very well with the construction industry. The provision of more new-build shared equity and the extension of the open market shared equity scheme will allow first-time buyers to get their foot on the ladder, which is overdue.

We welcome the commitments to examine carefully the proposals to target absenteeism in the public sector. That is an important move. If the estimate of my colleague Derek Brownlee is right and just two days per year per employee were saved, that could lead to savings of £130 million, which is a pretty substantial sum. If even a fraction of that is achieved, it will be a positive policy.
Hugh Henry: It is an interesting concept. A lot of money is at stake for the budget if the Government can make it work, but just how will that money be delivered on the back of the promise?

Gavin Brown: As the member heard, the Government is to examine carefully how the proposals can be made to work. It is not 100 per cent written down; they are initial estimates. Given the sums involved, the idea must be worth pursuing, so I hope that Mr Henry welcomes it.

We also welcome the commitment to look at how access to cancer drugs can be progressed through the cancer drugs fund, with an eye to what is being done south of the border.

Mr Henry’s intervention reminded me that I must make some comments on the Labour Party’s position in the debate. I do not think that it has been the party’s finest hour, or even its finest two and a half hours. At stage 1 and all the way through stage 3, it has made demands for more spending on just about everything. Andy Kerr wants more money for enterprise, energy and tourism, higher and further education, rail links to two airports, a future jobs fund and regeneration. Jackie Baillie wants more money for the NHS and an extra £400 million for the social care budget. Des McNulty wants 3,000 more teachers. James Kelly wants more money for the policing budget and for community justice authorities. Two weeks ago, David Whitton wanted more money for environment and rural services and for Skills Development Scotland.

I am struggling to find any portfolio in which the Labour Party does not want increased spending. In addition to all that extra spending, it also sought a guarantee from the cabinet secretary that no budget would be cut. Andy Kerr has an MBA, apparently, so surely he knows that, if you increase spending on one portfolio, you have to decrease it elsewhere in that portfolio or in another portfolio. His big clarion call was, “We don’t do half measures—we offer full measures.” We did not hear about many full measures. All that I want Mr Whitton to tell us in his closing speech is how he is spelling the word “full”. [Laughter.]

16:39

David Whitton (Strathkelvin and Bearsden) (Lab): In the case of Mr Brown, the word is spelled F-O-O-L.

So it comes to this: the fourth and final budget of the financial wizard known as John Swinney—the man with a plan. He sends letters to Opposition spokespeople, but I am sorry to say that he will receive a “Dear John” letter from Labour today.

I am happy to acknowledge that negotiations took place and that offers were considered. All that was done in John Swinney’s usual cordial and courteous manner. Beer and sandwiches were not provided, but at least we got a cup of tea—[Interruption.] I am sorry—what did Nicola Sturgeon say? Does she want to intervene? She is stunned into silence—that is a first.

The Deputy First Minister and Cabinet Secretary for Health and Wellbeing (Nicola Sturgeon) rose—

David Whitton: Nicola Sturgeon can sit down now—she is too late.

As I said, I had courtesy and a cup of tea from Mr Swinney, which I venture is more than I would ever get from Nicola Sturgeon. However, Scottish Labour cannot accept the budget, even with the proposed amendments, as we are not prepared to vote for the damage that will be done to public services and our economy the length and breadth of Scotland.

Financial damage is being caused by Con-Dem cuts that go too far, too fast. It has also been caused by successive SNP budget decisions that have pandered to the right-wing agenda of the SNP’s friends the Tories, with the addition this year of their London lapdogs, the Liberals. [Interruption.] Before SNP members become overexcited and start shouting—as Bob Doris did—about what we would do, I will tell them. We are happy to go to the electorate in May and tell them then. Our manifesto will lay out the Scottish Labour alternatives. [Interruption.]

The Deputy Presiding Officer (Trish Godman): Order.

David Whitton: We will let the people of Scotland decide who is best able to protect them from the deep and damaging cuts that the Conservative-led coalition in London has introduced.

Mr Swinney has always made great play of the fact that he is the finance minister of a minority Government. His fans in the media tower praise his negotiating skills in getting successive budgets through, but what has the reality been? In his first budget, 500 police officers became 1,000 to buy off the Tories. That has caused many of his problems ever since. [Interruption.]

The Deputy Presiding Officer: Order.

David Whitton: Although chief constables the length and breadth of Scotland have said that the numbers are unsustainable in the economic climate that faces them, the SNP would prefer 1,200 civilian police workers to be made redundant to allow it to stick to its press release promises. Who will replace those 1,200 civilian staff? As James Kelly said, trained police officers...
will replace them. Instead of bobbies on the beat, as claimed by the First Minister, we will have bobbies on their backsides in offices doing jobs that others should do.

I am not surprised that Mr Swinney has stuck doggedly to that promise. After all, it is one of the few left that the SNP has not broken. The SNP has managed to maintain its assault on local government finance with the Tories’ help. To paraphrase David McLetchie, Scotland does not need a Tory-led Government when it has an SNP Government to introduce the Tories’ policies for them.

David McLetchie (Edinburgh Pentlands) (Con): That was one of my finest.

David Whitton: That was one of David McLetchie’s finest—absolutely.

The Finance Committee’s report on this year’s budget says all that we need to know about the council tax freeze. Our budget adviser, Professor David Bell of the University of Stirling, said:

“The differences in household outgoings between freezing the council tax and increasing it in line with inflation are relatively small for most households ... the main beneficiaries are those on middle incomes.

“There is no case that it supports economic growth and its fairness implications are certainly not clear cut.”

The Finance Committee asked Mr Swinney to explain how he believes that the freeze supports economic growth. He said:

“the ... freeze has provided welcome relief to hard pressed households across Scotland. That additional cash has been available locally for households to spend in their own areas”.

Members: Hear, hear.

David Whitton: SNP members say, “Hear, hear.” What has been the result of that relief for hard-pressed households? It has been hard-pressed councils—teachers have not been recruited and some have been made redundant; classroom assistants have been sacked; care budgets have been cut; and libraries are to close. Councils also face massive bills to repair roads that have suffered damage because of the winter weather and have no extra cash to pay them.

Kenneth Gibson: Will David Whitton accept an intervention?

David Whitton: The second budget, for 2008-09, brought deadlock. In that year, the Tories again crowed about their gains.

Kenneth Gibson: Come on.

The Deputy Presiding Officer: Mr Gibson, please sit down.

David Whitton: After the tied vote, the Liberals sold out for the price of a stamp and a budget review that was largely ignored. Last year brought the great Glasgow airport rail link sell-out. A scheme that was promised as part of the Commonwealth games bid was casually thrown aside along with £40 million of public money. That was a scheme that would have created 1,300 much-needed jobs, many of them modern apprenticeships. Members need only look at a headline in The Herald today—“Recession creating a lost generation of young Scots”.

The Minister for Parliamentary Business (Bruce Crawford): Will the member give way?

David Whitton: No, I will not. I do not have much time left.

I draw the cabinet secretary’s attention to another story, this time in The Scotsman. It sets out that Glasgow airport is having to scale back expansion plans due to falling passenger numbers, that one contributory factor is congestion on the M8—the main access route to the airport—and that that congestion would have been greatly eased by building an airport rail link.

The key question that faces the budget this year is whether it supports economic recovery. The answer from the Parliament’s Economy, Energy and Tourism Committee was that it does not. As Mr Kerr said in his opening remarks, the committee stated that “insufficient priority has been given to sustaining the growth of the economy in setting budget priorities” and concluded that “this budget is not best geared to promote economic growth.”

As I said in the stage 1 debate, that was a unanimous committee view, which was supported by the SNP members of the committee. Will Messrs Rob Gibson and Stuart McMillan and Professor Christopher Harvie—a very learned man—vote for the SNP motion today? The question is why anyone would vote for a budget that has a major faultline running through it. Mr Swinney claims that he can balance the budget with 3 per cent efficiency cuts. I would love to know whether the Government’s chief economic adviser believes that that target can be met. If not, there will be a 3 per cent black hole for the next finance minister to fill—whoever they are.

Wendy Alexander put her finger on major flaws in the SNP’s four years of budgets. As she said, none of the big planned challenges that she outlined has been met. Jackie Baillie’s contribution clearly got under Mr Swinney’s skin. He had the temerity to say that she was using “duff numbers”.

David McLetchie: Will the member give way?
David Whitton: No, I will not.

We have had many sets of figures from the chief economist that I might call duff whereas figures from SPICe are generally regarded as being on the mark.

Des McNulty detailed the damage that has been done to the education sector, as did Hugh Henry.

Scottish Labour will not support the budget today. We have said that this is a matter of choices and priorities. Our choices and priorities are different from those of the SNP and those of the Tories and Liberals. This time round, as ever, the Tories and Liberals are supporting SNP choices. I could not have put it better than Patrick Harvie did when he spoke of blue, yellow and tartan Tories all working together. We on this side of the chamber believe that Scotland deserves better. In May, the people of Scotland will have their say on who is right.

16:48

John Swinney: I begin by addressing an important point that Margaret Smith made on the role of the capital city partnership in Edinburgh. I have had representations on the issue from Kenny MacAskill and Councillor Tom Buchanan of the City of Edinburgh Council. Margo MacDonald also highlighted the issues that Margaret Smith raised. Just for completeness, I should say that I have also had representations from Lord Foulkes on the matter—I have probably had representations from everybody. The Government is acutely aware of the points that Margaret Smith raised. The issue has been examined. The Government will do what it can in the circumstances. I hope that Margaret Smith accepts that the initiatives that I set out in the budget this afternoon include a range of provisions in addition to the capital city partnership funding that will assist individuals who face the challenges of training and employment. I welcome the constructive contribution that she and her colleagues made to facilitating this agreement.

George Foulkes (Lothians) (Lab): While I welcome the increase in the capital city partnership funding, does the cabinet secretary agree that it would be useful for the fund to be used to pay off the private creditors of The Gathering 2009 Ltd?

John Swinney: The City of Edinburgh Council determines what it uses its resources for. The matter is one for the council.

Margo MacDonald raised the issue of examining the contents of private finance initiative contracts to identify whether there is a way to release further value for the public purse. It is a point with which I have enormous sympathy. I asked the Scottish Futures Trust to look into the issue and it has already done some work. I must caution Margo MacDonald about the scale of savings that may be achievable, because many contracts were negotiated in a fashion that locked out any entitlement for the public sector to require reassessment of the contracts’ financial provisions. I find that a rather strange proposition in value-for-money terms for any of my predecessors to have signed up to, but they did so on plenty of occasions. Those questions will be examined in due course.

I may have got the balance of my opening speech wrong, because in it I concentrated on the Conservatives and the Liberal Democrats. For the sake of fairness and completeness, I intend in the remainder of my speech to concentrate on the Labour Party.

Yesterday I told the Scotland Bill Committee that some of the bill’s provisions, especially on no detriment, were a bit of a mystery tour. I am finding discussions and negotiation with the Labour Party a bit of a mystery tour into the bargain. It is normally helpful to change one’s stage 1 speech at stage 3, if things have changed during the intervening period. During the stage 1 debate David Whitton made the criticism—which he has repeated today—that the Government’s budget did not focus on the economy. He said that we were a minority Government and must therefore listen to the Parliament.

We have gone away and talked to all the political parties. I accept what Mr Patrick Harvie said; he has a fundamental disagreement with the Government about the premise of the budget, so our discussions were limited. However, we have had extensive discussions with all the other parties. I focused on the key point that the Finance Committee and the Economy, Energy and Tourism Committee put to me—that the budget in its original form apparently did not do enough for the economy. I have agreed with other parties significant reforms to the budget to reflect our priorities and to strengthen provision for the economy.

What does that mean? It means that we have put in place resources to expand the freight facilities grant and to increase funding for urban regeneration companies.

Duncan McNeil (Greenock and Inverclyde) (Lab): It would be interesting if the cabinet secretary could provide more detail on the reinstatement of 50 per cent of the regeneration budget and how that will impact on the River Clyde urban regeneration company.

John Swinney: I will be delighted to provide Mr McNeil with the evidence and information that he seeks. I am sure that Stuart McMillan will be delighted to tell the people of Greenock and
Inverclyde that Mr McNeil will not support that provision in the budget this afternoon, which makes it utterly ridiculous for Mr McNeil even to ask me a question about the subject.

I mentioned the funding for urban regeneration companies. There are also 25,000 modern apprenticeships, £15 million in bursary funding, 1,200 new college places, 2,000 extra flexible training opportunities, £10 million of support for employment creation in the private sector and £16 million of investment in housing. Those are the substantial elements of the budget that have changed, by agreement with other political parties. I would have thought that Mr Whitton might have acknowledged that the parliamentary majority might have shifted. If the criticism during the stage 1 debate was that the budget did not do enough for the economy, and there is—I hope and believe—a parliamentary majority for the budget now, surely there must be confidence in the Parliament that the Government's budget is doing enough for the economy.

Apparently, all that I have just announced is not enough for the Labour Party. That is a really interesting proposition. This is what I offered the Labour Party. I offered Labour a proposition that reflected all—and more—of the issues that were raised with me. I offered 6,500 additional modern apprenticeships—we are getting 25,000 now; a future jobs fund with 3,000 places, which Labour turned its back on; 2,000 flexible training opportunities that are being delivered; additional bursaries in the further education sector that are being delivered; additional funding for urban regeneration companies that is being delivered, Mr McNeil; and additional funding of £2 million for the freight facilities grant. That was all offered to the Labour Party, yet, somehow, it is not enough. That represents all and more of what Labour asked of me.

Andy Kerr delivered a speech saying that there was not enough money for education, that Labour wanted more money for 1,000 classroom assistants, more money for nurses, more money for the HE sector and more money for enterprise funding. Good old Jackie Baillie wanted more money for social care and the health service. Why did Andy Kerr not ask me for any of those items in any of the discussions that I had with him? Why not?

Andy Kerr: The cabinet secretary reads out our list for us, but what he says does not reflect the conversations or discussions. In my speech at stage 1, I quoted from what was said at the Economy, Energy and Tourism Committee. Respected academics and businesspeople were saying that the Scottish Government's budget did not do enough for the economy, so they should have no complaints about getting into bed with the SNP Government.

John Swinney: Every single thing that I was asked to deliver by the Labour Party I offered to the Labour Party. The Labour Party cannot with any credibility come to the Parliament and present a list that includes funding for education, classroom assistants, nurses, the HE sector, enterprise funding, social care and health funding without having raised those issues with me in budget negotiations. It is the second day this week that the Labour Party has been caught in utter hypocrisy. Richard Baker was caught redhanded in total hypocrisy on "Newsnight" the other night and Andy Kerr has been caught in total hypocrisy today.

In every stage 3 budget debate in which the Labour Party has participated since that magnificent day in 2008, when it handled the budget so well with Iain Gray in charge, Labour has mentioned apprenticeships. Iain Gray's speech that year mentioned apprenticeships. In 2009, Andy Kerr mentioned apprenticeships. In 2010, Andy Kerr mentioned apprenticeships again. Today, we heard a long, long speech from Andy Kerr, apparently riddled with ambition, that did not include the word apprenticeships. Why? Because this Government has delivered the highest number of apprenticeships ever in Scotland.

In his budget speech in 2008, Iain Gray had a go at me and other parties, saying that the budget process was

"a kind of strictly come budgeting, without the revealing behind-the-scenes shots of any mis-steps, tears or tantrums"—[Official Report, 6 February 2008; c 5864.]

That sounds like the Labour group's internal processes this week. The Labour Party cannot decide whether it wants to support a budget that backs economic recovery and delivers progress for the people of Scotland. It is posturing, and the people of Scotland will find Labour out in May and return this Government.
Decision Time

17:02

The Presiding Officer (Alex Fergusson): The first question is, that motion S3M-7899, in the name of John Swinney, on the Budget (Scotland) (No 5) Bill, 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)
Allan, Alasdair (Western Isles) (SNP)
Brocklebank, Ted (Mid Scotland and Fife) (Con)
Brown, Gavin (Lothians) (Con)
Brown, Keith (Dundee West) (SNP)
Brown, Robert (Glasgow) (LD)
Brownlee, Derek (South of Scotland) (Con)
Campbell, Aileen (South of Scotland) (SNP)
Carlaw, Jackson (West of Scotland) (Con)
Coffey, Willie (Kilmarnock and Loudoun) (SNP)
Constance, Angela (Livingston) (SNP)
Crawford, Bruce (Sirling) (SNP)
Cunningham, Roseanna (Perth) (SNP)
Don, Nigel (North East Scotland) (SNP)
Doris, Bob (Glasgow) (SNP)
Ewing, Fergus (Inverness West, Nairn and Lochaber) (SNP)
Fabiani, Linda (Central Scotland) (SNP)
Finnie, Ross (West of Scotland) (LD)
FitzPatrick, Joe (Dundee West) (SNP)
Fraser, Murdo (Mid Scotland and Fife) (Con)
Gibson, Kenneth (Cunninghame North) (SNP)
Gibson, Rob (Highlands and Islands) (SNP)
Goldie, Annabel (West of Scotland) (Con)
Grahame, Christine (South of Scotland) (SNP)
Harvie, Christopher (Mid Scotland and Fife) (SNP)
Hepburn, Jamie (Central Scotland) (SNP)
Hume, Jim (South of Scotland) (LD)
Hyslop, Fiona (Lothians) (SNP)
Ingram, Adam (South of Scotland) (SNP)
Johnstone, Alex (North East Scotland) (Con)
Kidd, Bill (Glasgow) (SNP)
Lamont, John (Roxburgh and Berwickshire) (Con)
Lochhead, Richard (Moray) (SNP)
MacAskill, Kenny (Edinburgh East and Musselburgh) (SNP)
MacDonald, Margo (Lothians) (Ind)
Marwick, Tricia (Central Fife) (SNP)
Mather, Jim (Argyll and Bute) (SNP)
Matheson, Michelle (Falkirk West) (SNP)
Maxwell, Stewart (West of Scotland) (SNP)
McArthur, Liam (Orkney) (LD)
McGhee, Jamie (Highlands and Islands) (Con)
McKee, Ian (Lothians) (SNP)
McKelvie, Christina (Central Scotland) (SNP)
McLaughlin, Anne (Glasgow) (SNP)
McLetchie, David (Edinburgh Pentlands) (Con)
McMillan, Stuart (West of Scotland) (SNP)
Milne, Nanette (North East Scotland) (Con)
Mitchell, Margaret (Central Scotland) (Con)
Morgan, Alasdair (South of Scotland) (SNP)
Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
Neil, Alex (Central Scotland) (SNP)
O'Donnell, Hugh (Central Scotland) (LD)
Paterson, Gil (West of Scotland) (SNP)
Pringle, Mike (Edinburgh South) (LD)

Against
Aitken, Bill (Glasgow) (Con)
Adam, Brian (Aberdeen North) (SNP)
Allan, Alasdair (Western Isles) (SNP)
Brocklebank, Ted (Mid Scotland and Fife) (Con)
Brown, Gavin (Lothians) (Con)
Brown, Keith (Dundee West) (SNP)
Brown, Robert (Glasgow) (LD)
Brownlee, Derek (South of Scotland) (Con)
Campbell, Aileen (South of Scotland) (SNP)
Carlaw, Jackson (West of Scotland) (Con)
Coffey, Willie (Kilmarnock and Loudoun) (SNP)
Constance, Angela (Livingston) (SNP)
Crawford, Bruce (Sirling) (SNP)
Cunningham, Roseanna (Perth) (SNP)
Don, Nigel (North East Scotland) (SNP)
Doris, Bob (Glasgow) (SNP)
Ewing, Fergus (Inverness West, Nairn and Lochaber) (SNP)
Fabiani, Linda (Central Scotland) (SNP)
Finnie, Ross (West of Scotland) (LD)
FitzPatrick, Joe (Dundee West) (SNP)
Fraser, Murdo (Mid Scotland and Fife) (Con)
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Grahame, Christine (South of Scotland) (SNP)
Harvie, Christopher (Mid Scotland and Fife) (SNP)
Hepburn, Jamie (Central Scotland) (SNP)
Hume, Jim (South of Scotland) (LD)
Hyslop, Fiona (Lothians) (SNP)
Ingram, Adam (South of Scotland) (SNP)
Johnstone, Alex (North East Scotland) (Con)
Kidd, Bill (Glasgow) (SNP)
Lamont, John (Roxburgh and Berwickshire) (Con)
Lochhead, Richard (Moray) (SNP)
MacAskill, Kenny (Edinburgh East and Musselburgh) (SNP)
MacDonald, Margo (Lothians) (Ind)
Marwick, Tricia (Central Fife) (SNP)
Mather, Jim (Argyll and Bute) (SNP)
Matheson, Michelle (Falkirk West) (SNP)
Maxwell, Stewart (West of Scotland) (SNP)
McArthur, Liam (Orkney) (LD)
McGhee, Jamie (Highlands and Islands) (Con)
McKee, Ian (Lothians) (SNP)
McKelvie, Christina (Central Scotland) (SNP)
McLaughlin, Anne (Glasgow) (SNP)
McLetchie, David (Edinburgh Pentlands) (Con)
McMillan, Stuart (West of Scotland) (SNP)
Milne, Nanette (North East Scotland) (Con)
Mitchell, Margaret (Central Scotland) (Con)
Morgan, Alasdair (South of Scotland) (SNP)
Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
Neil, Alex (Central Scotland) (SNP)
O’Donnell, Hugh (Central Scotland) (LD)
Paterson, Gil (West of Scotland) (SNP)
Pringle, Mike (Edinburgh South) (LD)

Swinney, John (North Tayside) (SNP)
Thompson, Dave (Highlands and Islands) (SNP)
Tolson, Jim (Dunfermline West) (LD)
Watt, Maureen (North East Scotland) (SNP)
Welsh, Andrew (Angus) (SNP)
White, Sandra (Glasgow) (SNP)
Wilson, Bill (West of Scotland) (SNP)
Wilson, John (Central Scotland) (SNP)

Kelly, James (Glasgow Rutherglen) (Lab)
Kerr, Andy (East Kilbride) (Lab)
Lamont, Johann (Glasgow Pollok) (Lab)
Livingstone, Marilyn (Kirkcaldy) (Lab)
Macdonald, Lewis (Aberdeen Central) (Lab)
Macintosh, Ken (Eastwood) (Lab)
Martin, Paul (Glasgow Springburn) (Lab)
McCabe, Tom (Hamilton South) (Lab)
McConnell, Jack (Motherwell and Wishaw) (Lab)
McDonald, Alastair (Mid Scotland and Fife) (Lab)
McEwan, Murdo (Glasgow Shettleston) (Lab)
McKee, Jim (Central Scotland) (Ind)
McKee, Ian (Lothians) (SNP)
McKelvie, Christina (Central Scotland) (SNP)
McLaughlin, Anne (Glasgow) (SNP)
McLetchie, David (Edinburgh Pentlands) (Con)
McMillan, Stuart (West of Scotland) (SNP)
Milne, Nanette (North East Scotland) (Con)
Mitchell, Margaret (Central Scotland) (Con)
Morgan, Alasdair (South of Scotland) (SNP)
Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
Neil, Alex (Central Scotland) (SNP)
O’Donnell, Hugh (Central Scotland) (LD)
Paterson, Gil (West of Scotland) (SNP)
Pringle, Mike (Edinburgh South) (LD)

Swinney, John (North Tayside) (SNP)
Thompson, Dave (Highlands and Islands) (SNP)
Tolson, Jim (Dunfermline West) (LD)
Watt, Maureen (North East Scotland) (SNP)
Welsh, Andrew (Angus) (SNP)
White, Sandra (Glasgow) (SNP)
Wilson, Bill (West of Scotland) (SNP)
Wilson, John (Central Scotland) (SNP)
The Presiding Officer: The result of the division is: For 79, Against 48, Abstentions 0.

Motion agreed to,

That the Parliament agrees that the Budget (Scotland) (No.5) Bill be passed.