



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Meeting of the Parliament

**Wednesday 26 October 2016**

**Session 5**



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# Scottish Parliament

Wednesday 26 October 2016

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

## Portfolio Question Time

### Communities, Social Security and Equalities

#### Local Authorities (Equalities in Employment)

1. **Liz Smith (Mid Scotland and Fife) (Con):** To ask the Scottish Government what recent discussions it has had with local authorities regarding equalities in their employment practices. (S5O-00241)

**The Cabinet Secretary for Communities, Social Security and Equalities (Angela Constance):** Ministers and officials regularly meet the leaders and chief executives of all Scottish local authorities to discuss a variety of issues. At official level, we have also had discussions with local authorities with a view to reaching consensus on equality issues.

We share the vision of the fair work convention that by 2025 people in Scotland will have a world-leading working life where fair work drives success, wellbeing and prosperity for individuals, businesses, organisations and society. That vision not only challenges businesses, employers, unions and the third sector, but has clear actions for national and local government. We fully endorse the convention's framework and will work with others to embed its principles in workplaces across Scotland.

**Liz Smith:** The cabinet secretary was quite clear yesterday afternoon that the Government's "Fairer Scotland Action Plan" features 50 different concrete actions from the Government with regard to what will happen to tackle poverty and inequality. What analysis has the Scottish Government undertaken to advise on what costs will be incurred by local authorities when it comes to implementing the action plan?

**Angela Constance:** I appreciate Ms Smith's interest in the "Fairer Scotland Action Plan", which was launched nearly a month ago. The 50 concrete actions are ambitious but we are confident that they are all affordable. Of course, the 50 actions are not all actions for local government; the purpose of the action plan is to demonstrate actions that are required by the Scottish Government, local government and other

aspects of the public sector—and, of course, an equality impact assessment was done.

**Clare Adamson (Motherwell and Wishaw) (SNP):** Can the cabinet secretary give her views on those councils that, in their equalities and employment practices, have not yet settled their equal pay claims?

**Angela Constance:** Clearly, councils are independent and have their own responsibilities towards their employees, but the Scottish Government's position is that any on-going delays in settling equal pay claims are totally unacceptable. We have made that point repeatedly and, indeed, I reiterated it in answers to questions in the chamber prior to recent research.

When Marco Biagi was Minister for Local Government and Community Empowerment, he wrote to our colleagues in local government on the issue and I recently wrote to local authorities on it, too. It is completely unacceptable that there are still outstanding equal pay claims, which go back to 2006 or, indeed, even further. There can be no justification for taking so long to resolve the claims. The Equal Pay Act 1970 is a piece of legislation that is as old as I am, but we know that the pay gap remains stubborn. However, that is all the more reason for local authorities to get on and settle outstanding equal pay claims.

As I said, the pay gap has proven to be stubborn but, given that we debated the issue at length yesterday, it should be noted that new figures released by the Office for National Statistics on the annual survey of hours and earnings show that the gender pay gap in Scotland has again decreased, going from 7.7 per cent in 2015 to 6.2 per cent in 2016, which is lower than the 9.4 per cent United Kingdom figure. Nonetheless, any gap remains unacceptable.

#### Funeral Poverty and Funeral Payment Reference Group

2. **Miles Briggs (Lothian) (Con):** To ask the Scottish Government whether it will provide an update on the work of the funeral poverty and funeral payment reference group. (S5O-00242)

**The Cabinet Secretary for Communities, Social Security and Equalities (Angela Constance):** The funeral poverty and funeral payment reference group has met three times in recent months. The group has helped to organise and plan three round-table events, which I attended with reference group members, local authorities and funeral industry representatives. It is also supporting us to organise a national conference on funeral poverty in November.

Through its work, the group is helping to shape our approach to funeral poverty and the new

Scottish benefit that will replace the funeral payment.

**Miles Briggs:** The cabinet secretary will be aware of the specific concerns of my constituents in Edinburgh city, who face the highest costs in the whole of Scotland, with the cost of a basic burial standing at £2,253 while the Scottish average is £1,373. What assessment will the reference group make of the variation in basic burial costs across Scotland and of the pressures that families are facing in areas such as Edinburgh?

**Angela Constance:** I am grateful to Mr Briggs for lodging the question because, as well as answering his legitimate concerns, it gives me the opportunity to pay tribute to my predecessor Alex Neil, who commissioned the working group on funeral poverty, which reported in February this year. The group made a number of recommendations and we are working through them with the assistance of the reference group. Establishing the reference group was one of the recommendations made in the report.

Mr Briggs makes the valid point that the variation in burial and cremation costs is quite stark. Although we know that funeral costs rose by 92 per cent during the past decade, during the past year the overall cost saw a small decline. However, underneath that, we are still seeing rapidly rising cremation and burial costs. That is why one of the important round-tables is doing work with local authorities. Local authorities are indeed independent but, through the work of the round-tables and the national conference, it is imperative that local and national Government, along with funeral directors and the industry, work together to resolve the very real issue of funeral poverty, which is increasing. The issue will certainly not be going away, given the fact that funeral costs continue to rise and the number of deaths is predicted to rise by 15 per cent during the next decade.

**Ruth Maguire (Cunninghame South) (SNP):** Does the cabinet secretary agree that the United Kingdom Government's failure to do enough to simplify and promote the funeral payment has resulted in uptake rates remaining shockingly low?

**Angela Constance:** I agree with the member, and that is not just my opinion. The issues and problems with the funeral payment as it currently stands have been well rehearsed. Those issues were raised in work done by the Department for Work and Pensions and acknowledged in the recent Work and Pensions Committee report on bereavement benefits. There was also a Westminster debate on the social fund and funeral payments.

One of the main issues that we are determined to tackle in Scotland is the low uptake of the DWP

funeral payment, particularly when it is devolved to Scotland. When the funding is transferred to Scotland, it will be based on the spend in Scotland during the year before transfer, so we know that the resources transferred will not meet current need or our desire to increase the reach of the benefit. We know that approximately 4,000 people receive a funeral payment in Scotland but we estimate that up to 16,000 people are in need and could apply for that benefit if we were reaching people who are entitled to make the claims.

### **Town Centre Regeneration (South Scotland)**

3. **Colin Smyth (South Scotland) (Lab):** To ask the Scottish Government how it is supporting town centre regeneration in South Scotland. (S5O-00243)

**The Minister for Local Government and Housing (Kevin Stewart):** Scotland's town centre first principle, which was agreed with the Convention of Scottish Local Authorities, together with the measures set out in the town centre action plan, set the conditions and underpin the activity that is designed to tackle the key issues in town centres across Scotland. The Scottish Government is providing £1.8 million in funding from our regeneration capital fund to support the Stranraer town centre regeneration initiative. Local authorities remain responsible for local regeneration and local economic development. They are best placed to respond to local circumstances, working with their communities to develop the right vision for their town centres.

**Colin Smyth:** Does the minister agree that internet shopping, improved transport links to our cities, the rise of supermarkets and out-of-town developments have left many of the market towns across South Scotland plagued by empty shops and that there is a real need to find alternative ways of bringing people into our town centres? One important way to achieve that would be to invest in more town centre housing, which would, for example, provide alternative uses for former retail properties.

Given the extra cost of developing housing in what are often old buildings in town centres, as opposed to the cost of developing housing in greenfield sites, will the minister make a commitment that increasing investment in town centre housing will be a priority in the Government's forthcoming budget, so that we really can regenerate our town centres?

**Kevin Stewart:** The Government recognises the importance of town centres and we have delivered initiatives such as the small business bonus, which has benefited nearly 100,000 businesses, many of which are based in town centres.

On the issue of delivering affordable housing in our town centres, we have already committed £6.75 million to that. That money will benefit town centres across Scotland. We are building on the learning from the test approach to enable more housing to be delivered in town centres across the country.

**Finlay Carson (Galloway and West Dumfries) (Con):** On Friday, I am holding a meeting with Stena Line, Dumfries and Galloway Council, VisitScotland and Stranraer business leaders. What reassurances can I give the stakeholders that the Scottish Government will do all that it can to assist the Stranraer community with the east pier regeneration project?

**Kevin Stewart:** As I have stated previously, the Government has already provided £1.8 million-worth of funding from the regeneration capital grant fund to support the Stranraer town centre regeneration initiative. Local authorities are also able to support a number of other initiatives by submitting bids to the annual £25 million regeneration capital grant fund, which is open to all local authorities in the country.

### Housing (Energy Efficiency)

**4. Donald Cameron (Highlands and Islands) (Con):** To ask the Scottish Government what action it is taking to improve the energy efficiency of Scotland's housing stock. (S5O-00244)

**The Minister for Local Government and Housing (Kevin Stewart):** Since 2009, we have allocated more than £650 million to a raft of energy efficiency and fuel poverty programmes and, in the programme for government, we announced that we will make available a further £0.5 billion over the next four years.

Our investment is helping to improve the energy performance of Scotland's homes. The share of homes with the top three energy efficiency ratings has increased by 71 per cent since 2010.

**Donald Cameron:** One of the key issues is the warmth of homes. Can the cabinet secretary make any comments about the oncoming winter and the warmth of homes in the future?

**Kevin Stewart:** I have already outlined the investment that the Government is making and will make in future years. We have carried out more than 1 million different actions in 1 million different homes in recent years.

I would be interested to hear from Mr Cameron and those on the Tory benches what they think about the United Kingdom Government's decision to end its support for the green deal finance initiative, in relation to which we received £15 million-worth of consequentials in 2015-16. That is

money that is no longer available to us because of that UK Government cut.

**James Dornan (Glasgow Cathcart) (SNP):** What plans does the minister have to respond to the recommendations that were made by the Scottish fuel poverty strategic working group and the Scottish rural fuel poverty task force in the reports that were published earlier this week?

**Kevin Stewart:** Obviously, the Government will closely consider the recommendations that were made by those groups—I thank them both for the efforts that they have made.

I have already said that we will look closely at the definition of fuel poverty. That is not in order to define fuel poverty away; it is to ensure that the Government targets its resources at the folks who are most in need.

**Liam McArthur (Orkney Islands) (LD):** I listened with interest to what the minister said about the Scottish rural fuel poverty task force report. He will be aware that my Orkney constituency has the highest proportion of households living in fuel poverty and extreme fuel poverty. The task force has talked about rural proofing the approach to tackling the issue. What reassurance can the minister give my constituents that the Government's approach in deploying that investment will prioritise the areas that have the highest levels of fuel poverty and need?

**Kevin Stewart:** As I said in my previous answer, the Government wants to ensure that resources are targeted at those who are most in need. I will soon see at first hand the situation in Orkney, as I intend to visit Orkney in the near future, and a discussion about fuel poverty there is on the itinerary.

### Council Tax Reduction Scheme

**5. Iain Gray (East Lothian) (Lab):** To ask the Scottish Government what additional support from the council tax reduction scheme it will provide from April 2017 for families in the Musselburgh Jobcentre area who have migrated to universal credit. (S5O-00245)

**The Minister for Social Security (Jeane Freeman):** Anyone who currently receives council tax reduction support will continue to be eligible if they are in receipt of universal credit. In addition, our proposed reforms to council tax will make local taxation fairer and will continue to protect households on low incomes, including those in receipt of universal credit.

**Iain Gray:** I welcome the minister's answer, but the Scottish Parliament information centre's information is rather different. It is that the council tax reduction scheme increases that are due in April will not apply to those families who have

migrated to universal credit. I would be grateful if the minister would investigate and perhaps tell us how that can be corrected.

**Jeane Freeman:** I am grateful to the member for drawing that to my attention. It is certainly not my understanding. Indeed, my understanding is that the council tax reduction scheme will benefit up to 77,000 households by an average of £173 a year by increasing child allowance within that scheme by 25 per cent. I will most definitely take Mr Gray's point on board, investigate the apparent disparity in figures and report back to him.

**Ben Macpherson (Edinburgh Northern and Leith) (SNP):** Does the minister agree that universal credit is not yet fit for purpose and that it should be halted until it is in a state where it can support people and not cause further financial hardship?

**Jeane Freeman:** Yes, I do. It is extremely disappointing that a scheme that was announced in 2010 has not yet been rolled out. Indeed, the latest completion date is 2022. I can only imagine the criticisms that we might hear from some of my Conservative colleagues on my left—geographically, at least—if the Scottish Government ever took so long to do something.

We have expressed our concerns about the roll-out of universal credit for a considerable time. We have called on the Department for Work and Pensions to halt the roll-out in Scotland until it is in a position to bring in the Scottish flexibilities around universal credit that are part of the benefits that will be devolved to us, but unfortunately we have not been successful in that. However, we believe that the opportunity that we will have—when it comes around—to give people a choice about how their universal credit is paid will be a considerable help to people.

**Rachael Hamilton (South Scotland) (Con):** Will there be an appropriate level of staff to help people who are involved in the migration?

**Jeane Freeman:** It seems to me that that question would best be directed by one of the member's Westminster colleagues to the DWP, because it is responsible for the roll-out of universal credit—it concocted the scheme, the proposition and the benefit itself. As we do not get information on the matter from the DWP, I can only imagine what is holding it up, but there are clearly issues around staffing and information technology. I look forward to hearing the response that her Westminster colleagues get from the DWP when they raise that point.

#### **Local Government in Central Scotland (Meetings)**

**6. Margaret Mitchell (Central Scotland) (Con):** To ask the Scottish Government when it last met

local government representatives from the Central Scotland parliamentary region. (S5O-00246)

**The Minister for Local Government and Housing (Kevin Stewart):** Ministers regularly meet the leaders and chief executives of all Scottish local authorities, including those in Central Scotland, to discuss a wide range of issues, as part of our commitment to working in partnership with local government to improve outcomes for the people of Scotland.

As the member will know, Councillor Harry McGuigan of North Lanarkshire Council is a Convention of Scottish Local Authorities spokesperson and I have met him on a number of occasions recently in that capacity.

**Margaret Mitchell:** I thank the minister for that very comprehensive answer. He will be aware that councils such as North Lanarkshire operate a community alarm system that enables elderly people to remain independent within their homes. However, as of August 2016, budgetary constraints have been cited as the reason for the decision by North Lanarkshire Council to set a £5 a week—£20 a month—charge. As a result, hundreds of the alarms have been returned.

Does the minister agree not only that that is deeply worrying but that it puts vulnerable people at risk? It is a very short-sighted decision, which fails to recognise the preventative spend advantage of providing those alarms free of charge.

**Kevin Stewart:** Obviously, budgetary decisions are a matter for North Lanarkshire Council. However, I agree with the member that, in taking decisions, councils should look at prevention, and I feel that such a system is an example of preventative spend. I would urge North Lanarkshire Council to perhaps take cognisance of what the Government has said previously about preventative spending. However, ultimately the budgetary decision is up to North Lanarkshire Council.

**Elaine Smith (Central Scotland) (Lab):** I would agree that such alarm systems are a good idea as a preventative measure. Given that he is the minister for local government across the whole of Scotland, can the minister tell us how many other councils operate such alarm systems and how much they charge?

**Kevin Stewart:** I do not have that information to hand but I am willing to write to Ms Smith to let her know.

**Alex Rowley (Mid Scotland and Fife) (Lab):** The minister makes a point about difficult decisions. What discussions is he having with local authorities about the type of difficult decisions that they face? I know that, in Fife, a



payment for the community alarm system was introduced some time ago, when his own party was in power there, which was a budget decision. Councils are facing massive cuts and we are seeing that in services. What discussions is the minister having about the impact of the cuts?

**Kevin Stewart:** I know that colleagues speak to local government regularly. The finance secretary, Derek Mackay, is having regular meetings with COSLA at the moment about the forthcoming budget. Of course, we are still not completely sure of what will happen in that regard because we are still waiting on the chancellor's autumn statement, which is now more likely to be a winter statement than an autumn one.

### National Planning Framework (Biodiversity)

**7. Maurice Golden (West Scotland) (Con):** To ask the Scottish Government what steps it is taking to ensure that the implementation of the national planning framework protects biodiversity as well as green spaces. (S5O-00247)

**The Minister for Local Government and Housing (Kevin Stewart):** National planning framework 3 is clear that biodiversity is a nationally important asset. Planning authorities are legally obliged to take the national planning framework into account when preparing development plans for their areas.

**Maurice Golden:** Is the minister aware that a Scottish National Party Government-appointed reporter has recommended building on more than a dozen green-belt sites across East Dunbartonshire? Residents are—rightly—concerned about the impact that such developments will have on the character of their communities, on biodiversity and on the local landscape. Will the minister agree to work with the local community to look at those proposals again and ensure that any development plans properly reflect the views of residents and allow East Dunbartonshire to continue to support a wide range of green spaces?

**Kevin Stewart:** There are extensive opportunities for communities to get involved in the preparation of development plans. I am keen to ensure that the review of planning and the forthcoming white paper add to that list of opportunities.

The independent examination of the plan in East Dunbartonshire has made recommendations to East Dunbartonshire Council that suggest the release of additional sites. It is now up to the council to consider those recommendations and to submit its plan to Scottish ministers. As the plan will come to ministers in due course, I cannot comment on any individual area.

### Welfare (Claimant Abuse)

**8. Jeremy Balfour (Lothian) (Con):** To ask the Scottish Government what action it will take to tackle claimants' abuse of the welfare powers that are being devolved. (S5O-00248)

**The Minister for Social Security (Jeane Freeman):** The Scottish Government intends our Scottish social security system to operate on the basis that people have a right to support and care where and when that is needed without being stigmatised or treated as potential abusers of the system. Nonetheless, the Scottish Government has a zero-tolerance attitude to intentional fraud and, as part of our consultation on social security, we are seeking views on how we can best protect against fraud.

**Jeremy Balfour:** Labour market statistics that the Office for National Statistics released last week showed that the claimant count over the past year was down by more than 8,000 in England, by 2,000 in Wales and by almost 6,000 in Northern Ireland, yet it was up by 2,000 in Scotland. Can the minister explain why Scotland is the only United Kingdom nation to experience a rise in the claimant count?

**Jeane Freeman:** The rise in the claimant count is at least partly a result of the work that we are doing to encourage individuals to claim the benefits to which they are entitled. As for the idea that those who seek help and support from our social security system or from the UK Government's welfare system are abusers of the system, I place on record the most recent statistics from the Department for Work and Pensions, for 2014-15, which show that the level of fraud in the benefit system is 0.8 per cent, which equates to 80p in every £100 that is spent and totals approximately £1.3 billion. I would like members to pause and compare that with the £16 billion that tax fraud costs the country.

**Fulton MacGregor (Coatbridge and Chryston) (SNP):** The minister may have seen the heartbreaking appeal at the weekend from a mother in my constituency who has been sanctioned and will not receive benefits for four months, which has left her unable to buy food, clothes or nappies for her child. While the actions of the Lanarkshire baby bank and Coatbridge citizens advice bureau in supporting the family should be applauded, does the minister agree that no family should be put in such a situation?

**Jeane Freeman:** I have seen the article in the *Evening Times* and I agree that while it is heartening to see the generosity with which the people of North Lanarkshire and Coatbridge have responded—more than 200 of them came forward within an hour of the video appearing online to offer help and support to the mother and her two-

year-old—the individual was forced into a dire predicament by the DWP. Unfortunately, the tragedy is that such a situation is by no means an isolated incident.

The Scottish Government has made its position on sanctions abundantly clear. We are told, and the UK Government justifies its position by saying, that sanctions incentivise work but, on the contrary, there is no evidence of that at all. The evidence that exists suggests that sanctions actively increase poverty and the anguish that people suffer.

That is why we supported the call from the House of Commons Work and Pensions Committee last year for a full and independent review of the system and it is why we continue to believe that the current sanctions regime should be suspended. It is a discredited system.

**Mark Griffin (Central Scotland) (Lab):** Does the minister agree that, rather than treating with suspicion people who desperately need support from the state, we should be working to boost the claimant count by including the 100,000 people who qualify for tax credits but have not applied? That represents a loss of more than £400 million to families who desperately need that money and it is a loss to the Scottish economy.

**Jeane Freeman:** I absolutely agree with Mark Griffin. Part of our work on social security and in our consultation involves looking at what we need to do across Scotland to increase the availability of information for individuals on the benefits to which they are entitled and to encourage and support them to take up those benefits, whether they are delivered and administered by the UK Government or—as they shortly will be—by the Scottish Government. I know that I will have Mark Griffin's support in working out exactly how we do that and in ensuring that people throughout Scotland receive the entitlements that they are due.

**The Presiding Officer (Ken Macintosh):** Question 9 has been withdrawn.

#### **Local Housing Allowance (Funding for Supported Accommodation)**

10. **Elaine Smith (Central Scotland) (Lab):** To ask the Scottish Government whether it will ring fence funding for supported accommodation in local housing allowance when this is devolved. (S5O-00250)

**The Minister for Social Security (Jeane Freeman):** After much uncertainty, the United Kingdom Government announced on 15 September that it will ensure that the supported accommodation sector continues to be funded at current levels. A new funding model will be developed in England and funding will be devolved to the Scottish Parliament to allow us to make our

own provision for supported accommodation from 2019. We are still waiting for further information and details from the UK Government. We will make our plans known when we have had the opportunity to consider the full information and consulted the relevant stakeholders.

**Elaine Smith:** I hope that the minister appreciates that there is concern that money could be reduced further or allocated elsewhere. I trust that, in taking the matter forward, she will keep stakeholders, including individuals and the industry, informed.

**Jeane Freeman:** Indeed I will. As I said, once we have received the details from the UK Government, we will consider our plans and consult relevant stakeholders before we bring plans forward.

#### **Town Centre Action Plan (Progress)**

11. **Neil Bibby (West Scotland) (Lab):** To ask the Scottish Government what progress it is making towards the full implementation of the town centre action plan. (S5O-00251)

**The Minister for Local Government and Housing (Kevin Stewart):** The town centre action plan has been implemented in full and a number of actions have been taken that set the right conditions to enable town centre regeneration across Scotland. The most significant action has been the introduction of the town-centre-first principle, which was agreed by the Scottish Cabinet and Convention of Scottish Local Authorities leaders in July 2014. Since the inception of the action plan, we have published two reports showing the wide range of activity against the themes in it.

**Neil Bibby:** The face of our town centres is changing and we have a once-in-a-generation opportunity to reinvent town centres as mixed, connected and socially inclusive places of living. The decisive shift that we need, from development that is led by developers to sustainable development in and for our towns, will be achieved not by pilots and demonstration projects but by making town centre living main stream. In response to Colin Smyth, the minister mentioned the small amounts that are being invested by the Scottish Government. Like Colin Smyth, I ask what resources the Scottish Government is willing to put behind town centre living. What kind of investment in town centre living can we expect in next year's budget?

**Kevin Stewart:** I am heartened by the number of questions that we have had today about town centres. That might be partly due to the fact that, in recent weeks, Scotland's Towns Partnership held an event in the Parliament, hosted by John Scott. We are investing in our town centres. As I

said, £6.75 million has already been put into housing delivery. As I have said previously, local authorities have the ability to bid into the regeneration capital grant fund and, beyond that, we have the £1.7 million town centre communities capital fund. As I have said, the regeneration and economic development of town centres are primarily matters for local authorities. They need to adapt policies, particularly their planning guidance, to ensure that there are opportunities to build housing and other things in our town centres.

### **Public Service Decision Making (Role of Local Authorities and Communities)**

**12. John Scott (Ayr) (Con):** To ask the Scottish Government what plans it has to increase the role of local authorities and communities directly in public service decision making. (S5O-00252)

**The Minister for Local Government and Housing (Kevin Stewart):** We are continuing to implement the Community Empowerment (Scotland) Act 2015, which will strengthen the voices of communities in the decisions that matter to them. The act will make it easier for communities to take on public sector land and buildings. It will provide a mechanism for community bodies to seek dialogue with public service providers on their terms when they feel that they can help to improve outcomes and it gives them a right to be heard. The act will also place new duties on councils and other local public services to work together and with their communities through community planning to improve outcomes on issues that matter locally.

**John Scott:** The minister will be aware of the Convention of Scottish Local Authorities report of two years ago that stated that Scotland has the most centralised government in Europe. Since that report was published, health and social care have been integrated, and there is less input from and control exercised by local authorities than ever before. Police and fire services are already centralised, and now funding for the attainment Scotland fund is to be taken from local authority budgets. Will there be a future or even a need for local authorities and local decision making in five years' time? If so, what will it be?

**Kevin Stewart:** This Government is committed to giving communities across Scotland a louder voice and stronger powers. Our commitment goes beyond the Community Empowerment (Scotland) Act 2015 and it lies at the heart of our approach to public sector service reform.

As John Scott is well aware, during the course of this parliamentary session we will introduce a bill to decentralise local authority functions, budgets and democratic oversight to local communities. We will consult on and introduce an islands bill to reflect the unique needs of island

communities, and we will enable community councils to demonstrate a strong democratic mandate to deliver some services.

Working with local government, we have set a target of having at least 1 per cent of local government budgets subject to community choices budgeting. That will be more than £100 million, and people will have a direct say in how it is spent.

It is incumbent on us all to ensure that communities have their say in their public services. In John Scott's community of South Ayrshire, we have recently granted £191,000 from the communities fund to support programmes for young people who are living in some of the most deprived areas. John Scott will be aware that the Carrick Centre in Maybole has benefited from more than £53,000 in grant funding from the strengthening communities programme. That is decentralisation.

### **Social Security Bill**

**13. Graeme Dey (Angus South) (SNP):** To ask the Scottish Government how proposals in its new social security bill could benefit carers. (S5O-00253)

**The Minister for Social Security (Jeane Freeman):** Unpaid carers play a vital role in caring for their family, friends and neighbours. We have already committed to increasing carers allowance so that it is paid at the same level as jobseekers allowance. That is almost an 18 per cent increase and eligible carers will each get around £600 more a year.

We are undertaking a wide-ranging consultation on social security that finishes this weekend. I am pleased to say that I was at an event with carers this morning, and I am listening to them and others who are in receipt of benefits for which we will be responsible, to take their views on how we can best create a social security system that is fit for Scotland.

**Graeme Dey:** I thank the minister for her answer and her attendance at the recent meeting of the cross-party group on carers, which covered this subject. That discussion raised a number of important issues in relation to the bill from a carer's perspective. As we move forward, will the minister ensure that carers are involved as far as they can be in shaping the social security system, so that we emerge from the process with something that supports them and those for whom they care better than the present United Kingdom arrangements?

**Jeane Freeman:** I thank Graeme Dey for that additional question, as it allows me to put on record that our approach to the consultation—it is one of listening and talking to those who have direct experience of the benefits for which we will

take responsibility, as well as those who advise and support them, the many organisations involved and, indeed, those who deliver payments across Scotland—is an approach that we will continue when the consultation ends this weekend.

We are absolutely committed to designing with those individuals the future system for social security in Scotland, working through the interrelationships between the 15 per cent for which we will be responsible and the remaining 85 per cent that will stay with the UK Government and the Department for Work and Pensions, and to looking at advice, support and advocacy services that will enable individuals to take up the benefits to which they are entitled and experience a system that is genuinely living the values of dignity, fairness and respect.

### Community Empowerment

**14. Finlay Carson (Galloway and West Dumfries) (Con):** To ask the Scottish Government how it empowers communities to have more of a say in matters that affect them. (S5O-00254)

**The Cabinet Secretary for Communities, Social Security and Equalities (Angela Constance):** The Scottish Government has taken a number of actions to empower communities. With this Parliament, we developed the Community Empowerment (Scotland) Act 2015, to give communities new rights. We established the £20 million empowering communities fund, which gives local groups the money and support that they need to make change happen on their own terms. As part of the fund, we launched the community choices programme in June this year, which will support thousands of people to have a real say in budget decisions in their areas.

**Finlay Carson:** Does the cabinet secretary agree that communities that are situated on Scotland's trunk roads, such as the communities of Cairnryan and Springholm, should play a pivotal role in decision making on the planning and implementation of traffic calming schemes?

**Angela Constance:** Aspects of the member's question would perhaps have been better directed at the transport minister. On the planning aspect of his question, in the context of the wide-ranging recommendations that came from the independent planning review, we said that we needed to identify ways to improve and strengthen community engagement in planning and decision making. The planning minister will consult on options for change over the winter.

## European Union Referendum (Update)

**The Presiding Officer (Ken Macintosh):** The next item of business is a statement by Michael Russell on an update on actions following the outcome of the European Union referendum. The minister will take questions at the end of his statement. There should therefore be no interventions or interruptions.

14:41

**The Minister for UK Negotiations on Scotland's Place in Europe (Michael Russell):** Presiding Officer, forgive me if I croak my way through this statement. I am sure that members will be suitably supportive and sympathetic.

This is our third statement updating the Parliament on our actions following the EU referendum and the overwhelming vote in Scotland to remain. The First Minister last updated the Parliament on 7 September and today I want to give members more information about developments since that statement.

Reassuring our fellow EU citizens about their future right to continue living and working here remains of vital importance. Current Tory rhetoric balances their future against that of United Kingdom citizens who live in Europe, who are equally uncertain about their prospects. Using human beings as bargaining chips cannot ever be justified. The United Kingdom should take the lead and end that uncertainty now.

The impact on EU nationals who live in the UK is just one of many problems that the Brexit vote has created, all of which have been compounded by the reaction, inaction and confusion of the Conservative Government at Westminster. Our approach, in contrast, has been to seek consensus, establish clear priorities and propose solutions to problems, in keeping with the democratic mandate that we have—a triple mandate that arises from the election in 2016, the vote on 23 June and the vote of this Parliament on 28 June.

Since my appointment, I have pursued that mandate at every opportunity. I have twice met the UK Brexit secretary, David Davis, most recently on Friday along with the Secretary of State for Scotland, and colleagues have met Treasury ministers and the trade secretary. I have been to Cardiff to identify common ground with Mark Drakeford, my Welsh counterpart, I have met representatives of the London mayor's office, and our officials have been engaged with the Northern Ireland Executive. I have begun a series of meetings with party leaders. I have met Willie

Rennie and Patrick Harvie and I look forward to meeting Kezia Dugdale and Ruth Davidson. Above all, we have been pressing hard for a mechanism to deliver the full involvement that the Prime Minister promised.

The joint ministerial committee finally met on Monday. The First Minister and I, along with our counterparts from the devolved Administrations, attended the meeting in Downing Street, which the Prime Minister chaired. We considered the means by which the devolved Administrations could and should engage with the UK Government on the development of a negotiating position for our future relationship with the European Union.

That was a long overdue meeting and, unfortunately, it was in large part hugely frustrating. In line with the wishes of this Parliament, as expressed during recent debates, the First Minister set out Scotland's key interests in protecting our place in the single market, securing continued freedom of movement and protecting social and employment rights. She also, along with colleagues, pressed for more information on the UK Government's high-level negotiating stance and for some indication of how it would take forward engagement with the 27 remaining EU members. However, we know no more about the UK Government's approach than we did when we went into Downing Street. We do not know whether the UK Government is in favour of membership of the single market and the customs union, what type of relationship it envisages between the UK and the EU after Brexit or indeed how and when those decisions will be made.

We secured agreement that the JMC in plenary session will meet more frequently, with another meeting promised for the new year, before the triggering of article 50. To put that in context, the last meeting of the JMC plenary before this week was in 2014. It was also agreed that a sub-committee be established to discuss the issues raised by Brexit. That sub-committee—the JMC on EU negotiations—will meet for the first time early next month.

Following a proposal from the First Minister, agreement was reached that a detailed work programme is to be established ahead of the first meeting, which must be linked to the timetable for, and the key points anticipated in, the overall Brexit negotiating process. That timetable must ensure that issues are discussed in sufficient time to inform the UK Government's European sub-committee's decision-making process. The Scottish Government will take part in as many meetings as necessary in order to ensure that that is the case, and I shall be speaking with David Davis later today about those issues.

Let me make this clear to Parliament. The Scottish Government, the Scottish Parliament and indeed the people of Scotland are—and must be—equal partners in this multinational United Kingdom. The Scottish Government will not be—and is not—simply a consultee or a stakeholder. That is not what the Parliament—or the country—asked us to do.

There is a huge amount of work to do to satisfy the Prime Minister's own requirement for "a UK approach and objectives for negotiations"

before she triggers article 50. As the Welsh First Minister said after Monday's meeting, "time is against us", given that there are only 18 weeks between the first meeting of the JMC (EN) and the UK Government's self-imposed March deadline for triggering the article 50 process. Eighteen weeks—126 days. We cannot afford to lose a single one of them, given the vital importance of a task that includes ensuring that the UK—and Scotland—does not drive straight off a hard Brexit cliff.

Monday made it clearer than ever that there is at present no coherent UK plan. However, there has to be a Scottish plan; ideally, there should be one that is good for the UK too. Alongside our efforts to influence the UK to adopt a soft Brexit with continued membership of the single market, the Scottish Government will, by the end of this year, bring forward our own detailed proposals to protect Scotland's interests. A key part of those proposals will be ways in which we can maintain membership of the single market for Scotland, even if the rest of the UK leaves.

I have noted recent comments by Alex Rowley, and by David Watt of the Institute of Directors Scotland, suggesting that a consensus position on the key issue of immigration may be possible. We will continue to seek advice from the standing council on Europe to seek agreement on that and other key issues, and I remain open to proposals from all the other parties.

This Parliament also gave ministers a mandate to engage with other European nations and institutions to ensure that Scotland's position is heard. Since our last statement to Parliament, the First Minister has attended the Arctic Circle Assembly, where she met Iceland's President, Prime Minister and foreign secretary and Finland's Deputy Prime Minister. The Cabinet Secretary for Culture, Tourism and External Affairs has met the Taoiseach and the Irish foreign secretary, as well as ministers from the French, Italian and Maltese Governments. In addition, along with continued engagement with the diplomatic community in Scotland, we have also met Gibraltar's Chief Minister and Deputy Chief Minister.

Fiona Hyslop and I visited Brussels last week. We spent time with Scottish members of the European Parliament, as well as with Guy Verhofstadt, who forms part of the European Parliament's negotiating team, and with Danuta Hübner, the chair of the Parliament's Committee on Constitutional Affairs, which will take forward scrutiny of Brexit.

Of course, the views of this Parliament remain crucial to establishing the principles behind our approach. My Cabinet colleagues and I have taken part in very useful debates on the implications of the EU referendum. That series will continue with a debate on the environment tomorrow.

Members will also know that this Scottish Government was elected with a clear mandate that the Scottish Parliament should have the right to hold an independence referendum if there was

"a significant and material change in the circumstances that prevailed in 2014, such as Scotland being taken out of the EU against our will".

That is a direct quote from the manifesto on which we stood and won. We are now faced with that specific scenario.

As a result, in the immediate aftermath of the EU referendum we said that we would prepare the required legislation to enable a new independence referendum to be held if it became clear that that was the only or best way of protecting Scotland's interests. We repeated that commitment to Parliament in our programme for government.

Last Thursday, we published the "Consultation on a Draft Referendum Bill". That consultation invites views on the draft legislation and technical arrangements for a referendum. That will ensure that the draft bill is ready for introduction should that be, in the Government's opinion, the right way in which to proceed.

The people of Scotland, in every local authority area, voted to remain in the EU—that is an inescapable fact, and it is recognised by every party in the chamber. We have therefore sought, and will continue to seek, to work with every party to ensure that the democratic, economic and social advantages of our engagement with and connection to Europe continue to benefit us as a nation. There is much that we can do together. We can continue to seek answers from the UK Government on the most basic of questions; we can continue to bring forward solutions to the problems created by the Brexit vote; we can continue to assert our right to be treated as an equal partner; and, as the First Minister said this morning, we can and must come together to form an all-Scotland coalition to protect our place in the single market regardless of our views on the constitution. We can resolve to ensure the best

outcome for Scotland and all the people who live here, including those who come from elsewhere.

**The Presiding Officer:** Thank you. The minister will now take around 20 minutes of questions.

**Adam Tomkins (Glasgow) (Con):** I thank the minister for early sight of his statement and wish him and his sore throat a full and speedy recovery.

Yesterday, this year's winner of the Booker prize for fiction was announced. I think we know already what one of the leading contenders for next year's prize will be: Nicola Sturgeon's programme for government, with its commitment to place education centre stage. It will be a candidate not because it is particularly well written but because, judged by any standard, it is a work of fantasy. It does, indeed, require a great leap of imagination to conjure the image of an SNP Government that is not obsessed with independence.

Yet what we saw last week, with the publication of the consultation on the draft referendum bill, was a simple copy-and-paste job. The question, we are told, will be the same and a simple majority will decide it. A section 30 order will be required as before, and the campaign rules will be unchanged. However, the SNP forgot to copy and paste the fact that we have already answered the question—we said no, and the SNP signed an agreement that it would abide by and respect the answer. Why has it rattled on that agreement?

We often have to remind the SNP that it is now a minority Government, but it seems to have interpreted that fact as a mandate to govern in the interests only of the 45 per cent, not in the interests of the clear majority of Scots who said no to independence. We hear a lot of loose talk about mandates—we heard about mandates in the ministerial statement a few moments ago—based on material change and the like, but the truth is that there is one and only one indyref trigger, and that is a substantial and sustained spike in the opinion polls in favour of independence. Given that there has been no such shift in public opinion, why is the Scottish Government wasting everybody's time?

**Michael Russell:** When he reads the *Official Report*, Mr Tomkins might want to reflect on the reality of what I said and what he said in his question, because they do not match each other. The points that I made were about the serious existential threats that Scotland faces in the Brexit process and about the need to work together to answer those threats and questions. They looked for information from the Conservative Party, which obviously—north and south of the border—has no idea and no thought about what is going ahead; it can only bluff and bluster.

I say to Mr Tomkins and his colleagues that I remain very willing to enter into serious discussion

about the issues that we have to resolve in Scotland in circumstances that we did not ask for, that we have been dragged into and that threaten our future prosperity and, indeed, much else in our nation. When Mr Tomkins is ready to address those issues, I will be ready to respond.

**Lewis Macdonald (North East Scotland) (Lab):** I, too, thank the minister for advance sight of his statement. He quoted Carwyn Jones, who said on Monday that “time is against us”. Mr Russell counted the days until the day on which Theresa May plans to trigger article 50 and rightly said that we cannot afford to lose a single one of them. We do, indeed, need to know the UK Government’s approach to and objectives for the negotiations, but we also need to know a bit more about the Scottish Government’s priorities and objectives.

The minister says that he will introduce the Government’s own detailed proposals but that he will do so only by the end of the year. That is 66 days away—days that we surely cannot afford to lose. Will the minister not follow the good practice that he has commended to others and go beyond the high principles to tell us precisely what he will be saying to colleagues on the joint ministerial committee? If membership of the single market is the Scottish Government’s red line, what does the minister propose for the customs union, agriculture and fisheries and trade with third parties—all of which lie within the European Union but outwith the single market? If it will take him 66 days to answer those questions, will he undertake today to engage fully with other parties in this Parliament—not as consultees, but as partners in finalising those positions—in the same way as he calls on UK ministers to engage with the Scottish Government and other devolved Administrations?

**Michael Russell:** On the second point, I am very happy to say that I stand ready to have those conversations. Indeed, I spoke briefly to Kezia Dugdale yesterday to say that we were very keen to have a meeting. We have not got that meeting set up yet, but I am sure that Mr Macdonald will go back and ask Kezia Dugdale’s office to expedite the matter.

On the first point, I assure the member that it will be fewer than 66 days. We do not intend to publish our proposals between Christmas and new year, so we are already counting down to the publication date.

It is important that the standing council on Europe influences the process in an important manner. A lot of detailed work is being done. We have indicated that there are options to be looked at. The member should bear with us and work with us as we develop the right option for Scotland, which we also believe will be the right option for the UK. In that regard, the Prime Minister said at

Friday’s European Council that the right option for the UK would also be the right option for the EU. In Scottish and UK terms, we believe the same. We can find an option that works well for Scotland and a differentiated option that works for the rest of the UK. That is what we intend to try to do, and I would be very happy to work with any party in this chamber that wants to do that. I have indicated that Mr Rowley’s contribution on the matter of migration was very helpful. The more that we have that type of contribution and discussion, the better it will be.

**Joan McAlpine (South Scotland) (SNP):** The EU Trade Commissioner recently said:

“If we can’t make it with Canada, I don’t think we can make it with the UK.”

Has the UK Government been overselling its claims about the opportunity to negotiate fully global trade deals?

**Michael Russell:** There has been a great degree of incoherence in the message coming from the UK Government about the possibilities of establishing trade deals. I think that it was the World Trade Organization’s secretary general who said after Liam Fox’s speech that Liam Fox misunderstood what the WTO was—that it was not the world free trade organisation, but the World Trade Organization. The World Trade Organization has a whole range of tariffs and issues that would arrive into any set of negotiations.

There is a sense of unreality in many of the UK Government’s statements. We could take those with tolerance were it not that their implications are so serious, because failing to get Brexit right will lead to prolonged and serious financial difficulties for each one of us. We need to remember that.

**Alexander Stewart (Mid Scotland and Fife) (Con):** The First Minister and the Minister for UK Negotiations on Scotland’s Place in Europe have talked much of protecting Scotland’s interests and addressing the uncertainty that faces Scottish businesses following the United Kingdom’s decision to leave the EU. Will the minister please explain how ripping Scotland out of the UK—a single market to which it exports more than four times as much as it does to the European Union—constitutes protecting Scotland’s interests?

**Michael Russell:** There is a worrying tendency in the Scottish Tory party to become obsessed with independence. I would encourage Mr Stewart and his colleagues to look at higher things, and to look at some of the issues that we need to address over the next 126 days. Mr Stewart may be able to bluster like Mr Tomkins—they both may bluster for the Tory party—but all that they are doing is letting Scotland down unless they are prepared—[*Interruption.*] Mr Tomkins is now

waving the draft referendum bill. He obviously sleeps with it under his pillow he is so fond of the idea.

In reality, we have a lot of work to do. I would dearly like the Tories to be part of that work instead of standing sniping from the sidelines.

**Pauline McNeill (Glasgow) (Lab):** We on this side of the chamber agree that the rhetoric at the Conservative Party conference was toxic and hugely unhelpful when it comes to reassuring EU nationals about their status in the UK. We are talking about people who have chosen not only to work in Scotland, but to make it their home.

To provide transparency on the negotiations that he is having on the matter, can the minister publish any minutes on or provide any detailed insights into those discussions? What has he put to Theresa May on the question? What options are on the table that would give legal certainty to EU nationals who want not only to remain here, but to have the protection to do so?

**Michael Russell:** I should have indicated that Pauline McNeill has also made contributions on migration and the movement of people that have been very helpful in this debate, and I am grateful to her for that.

I do not think that anybody would be in any doubt about what took place at the meeting on Monday. Better than a minute were the interviews with the First Minister when she left Downing Street—after two very frustrating hours, they had the ring of veracity about them.

We have made it clear that a simple statement to say that those who are presently resident here will be able to stay would begin to solve the problem. That is what is required. If that statement was made, we could move on from this stage. We would then need to look at the whole issue of migration.

As members will know, there was a report at the weekend that indicated that Scotland would be short of 100,000 members of its workforce without free movement of people. Those workers are immensely important, and decisions cannot be made to refuse to accept free movement of people without addressing the realities of the situation for Scotland and the Scottish economy. Scotland is not full up. I represent a constituency that has a severe problem of depopulation. To approach the issue as one that affects only the south-east of England will do an enormous disservice to the people of Scotland. I believe that we can get an answer on immigration that would suit the Scottish Parliament and Scotland, and which should suit the UK, and I hope that all members will help me to do that.

**Ross Greer (West Scotland) (Green):** In common with other members, I appreciate being provided with an advance copy of the minister's statement. The Greens welcome the opportunity to meet the minister, which Patrick Harvie and I will do soon. Following the answer that he gave Pauline McNeill, will the minister confirm what work the Government is doing to provide further evidence of the vital contribution that citizens from the rest of the EU make to our health and social care services and of the damage that would be done to those services by Scotland being dragged out of the EU, particularly if that happened under a hard Brexit scenario?

**Michael Russell:** A range of statistics prove the point that Ross Greer makes. The workforce statistics for the health service and the social care service make the point for him: 9 per cent of our doctors and 12 per cent of our social care workforce come from other European countries. There is a great deal of material on the table and a great deal of material being produced that testifies to the fact that severe problems will be caused for all parts of the public service by the proposed changes.

That puts into sharp relief the request that was constantly made to the Scottish Government that we should say what we wanted as regards the devolved competencies. The issue is not just about the devolved competencies; the way in which the single market operates, the free movement of people, the free movement of goods, the ability of companies to set themselves up elsewhere and passporting are all matters that deeply affect the devolved areas of competence, even though they might not be devolved. That is another reason why Scotland must be at the heart of the discussions and the negotiations.

**Tavish Scott (Shetland Islands) (LD):** I, too, thank the minister for providing an advance copy of his statement. I sympathise with him in relation to his ailment—I hope that it was not caused by all the shouting in London on Monday.

A month before the EU referendum, Theresa May warned Goldman Sachs of the consequences for the UK of leaving the single market. Of course, the Prime Minister now considers ending the free movement of people across the EU to be more important than the single market itself. Would it be helpful if, instead of telling American bankers why the single market matters, she made that case to her Cabinet? Does the Scottish Government recognise that the chaos that has been caused by the UK Government's current position is not helped by the uncertainty over independence for Scotland?

**Michael Russell:** I was with the member all the way until the last sentence. We have to find something to disagree on; I do not agree with his



last sentence, but I agree with the rest of what he said. He will be familiar with the old Westminster maxim that the vote follows the voice, and it is fairly astonishing to discover that the Prime Minister's voice was saying that Brexit would be a disaster and that now she is telling us to whistle a happy tune and believe that everything will be well. I call that hypocrisy.

**Stuart McMillan (Greenock and Inverclyde) (SNP):** The UK Government appears to be working towards sectoral deals for the City of London and car making. Does the minister believe that Scotland should be treated as a special case, given its overwhelming vote to remain?

**Michael Russell:** There is no doubt that differentiated deals are going to be of great importance. Scotland will require to consider why, if it is possible for the UK to consider differentiation for the City of London and the Japanese car factories in north-east England, it is not possible for the UK to consider differentiation for Scotland. That makes no logical, political or economic sense.

Unionists might want to consider that differentiation is the basis on which the United Kingdom was established and on which devolution was set up. To be against differentiation is to be against the thing that one is trying to defend. That seems wildly illogical.

**Rachael Hamilton (South Scotland) (Con):** Theresa May and David Davis are fully committed to engaging with all devolved Administrations, including the Scottish Government, as an equal partner, and they are open to proposals that Mike Russell submits to the joint ministerial committee. What evidence can the minister share with the Parliament that, instead of threatening to break up our country, he and his ministerial colleagues are co-operating with the UK Government so that we can obtain the best deal for Scotland and the UK?

**Michael Russell:** I am reminded of a line from, I think, the ballad about Sheriffmuir—"If you had seen what I have seen". I was in the room and I saw the Prime Minister's willingness, which was not as the member described it.

**Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP):** Following suggestions that hard-right Tory MPs are planning, in a bid to scrap red tape, to insert into Theresa May's Brexit bill a sunset clause that would mean that all EU laws automatically expired after five years, does the minister agree with Antonia Bance, the Trades Union Congress's head of campaigns, who said yesterday that, as we all know,

"This is how workers' rights come under threat"?

**Michael Russell:** First, I should correct the record. Mr Fergus Ewing has reminded me that

the song that I was referring to was about Killiecrankie and not about Sheriffmuir. I would not like to mislead Parliament about folk songs.

In a speech to the Institute for Public Policy Research in July, the First Minister laid out a series of tests for the options that we are considering. Those tests included the economic test, the democratic test and the test of social protection. Christina McKelvie is absolutely right to say that guaranteeing social protection—not just the continuation of the existing social protections but the continuing improvement of social protection, to which the EU is committed—will be vital to Scotland's national interests. The issue is also tied up with the single market; if the single market is undermined and removed, social protections, too, are undermined and removed. The idea of a sunset clause, as proposed by a very right-wing ex-Tory chairman, is in fact an attempt to undermine that and should be resisted with vigour.

**Anas Sarwar (Glasgow) (Lab):** It is becoming increasingly clear that Scotland is caught between two nationalist Governments that are both obsessed with rhetoric and wildly inaccurate claims about taking back control but which are in reality not concerned in the least about the impact that leaving the EU or the UK will have on people's jobs, public services, people's right to live and work across the EU or indeed the UK, or trade opportunities that exist in the EU and the UK for companies that export. Given that the Scottish Government delivered in short order an economic impact report on leaving the EU, when will the same report in the same terms be published on Scotland leaving the UK?

**Mike Rumbles (North East Scotland) (LD):** Well said.

**Anas Sarwar:** Just two years ago, the Government was relaxed about challenging the single market and threatening freedom of movement. We have heard again today about the hard Brexit cliff. Why is the Government so relaxed about the hard independence cliff?

**Michael Russell:** I give two pieces of friendly advice to Anas Sarwar. The first is that he is bound to be on the wrong side if Mike Rumbles is applauding him.

There are Labour members who have made a sensible and thoughtful contribution to the debate because they realise how serious it is. I have spoken about the contributions of Pauline McNeill and Alex Rowley, and Lewis Macdonald made a sensible contribution, too. My second piece of advice is that Anas Sarwar would be well placed to emulate them. What he just asked does him no credit and certainly does not benefit his party.

We have problems to solve and I look forward to sitting down with Kezia Dugdale to discuss how we will solve them. I do not imagine that Anas Sarwar will need to be in the room if that is his contribution.

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** The UK Government promised to treat Scotland as an equal partner in the union, yet it swiftly moved to introduce English votes for English laws, and it now looks determined to ignore the 62 per cent of Scots who voted to remain in the EU. Is such behaviour consistent with the promises that were made to Scotland?

**Michael Russell:** No. The Prime Minister said that Scotland should be fully engaged and fully involved. She has talked about a UK position, rather than a UK Government position, before article 50 is triggered. However, none of those things has come to fruition yet. Rachael Hamilton believes that the Prime Minister is well intentioned in the matter, but I have yet to see that. I am still waiting and, if it happens to be the case, I shall be pleased, but I will not hold my breath.

**James Dornan (Glasgow Cathcart) (SNP):** Given the meeting that has been mentioned that the minister had on Monday with the Prime Minister and the heads of the devolved Assemblies, does he have any worries about the potential impact on education in Scotland? Does he agree with Professor Sir Timothy O'Shea, who said on Monday that the potential impact of Brexit on higher education

"ranges from bad to awful to catastrophic"?

**Michael Russell:** I am grateful to Mr Dornan for raising the important point of the impact on higher education. The impact on higher education research, in particular, is crucial in the discussions. Tim O'Shea's contribution was, as ever, measured and in-depth. He knows more about the running of universities and higher education in the UK—and globally—than most people and, when he uses such language, he uses it in a considered fashion.

In the process that we are now embarked on, we have to ensure that we have detail early so that the UK Government takes forward proposals that do not damage higher education—in particular our involvement in horizon 2020 and in Erasmus—and do not impact the flow of talent into and out of this country. Universities are in a talent game and there is an invidious possibility—we are just beginning to see and hear about it—that senior academics who might be tempted by the offers that they are being made to come to Scotland or the UK to further their career will say, "Is Scotland and the UK a place that will welcome me? Is that a place that can sustain me and will the connections be worth having?" If the answer to any of those

questions is no, they will not come. That will lead to a diminution of our excellence and we must avoid that at all costs.

**John Scott (Ayr) (Con):** As our Governments approach the Brexit negotiations, what discussions has Mr Russell had with secretary of state David Mundell about developing a joint approach to representing Scotland's position? If he has held such discussions, what matters were agreed?

**Michael Russell:** I thank Mr Scott for that question. The secretary of state has raised the subject with me and I am more than willing to attend events at which we both speak and to listen to sectors. I am sure that we could co-operate in that way, but it would have to be done on the basis of equality and on the basis that we are there to listen and to put our point of view. The outcome would have to influence the negotiating position. If we can achieve those things, I have no difficulty.

**The Presiding Officer:** I thank the minister and members for their contributions.

## Enterprise and Skills Support

**The Deputy Presiding Officer (Christine Grahame):** The next item of business is a debate on motion S5M-02099, in the name of Keith Brown, on delivering future enterprise and skills support in Scotland, phase 1 outputs from the enterprise and skills reviews. I call Keith Brown to speak to and move the motion—13 minutes, please, cabinet secretary.

15:15

**The Cabinet Secretary for Economy, Jobs and Fair Work (Keith Brown):** Yesterday, I published the phase 1 decisions of the enterprise and skills review; the First Minister announced the review in the chamber five months ago to the day. Our aim was to take fresh action towards our long-term ambition, encapsulated in Scotland's economic strategy, to rank in the top quartile of Organisation of Economic Cooperation and Development countries for productivity, equality, wellbeing and sustainability. That ambition is the foundation for the work of our four enterprise and skills agencies—Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland and the Scottish Further and Higher Education Funding Council—both individually and with each other and the Scottish Government. We recognise the vital contribution that the four agencies make to creating a more successful country, with opportunities for all of Scotland to flourish through delivering inclusive and sustainable economic growth. Our long-term ambition will require our best intelligence, analysis and creative ideas to achieve it.

The first phase of the review has been about reaching out, offering opportunities to be involved and collecting the evidence to ensure a simpler system that is based on meeting the needs of users and delivering the right outcomes for everyone. We have engaged extensively over the summer and gathered evidence in many forms, from economic advisers and academics, and from individuals, businesses, further and higher education institutions, agencies and representative organisations. We have sought the views of people with experience of using those public services and I thank in particular all members of the ministerial review group for their valuable insight and support. We also looked again at Audit Scotland reports and at Graeme Reid's report on innovation centres hot off the press.

For my part, I was very encouraged by the high level of engagement with our national ambition and the quality and wide range of responses from individuals, businesses and organisations, with good ideas about how best to come together to achieve our ambition. I thank all those who have

engaged so far. That balance of views is crucial to seeing the challenges in context and finding the right answers. Some asked for a refreshed strategic focus, a single vision, goals and shared ownership; others wanted to understand the criteria for support and have a simple-to-access, uncluttered service.

Many respondents conveyed a sense of being excited and energised by the process, enabling us to develop at real pace. However, that is not to say that we have rushed this consideration. Some of our questions related to long-standing structures, so we have sought a careful balance between engaging with pace and deliberating carefully. Last month, I announced that the review will proceed in two phases and we announced yesterday our top-level actions and those areas where work is ongoing or further consultation is required.

We want to work with others across the chamber and across Scotland. Interestingly, one of the major points that were made by the various business organisations on the ministerial review group was that they wanted to see a political consensus behind what is subsequently agreed. We therefore want to work with others across the chamber to make a transformational change in Scotland's economic performance. We want to reinvigorate our focus and place our ambition firmly within the context of Scotland's economic strategy. We seek to create an enterprise and skills system with strong leadership, aligned closely behind our common purpose, which meets the needs of the end users of the services.

Our agencies and their staff already carry out excellent work on behalf of a diverse range of individuals and businesses across Scotland. As Audit Scotland noted, they have been successful in their respective roles, with clear strategies and good governance. The enterprise agencies, for example, collectively work with or assist around 11,200 businesses each year, and there are good examples of all of them working with partners to achieve a positive impact, such as creating jobs.

However, we have to acknowledge that, good as the agencies are, we need to step up our performance to achieve our ambition. The level of challenge that we face has increased exponentially because of the European Union referendum result, which has created a new context that requires fresh urgency. In the lead-up to the EU referendum, the Scottish economy continued to grow and demonstrate resilience in the face of continuing external headwinds.

**Willie Rennie (North East Fife) (LD):** I am intrigued by the cabinet secretary's proposals for Highlands and Islands Enterprise and also by those for the south of Scotland. Will there be any changes to the functions of Highlands and Islands Enterprise? Will there be a separate agency for

the south of Scotland or will it just be a local office?

**Keith Brown:** I intend to come on to that. However, I will say that the issue of functions will be part of what is considered in phase 2 and that an agency will be established in the south of Scotland.

Scotland's economy has grown modestly since the start of 2016, growing 0.4 per cent in the three months leading up to the referendum. That was the highest rate of quarterly growth since the start of 2015. In relation to comments in the papers from Andrew Dunlop and David Mundell, I say that the Tory tactic of saying that we are not as good as the rest of the United Kingdom seems bizarre. Two Governments are involved in Scotland's economy and to absent yourself from involvement in the economy does not seem to be a commendation for that approach. If, as Andrew Dunlop has said, the Scottish economy is not performing as well as that in the rest of the UK and the Scottish Government will have to improve things when it gets its new powers, why has the economy not been improved while the UK Government has been exercising those powers? The tactic seems bizarre.

I am also extremely surprised that the Conservative amendment seeks to remove any reference to Brexit from the motion. We hear about Brexiteers and anti-Brexiteers but we have not yet heard of Brexit deniers. Brexit is a huge issue.

Scotland's labour market also continued to perform strongly with one of the lowest levels of unemployment that most of us have seen in perhaps a quarter of a century. As of August this year, employment levels were higher than they were a year ago and the unemployment rate in Scotland has fallen to 4.6 per cent, which is its lowest rate in eight years and lower than the UK's rate of 4.9 per cent. It is encouraging that the underlying resilience of the Scottish economy remains strong, and there is much to be positive about.

However, the outlook for growth in Scotland and the UK over the next 18 months has weakened since the EU referendum. Economic forecasters have downgraded their growth projections for 2016 and more substantially for 2017 to reflect the heightened risk of a reduction in economic activity as the post-referendum political process unfolds. In the longer term, independent economic forecasts point to a range of possible impacts for the economy from a redefined relationship with the EU.

Although the path ahead is uncertain, the Scottish Government is clear that Scotland's relationship with the EU and our place in the single

market must be protected. That is vital for Scotland's businesses and investors and for ensuring that Scotland's business environment remains stable and attractive for investment.

On Monday this week, I was in Ayrshire to talk to a number of companies, one of which told me that it was facing a 15 per cent increase in the input prices in the glass and other materials that it sources from Ireland. I do not know about other members, but I am hearing similar things from a number of companies around the country that are facing huge increases in their input costs.

In that context, the phase 1 report sets out our vision, guiding principles, and actions under seven themes. We will strengthen the governance of our single enterprise and skills system, ensure appropriate regional approaches, and take action on internationalisation, innovation, skills, digital, enterprise support and the circular economy. Evidence on governance advocates that we will optimise what can be achieved by working seamlessly across the enterprise and skills system. Some respondents have suggested that there is a lack of clarity about roles and responsibilities that can lead to duplication. Users have asked us to simplify service delivery and to streamline funding schemes and grants. Respondents have also said that hard alignment around the national ambition might be overseen by a single board to ensure enhanced collaboration.

We will provide stronger governance of a single and coherent system by creating a statutory overarching board, and ensure robust evaluation and develop common targets that are aligned with the national performance framework and economic strategy to aid performance.

**Daniel Johnson (Edinburgh Southern) (Lab):**

I agree with the minister that streamlining the system is important for business. It is the one overriding cry that we hear from business organisations. Beyond the creation of a single board, can the minister point to where else such streamlining will take place? It is far from clear to me that there are any other steps in the document that will promote the streamlining of organisations. Indeed, there will be more agencies rather than fewer.

**Keith Brown:** That is not the case, not least because we are creating a single overarching board. If the member reads the document, he will see that the decluttering of what is a fairly cluttered landscape will be taken forward during phase 2. The member will know from the hustings that we shared prior to the election about some of the exasperations that end users feel, and that is what we are trying to address.

National and local evidence noted that arrangements should respond to differing

opportunities and challenges across Scotland, and that a one-size-fits-all approach is inflexible. Users have told us that services and funding streams might be simplified, and they have highlighted the particular needs facing dispersed populations in the Highlands and Islands and the south of Scotland. We will back our more national approach with enhanced regional skills delivery; they are two integrated sides of the same coin. We will protect levels of service provision in the Highlands and Islands, and create a new vehicle to meet the enterprise and skills needs of the south of Scotland.

**Tavish Scott (Shetland Islands) (LD):** Will the member give way?

**Keith Brown:** I am sorry, but I am running out of time.

**The Deputy Presiding Officer:** I can give you a little bit extra.

**Keith Brown:** In which case, I am happy to give way.

**Tavish Scott:** On the cabinet secretary's point about the single board, will strategic decisions about the Highlands and Islands still be taken in Inverness, or will they be taken by that new strategic board?

**Keith Brown:** The purpose of the strategic board is to oversee the strategy but also to provide that level of collaboration that we and the respondents to the consultation felt was not currently there. However, Highlands and Islands Enterprise will remain in place, as stated in the phase 1 outcomes.

We will review, with our local government partners, the best way to work together to deliver flexible local services with better outcomes for the user. There should be scope for the Scottish Government, local government, the agencies and other partners to work flexibly with emerging city deals, local services and regional economic partnerships.

On internationalisation, evidence identified Scotland's wide range of international assets and strengths and suggested that we could benefit from broader action across a wider range of activities and better co-ordination.

**Dean Lockhart (Mid Scotland and Fife) (Con):** I note that the cabinet secretary has not touched on productivity yet. The Scottish National Party's target of Scotland reaching the top quartile of productivity levels by 2017 will clearly not be met. Will there be a new announcement, either today or in the near future, about what the SNP's new target for productivity will be? Currently, Scotland is in the third quartile of productivity.

**Keith Brown:** I wonder whether the member has had an opportunity to read the phase 1 report, which covers exactly that ground. We have seen an increase in productivity of 4 per cent in Scotland, while it has been absolutely static in the United Kingdom. Nevertheless, I recognise that there is an issue with productivity, competitiveness and increasing exports, which is what the review is seeking to address. I am discussing our proposal for how we will help to address those issues.

Internationalisation is part of that, so we will increase the pace on delivering on our international trade and investment strategy and co-ordinate international activity across the public, academic and industrial sectors more strongly—we have received substantial evidence that, sometimes, the efforts of those sectors have been duplicated and that one effort can undermine another. That is why we must look to Ireland's team Ireland approach and take a team Scotland approach. We will also consider in phase 2 the role, position and governance of Scottish Development International.

Evidence on innovation also showed perceptions of complexity and we were asked to simplify and streamline funding. Agencies should offer agile, fast and flexible interventions, and collaborate better. The can do forum and the Council of Economic Advisers identified similar issues. We will review, streamline and simplify innovation support programmes, funding and delivery mechanisms. We will bring into one forum the strategic decision making on innovation and will publish the innovation action plan by the end of November.

On skills, our recently published labour market strategy defines the labour market outcomes that are required to support inclusive economic growth. Those will guide our approach as we move forward.

Evidence suggested that skills investment plans and regional skills assessments should be built on to better meet the needs of businesses and workers and that labour market information should be used more extensively to inform the alignment of provision with labour market demand. Some people have advocated a regional approach, and some have questioned the balance of academic and vocational skills investment.

We were encouraged to consider the needs for reskilling across the workforce, including upper age ranges. We will align the functions of our skills agencies to better join up the way in which learning and skills are planned and provided for learners and employers. We will review our investment in learning and skills, including skills utilisation. We will review the learning journey into employment for young people and we will seek to support people with low skills who are already in

the workforce and develop the skills of older workers to maximise productivity and inclusive growth.

Evidence also highlighted how much our global economic competitiveness depends on the right digital approach. We will therefore seek early improvements in services, with a step change in digital skills provision at general and specialist levels so that businesses can compete internationally. We will better communicate our infrastructure plans, and continue to examine how best to accelerate improved coverage to ensure that there is good connectivity across all of Scotland.

Evidence on enterprise support suggested that we have broadly the right strategic framework but that there could be areas for operational improvements. We will ensure a broader support offering to more companies on innovation, productivity, digital and exporting. We will also seek to implement better targeting to increase impact, and provide clearer entry and exit points. We will engage more closely with the private sector in shaping service delivery, and we will consider where the private sector might be involved in providing services.

I believe that those decisions will help us to achieve our strategic outcomes for Scotland, and I commend them to the chamber.

I move,

That the Parliament shares the ambition that Scotland should rank in the top quartile of OECD countries for productivity, equality, wellbeing and sustainability; recognises the vital contribution of the enterprise and skills agencies to creating a more successful country, with opportunities for all of Scotland to flourish through delivering inclusive and sustainable economic growth; further recognises the different social, economic and community development challenges facing the Highlands and Islands and the south of Scotland; believes that the challenge of achieving this ambition is made greater in the context of the Brexit referendum; further believes that achieving this OECD objective will require a transformational step change in national economic performance across a range of outcomes and that enterprise and skills support is central to achieving this ambition, and welcomes the publication of the outcomes of Phase 1 of the Enterprise and Skills Review.

15:29

**Dean Lockhart (Mid Scotland and Fife) (Con):**

We welcome the opportunity to discuss the future enterprise and skills framework in Scotland, and we also welcome the Scottish Government's phase 1 report in that area. In particular, it is good to see that the report includes a number of Scottish Conservative proposals, including the establishment of a new enterprise body for the south of Scotland and the much-needed expansion of the Scottish Development International network. After almost 10 years in

power and with no new policy initiatives, it is not surprising that the SNP is now looking to the Scottish Conservatives for new ideas on the economy.

It was also encouraging to see that so many organisations responded to the call for evidence. As Mr Brown said, there were over 300 responses to the review. The one overarching point that was made clearly in the feedback is that enterprise and skills policies should not be viewed in isolation. As the Confederation of British Industry Scotland has highlighted and as Mr Brown mentioned today, Scotland's long-term economic plan needs to involve a joined-up approach between the Scottish Government's economic strategy on the one hand and the work of the enterprise and skills agencies on the other. That has also been made clear by Audit Scotland, which said:

"the enterprise bodies are performing well but the Scottish Government needs a clearer plan for delivering its economic strategy".

That feedback reflects what the Scottish Conservatives have been saying for a number of years—that the SNP's economic policy is not working for Scotland. It has become increasingly clear that its economic development strategy, which is based on the four Is of inclusive growth, innovation, internationalisation and investment, as reaffirmed by the cabinet secretary in the report, is not proving to be effective.

If we look at the policy of inclusive growth, for example, we see that there has been very little growth in the Scottish economy in the past year, or indeed in the past decade. The latest gross domestic product figures, which were released two weeks ago, show that the Scottish economy expanded by only 0.7 per cent in the past year compared with a figure of 2.1 per cent for the economy in the rest of the UK.

**Keith Brown:** I refer back to a point that I made on the point that Dean Lockhart has just made. Does he recognise a responsibility on the part of the UK Government in the situation that he describes or does he, like Andrew Dunlop and David Mundell, always want to put it on the Scottish Government, forgetting the role that the Conservative UK Government is meant to have in the Scottish economy?

**Dean Lockhart:** The SNP has had its hands on the levers of the economy for almost a decade. It had a review of the enterprise agencies when it first came to power, in 2007, and it has now had another end-to-end review. It has had enough time to establish its economic credentials, and the economic data on its side is not very promising.

The increasing economic divergence from the rest of the UK because of the additional powers requested by the SNP will have a direct impact on

the Scottish budget and the amounts that are available to spend on education, the enterprise and skills agencies and other elements of economic development.

The other area that I want to highlight is innovation and productivity. The SNP has failed to meet its target for Scotland to reach the top quartile of productivity levels of OECD nations by 2017. I ask Mr Brown when a new performance target will be announced. According to Scottish Enterprise, if Scotland's productivity matched that of countries in the top quartile, as set out in the SNP's target, Scotland's GDP would be boosted by £45 billion a year. That economic gain would be a multiple of any potential downside of Brexit. There would have been a boost of £45 billion a year if the SNP had met its target. Perhaps the minister will tell us in winding up when a new productivity target for Scotland will be announced.

I call on the SNP both to include in its phase 2 report a detailed assessment of how it will address the on-going failure of economic and business development policies and to set out specific steps to increase economic growth in Scotland and productivity in the Scottish economy. It has had the chance to do the phase 1 report. It is now time, in the phase 2 report, to have a more fundamental look at the Scottish economy and how the Scottish Government can boost economic performance.

We agree with a number of the detailed recommendations in the phase 1 report. We have some concern that the proposed new board of trade may lead to further centralisation of economic policy, and we will be monitoring how it will work in practice. We would also go further than some of the steps suggested by the SNP in order to meet the challenges that the Scottish economy faces.

On enterprise policy, for example, our priorities are as follows. First, we need to simplify the enterprise support that is available to new and expanding businesses in Scotland. In the business community, there is real confusion over what form of assistance is available. In the Economy, Jobs and Fair Work Committee yesterday, we heard that there were over 600 funding streams available to businesses in Scotland. That is simply a cluttered landscape that needs to be fixed.

We propose making available a one-stop digital portal with business development information broken down according to sector, region and the size of business, and with different business support for exporting companies and domestic markets. That approach is taken in other countries such as Singapore and it works very effectively, so I would recommend that approach to the Government.

Secondly, the enterprise agencies should provide more non-financial support. In many cases, what is holding back the development of small businesses is the lack of management capacity or experience. The Singapore model and the Denmark model show that the secondment of sector experts into an emerging business for a short period can result in exponential benefits.

Thirdly, we encourage the Government to designate some of the underperforming parts of Scotland as turnaround zones—this was part of our manifesto—with special tax breaks, faster planning, streamlined regulation and dedicated support for those who decide to set up in those areas. Again, that has worked in other countries and there is evidence to show that it would work in Scotland.

We also need to maximise the commercialisation of innovation from our world-class universities. The work of the technology transfer offices needs to be looked at. That issue is not covered by the phase 1 report. I recommend that it is covered by the phase 2 report, because the technology transfer offices are an essential part of the transition mechanism that translates innovation from universities into the commercial market and more can be done to maximise opportunities from the research that takes place in our world-class universities.

In skills development policy, there are a number of specific steps that we would suggest the Scottish Government should look at. I was interested to see that there was very little mention of the apprenticeship levy and what the plans are for that in phase 1. Perhaps that will be touched on in phase 2. We need to increase the levels of apprenticeship uptake in Scotland. Per head of population, Scotland has only half the number of apprentices that there are in the rest of the UK.

We also need to clarify how the apprenticeship levy will be implemented in Scotland. The Scottish Conservative approach will be to ensure that the application and destination of apprenticeship levy funds are fully transparent and that those funds are reinvested in Scotland for apprenticeships and skills training and are not absorbed or lost in general funding.

We also need to address the on-going skills gap in Scotland. The recent CBI Scotland report highlighted an increasing skills gap in the economy and the CBI has recommended that future skills required in the economy should be driven by joint consultations between business and the skills agencies, such as SDS.

To conclude, the Scottish Conservatives will always support measures that encourage enterprise and skills development and we agree

with a number of the measures that are set out in the phase 1 report.

However, we call on the Scottish Government: to include in phase 2 of its report a detailed assessment of how it will address the on-going underperformance of the Scottish economy; and to set out specific, real steps to increase economic growth and productivity in the Scottish economy.

I move amendment S5M-02099.1, to leave out from “believes that the challenge” to end and insert:

“notes that, with the new fiscal powers devolved to the Parliament through the Scotland Act 2016, the performance of the Scottish economy will have a significant impact on achieving these goals and on the levels of public spending available to the Scottish Government; notes that Scotland’s economy continues to underperform compared with the rest of the UK on a range of measures; calls on the Scottish Government to effectively respond to the recommendations of the Audit Scotland report, *Supporting Scotland’s economic growth*, by developing a clearer plan for delivering its economic strategy and measuring its impact; further calls on the Scottish Government to confirm that skills development remains a priority at all levels of educational provision in order to maximise the contribution to productivity and sustainable growth and ensure that enterprise continues to be central to achieving economic growth targets, and welcomes the publication of the outcomes of Phase 1 of the Enterprise and Skills Review and anticipates the speedy publication of the next phase of the review.”

15:39

**Richard Leonard (Central Scotland) (Lab):** I am delighted to be putting forward the Labour case and the Labour amendment to the Government motion. I begin, and I shall end, with the recent Audit Scotland report into Scottish Enterprise and Highlands and Islands Enterprise, because the report reminds us—and I think that this Parliament needs to be reminded—that between 2008 and 2015, in the very years that our economy needed additional support not less, the national enterprise agencies of Scotland had their budgets drastically cut. For Scottish Enterprise there was a cut of 16 per cent in real terms, and HIE’s core operational budget was cut by 22 per cent—nearly a quarter—over the same period, according to Audit Scotland.

If we want—as I believe we do, and as the Scottish Government’s motion spells out—to match other advanced industrial economies in our industrial investment and our skills training and education; if we want growth and development rather than simply care and maintenance; and if we demand, as I believe we must, transformative change in our economy and a rebalancing of it with a vibrant manufacturing base, the Scottish Government must be bold and ambitious.

The well-respected Fraser of Allander institute describes the current state of the Scottish

economy not as strong but as “fragile”, and it forecasts that Scottish unemployment will rise to 7 per cent next year. Even as we hold this debate, production and manufacturing are not growing but contracting. Business investment, as measured by gross fixed capital formation, fell by 4 per cent in the first quarter of 2016 according to the Scottish Government’s own figures—and that is before Brexit has begun.

With an already shrinking productive base and a downturn in industrial investment; with real unemployment already at 12 per cent; and with Brexit looming, this is no time for business as usual or for timidity and tinkering with governance. This is not the occasion for postponing the real change that we need; it is quite the opposite. It is precisely the moment for getting on with that real change.

We need a debate, but it must be a fundamental debate on our whole approach to economic development, training and education. We need a discussion, but we need an honest discussion about whether the current institutional framework is capable of delivering the industrial strategy that we need.

We heard the First Minister announce at her party’s conference a plan to double the number of staff pursuing inward investment; to send out trade envoys from the new Scottish board of trade; and to open a new Scottish office in Berlin, which we suspect is necessary but by no means sufficient for the Brexit challenge that we face.

I say to the cabinet secretary that it is high time that we start to build up our indigenous business base, especially in the high-value, high-skill manufacturing industry, and that we start to develop the untapped potential for co-operative ownership growth in Scotland. The home of Robert Owen and the Fenwick weavers should set itself the noble ambition of becoming a co-operative capital once more: the Mondragon of the north. It is high time that we start to consider the innovative role that workers’ pension funds—including public sector pension funds—could play in starting to advance popular economic ownership and control. It is high time too that we seriously consider the case for greater public ownership of public transport, renewable energy, local government services and nationally organised services such as the work programme.

I go further and say to the cabinet secretary that it is high time, as part of a coherent strategy for industry, that he starts to look at new economic planning agreements and public equity stakes to stimulate the wider economy. I am firmly of the view that change will not come about if we simply leave it to the market; it requires Government leadership and a considered, coherent and credible industrial policy and strategy, which must



lie at the heart of the Scottish Government rather than being an afterthought. It demands a long-term vision of what we want our economy to look like in 20 years' time, because the change that we need will not happen overnight. We need to make a start now to make progress in the right direction.

That is why I shudder a little—perhaps only a bit, but I do—when the cabinet secretary says in his foreword to the “Enterprise and Skills Review: Report on Phase 1” that we need to be “cost-effective”. He has used that phrase before: when he was Minister for Transport and Veterans in 2014, he described Abellio as

“the least expensive but most cost-effective”

bid to take over ScotRail. I do not think that many of Scotland's passengers who face delay upon delay, day in and day out would agree that that kind of cost-effective approach is the right one for Scotland's enterprise, education and skills agencies.

**Keith Brown:** It would be useful if Richard Leonard would acknowledge the fact that the reason why we had to franchise rail services is because the Labour Party insisted on that in the two railway acts for which it was responsible. On the member's point about cost-effectiveness, he has talked about 2007, so will he recognise that the manifesto on which his party stood in 2007, with Jack McConnell, included more money for education, with everything else having to cut its cloth? In 2007, there were cuts for enterprise support coming from the Labour Party.

**Richard Leonard:** I was not around in 2007 and I do not know what Jack McConnell's draft budget plans were, but I can tell the cabinet secretary that, in the teeth of the economic crisis that we have been facing for the past five years, the right thing to do is surely to put more money into economic development, not to take it out.

We should be building up not taking down Scottish Enterprise's industrial knowledge base and its strategic role, while recognising the importance of sub-national structures, such as the city deal, and the challenges that now face not just the south of Scotland but the north-east. We argue that, in place of reactive task forces, we should establish proactive sectoral advisory groups that bring together trade unions and employers to help inform industrial policy and the real investment strategy that we need to go with it.

Just as we support the Government in its call for the

“robust evaluation of activity and impact”

of our enterprise and skills support agencies, I hope that, in turn, the Government will support our call for Audit Scotland's recommendations to be adopted, so that the Scottish Government sets out

its own economic action plan, with clear targets and timescales, and sets out progress against its stated economic priorities. That would be real progress, and I hope that we can make such progress this afternoon.

I move amendment S5M-02099.3, to insert at end:

“, and notes that, between 2008-09 and 2014-15, the combined spending of Scotland's enterprise agencies fell by 12% in real terms; further notes that a continuation of the reduction of Scottish Enterprise and Highlands and Islands Enterprise budgets will prevent the realisation of these ambitions to improve the development of Scotland's economy, and commits to an action plan that will set out clear targets and timescales for the delivery of the strategy that Audit Scotland has called for.”

**The Deputy Presiding Officer:** We move to the open debate. Because I have allowed all the front benchers extra time for interventions, I regret that there is now a tight six minutes for back benchers. We cannot have it both ways.

15:47

**Clare Adamson (Motherwell and Wishaw) (SNP):** I am delighted to be called to debate the motion on the skills review. I do not know whether Mr Leonard was around in 2007, but he was here in 2016 when the Government stepped in to save steel manufacturing plants in areas that he and I represent, securing manufacturing and skills for the future. That was stepping in and actively working towards securing an economic future for our area and for Scotland. That is exactly the type of work that the Government has been doing and will continue to do on behalf of the people of Scotland. I for one, along with my constituents, welcome that very much.

I will talk about the information technology industry, in which I used to work. I want to mention some of the challenges that it faces and some of the work that the Government has done in the area. As outlined in the SNP manifesto, the SNP Government has agreed to

“develop and implement a Scottish STEM strategy to ensure that from the earliest age, children are alive to the opportunities that science, technology, engineering and maths can offer them.”

It has also said:

“As part of this, we will introduce a new skills qualification that recognises the achievement of a wide range of vocational and other qualifications taken by young people in senior school.”

The Scottish Government has also agreed to

“examine the feasibility of establishing further skills academies to address key skills shortages, based on the widely-welcomed CodeCian model”,

which is an initiative that involves giving training in coding to young people who would not traditionally

go into IT or the academic world. It looks at people's aptitude and offers them training.

In the programme for government, the Scottish Government said that it will launch a consultation on the new STEM strategy and will set out the actions that it will take to

"raise the levels of STEM enthusiasm",

particularly in young people. It will also look at maths and numeracy skills in our schools.

That is all very important, because the potential economic benefits to Scotland of a strong IT sector and innovation economy are widely known and recognised.

The rapid pace of technological change means that there is a strong understanding that we need to continually raise this as a business priority. The British Computer Society recently published research to show that the number of people who are required in IT and digital roles will have increased five times faster by 2020 than the number required for other industries. The Scottish Government has shown its commitment to the area by its support for Codebase and other organisations, which will continue.

The BCS has recently reacted to Brexit and has said that

"vital support"

is required

"for our science and engineering education and research ecosystem if we are to continue to succeed in a global economy following the vote to leave the EU."

That is hugely important, because we cannot ignore Brexit, pretend that it will not happen or downplay the devastating impact that it could have on our economy if we do not get the right deal for Scotland.

The BCS has published research and has made six asks of both the Scottish Government and the UK Government, to ensure that the IT industry is supported. One is for

"outstanding computing education from primary school through to university level, so that our economy and society has the home grown talent it needs to compete internationally."

That brings me to further work that the Scottish Government has done with the launch of the barefoot computing programme, which is run in conjunction with BT and in partnership with the BCS, of which I am a member. It makes IT resources and lesson plans available to primary schools.

**Dean Lockhart:** Will the member take an intervention?

**Clare Adamson:** Yes, certainly.

**Dean Lockhart:** On the availability—

**The Deputy Presiding Officer:** I have to call you first; there is a bit of protocol here. Dean Lockhart.

**Dean Lockhart:** Thank you, Presiding Officer.

There is a shortage of computer science teachers: 17 local authorities in Scotland do not have dedicated computer science teachers. Is that not a skills development concern that the Government should focus on?

**The Deputy Presiding Officer:** I will say this before Ms Adamson responds. Interventions must be short, because we are running out of time. I do not mind them, but they must be short. Ms Adamson, please.

**Clare Adamson:** I am sure that it is. There are IT skills shortages in all areas, not just education, which is why we must work with our young people and encourage more people to come forward to have a career in IT at any level.

Brendan Dick, director of BT Scotland, said:

"Through our education engagement work, we know that primary school children really enjoy computer science—and that the thinking skills they gain can help in other subjects".

That is important, from my point of view. When we are educating and building on these areas, we want to develop lifetime skills for people. The analysis and the work that is done when people are taught computer programming especially gives them life skills that will benefit our economy in the future.

I do not have time to go into the other great work that is being done in my area, so I will leave it there.

15:53

**Jamie Greene (West Scotland) (Con):** I am glad that the cabinet secretary mentioned digital skills in his speech, because as many as 1 million Scots face social inequality because of digital exclusion, according to the Carnegie UK Trust. The growing digital divide between those with internet access and those without is felt most acutely in Scotland's remote and rural areas. That has far-reaching social and economic consequences.

Mobile internet and cloud technology have changed just about everything we do. They have not just made our lives easier but changed the conditions in which businesses thrive and workers succeed. In the age of the digital nomad, connectivity, training and start-up support are needed in rural and urban areas alike. Cloud computing has, for some, made the need for expensive inner-city office space obsolete. Now

anyone can run a global business from their laptop.

That presents the whole of Scotland with countless new economic opportunities in emerging markets, from consumer analytics to mobile advertising—but only if our digital infrastructure and our education system and skills training keep up with global trends.

Since my election, I have had the great pleasure of meeting some great young entrepreneurs in Scotland, such as SuperJam founder Fraser Doherty. He told me that one of his biggest challenges is recruiting people with the software skills that his business needs. He recruits from across the world, because there are simply not enough programmers in Scotland.

The digital revolution began a long time ago, but the Scottish Government has been slow to catch on and has been content with launching glossy recruitment campaigns and telling its agencies to innovate. Yesterday's enterprise and skills review document is a prime example: it is full of jargon and words like "streamline" and "step-change" but it fails to provide any glimpse of a strategy that will enable Scotland to benefit from the economic opportunities of the fourth industrial revolution.

As I read the report, it seemed to me that the Scottish Government is stalling for time rather than spelling out the practical steps that it needs to take. It says:

"We want Scotland to be a place where innovation is an intrinsic part of our culture, our society and our economy".

However, a constituent who came to one of my surgeries recently told me that he is perpetually frustrated by the Government's lack of support for inventors in Scotland.

The document talks about skills provision, but how can we raise up the workforce of tomorrow when 17 per cent of Scottish schools have no computing specialist whatever and 30 per cent of Scots still lack basic digital skills? My colleague Dean Lockhart referred to the lack of computing science teachers in Scotland, which is an important matter.

**Clare Adamson:** Will the member acknowledge that the Scottish Government, far from not recognising such problems, has been addressing them? Its willingness to advance the STEM ambassador programme, bring people in and work with partners is all about that area—

**The Deputy Presiding Officer:** Short and nippy, please, short and nippy. Mr Greene.

**Jamie Greene:** I take on board the point. STEM subjects are important, but the lack of computing teachers in Scotland has an immediate effect on the skills that are available to employers.

How can we attract new businesses to rural communities, if they are the last communities to benefit from the roll-out of high-speed broadband?

In a recent report, Audit Scotland highlighted the lack of measurable targets and clear strategies for the Scottish Government's economic development agencies and noted that it is not always possible to measure how the agencies contribute to delivery of the Government's overall strategy.

Meanwhile, the tech and start-up scenes in other small countries, such as Portugal, Israel and Estonia are gathering momentum.

Our amendment calls on the Scottish Government to develop "a clearer plan". I hope that phase 2 of the review will do just that. Observing the Scottish Government's lethargy in bringing Scottish enterprise and skills into the 21st century is a bit like watching the sand in an hourglass slip away; every grain is a missed opportunity.

The year 2020 is just around the corner. I do not want to have to make this speech again over the course of this parliamentary session, but having read the report I fear that I might have to do just that.

**The Deputy Presiding Officer:** Thank you, we have made up some time. That is excellent.

15:58

**Colin Beattie (Midlothian North and Musselburgh) (SNP):** In these uncertain times, it is more crucial than ever that the Scottish Government remains wholly committed to investing in and developing a strong, sustainable economy, and to increasing business-driven innovation and our international competitiveness, while reducing inequality. For those reasons, I am pleased to see the official results of the Government's end-to-end review of the enterprise and skills bodies which, based on the consultations that have taken place, promise an increasingly bright future for Scotland and its people.

I think that all members will agree that we are fortunate that the review was planned before the European Union referendum took place. That has enabled us to focus our efforts not only on pre-existing challenges in the enterprise and skills agencies but on the new context and emerging challenges that have resulted from the referendum.

That said, there are clear areas where we have already made great strides forward—areas in which I know we will continue to progress as a result of that assessment. For example, the creation of a new Scotland-wide statutory board to co-ordinate the activities of HIE and SE, including

SDI, SDS and the SFC, promises to make the actions of each of these organisations more effective and efficient.

In addition to the report released yesterday, I have read through a large portion of the responses to the Government's formal call for evidence and the learning journey workshops and interviews that were commissioned, and there were many constructive suggestions arising from first-hand experiences with SDS and the various other agencies. Those insights will allow us to continue to build on what we already know works well inside those agencies and will help us to achieve the step change needed in Scotland's economic performance.

From what I have seen before and during the evaluation, we have done a very good job in identifying areas where we need to improve our performance. In targeting those areas, using the results of that end-to-end review, we will be able to hone those approaches to skills development that have been successful and we will be able to develop new strategies to combat developing challenges in the sector, especially those arising from Brexit.

A clear correlation is established between the amount a country invests in research and development and the subsequent success of that country's economy. Historically, Scotland has lagged behind in the amount that private businesses invest in R and D. However, we have increased our expenditure on R and D by 44 per cent between 2007 and 2014—from £629 million to £905 million. That is compared with a 10 per cent increase in the UK. Scotland already has one of the highest rates of spend on higher education R and D in the OECD.

What is more, we have increased our international exports by over 17 per cent since 2010, with over £27 billion in exports every year. Total food and drink manufacturing exports increased by £3.4 billion—an increase of 63 per cent—between 2002 and 2014. Those accomplishments are in addition to increases in investment in higher education, international recognition of our universities as being among the best in the world, and rankings that place Scotland among the most attractive locations for inward investment in the UK.

My point here is this. We know what we need to do on a national level, as set out by the four Is in Scotland's economic strategy: investment, innovation, inclusive growth and internationalisation. That is happening right now, through the process of the review, setting out what we can continue to improve locally, on a user level, better co-ordinating enterprise and skills organisations, and we are committed to using those findings right away. In essence, we are

leveraging all of our devolved powers to improve each aspect of Scotland's economy from the inside out. That even includes those parts of our economy that are already outperforming international benchmarks.

The Scottish Government introduced the most competitive business rates scheme in the UK, invested billions of pounds in Scotland's infrastructure, established the curriculum for excellence in our schools and expanded the level of funded childcare to help those with young children participate more fully in the labour market. It has committed to creating tens of thousands of new modern apprenticeships every year, established a new innovation forum, and built the Scottish Business Development Bank from the ground up. The actions outlined in yesterday's report promise more of the same success.

The focus here is on not only economic growth, as I discussed earlier, but reducing inequality. Inequality hampers the skills development of disadvantaged individuals, reducing their social mobility and undermining any further educational opportunities that they might have. Even though we have a highly skilled workforce and a long-standing reputation for innovation, international experience demonstrates that taking our country to the next level—to the highest quartile—also requires performing better on measures of equality and wellbeing. In a sense, the two are symbiotic.

I am pleased to see that the report on phase 1 spent a considerable amount of effort specifically addressing inequalities in educational outcomes. That improves employment opportunities and living standards for individuals, but also the overall skills of Scotland's workforce. The Government's report points out that we are one of the first countries in the OECD to put inclusive growth at the heart of our economic strategy while also focusing on increased competitiveness. That can only make for a stronger Scotland.

However, I am deeply concerned—and I see in the report that the Government agrees—that our

"long-term economic performance depends on greater success in international markets and in continuing to attract stronger investment"

from abroad. Obviously, that depends on our maintaining access to those markets—access that is being threatened. The recent events stemming from the EU referendum put the future expansion of our burgeoning international trade at considerable risk.

I look forward to seeing the actions that are reported in phase 1 being implemented and commend those who were involved in producing yesterday's report for their excellent work.

16:05

**Colin Smyth (South Scotland) (Lab):** I refer members to my entry in the register of members' interests and to the fact that I am a councillor in Dumfries and Galloway, where I chair the economy committee. I am also the chair of the south of Scotland alliance.

As the cabinet secretary said in his opening speech, our enterprise and skills agencies make an important contribution to our economy and they impact on all our constituencies. Last week, I met a company in my constituency that is account managed by Scottish Enterprise, I spoke with young people on a training programme that is provided by Skills Development Scotland and I visited Dumfries and Galloway College, which is funded by the Scottish Further and Higher Education Funding Council. However, the more organisations I speak to and the more companies I visit, the more the need for change becomes apparent. That is why the review of our agencies is so important. I very much welcome it.

Put simply, the current structures are not delivering the support that is needed for the economic success that we all want. That is nowhere more apparent than in the south of Scotland. The Government's motion talks about the economic challenges that will be caused by Brexit—I am not a Brexit denier, so I do not disagree—but I can tell members that the south of Scotland does not need to wait for Brexit in order to face major economic challenges: the challenges are there right now.

In Dumfries and Galloway, economic productivity—our gross value added per hour—is just 82 per cent of the Scottish average. There are fewer people with high-level qualifications in the region's workforce than the Scottish average, and only about 20 per cent of the workforce are educated to degree level, compared with a Scottish average of 30 per cent. The proportion of people of working age there who have no qualifications is twice the level of the Highlands and Islands, youth unemployment in the region is almost always higher than the national average, and there is real evidence of growing underemployment. Not surprisingly, given the level of part-time employment, Dumfries and Galloway has a low-wage economy with, shamefully, the lowest-paid workforce in Scotland. The most recent Office for National Statistics figures show that the gross average weekly wage of someone living in Dumfries and Galloway is £463, compared with a Scottish average of £527 and a UK average of £530.

The Government has had a commitment to regional equity—which it now calls regional cohesion—in its past two economic strategies, but the stark figures that I have highlighted show that

after nine years the people of South Scotland do not feel a great deal of regional equity. As Audit Scotland pointed out in its recent report "Supporting Scotland's economic growth: The role of the Scottish Government and its economic development agencies", there is a real disconnect between the Government's economic strategy and aims and the remit and direction that are given by the Government to agencies such as Scottish Enterprise and Skills Development Scotland.

What needs to change? We need a clear commitment in the review that regional equity will be part of the remit of our Government agencies, and we need a performance framework that measures not only delivery of regional equity but the contribution that the Government agencies make to that. As far as the south of Scotland is concerned, that could be achieved through a stronger regional approach by existing organisations, through devolution to local councils of more economic development powers and resources, or through the establishment of a specific organisation in the area to tackle the challenges. As the cabinet secretary confirmed in his opening speech, phase 1 of the review proposes the last option.

The proposal for a south of Scotland body that the cabinet secretary outlined sends a signal that the Scottish Government is now at least aware of the significant economic challenges that the area faces and that the campaigning and lobbying that many of us in the region have done for many years are beginning to pay off. The question is this: what will the proposal mean in practice? The remit, resources and capacity of Highlands and Islands Enterprise demonstrate an effective approach to strategic economic development in a rural area that those of us who live in the south of Scotland have looked on with envy for some time—not least because of the social development element of HIE's role. However, it is not entirely clear from the list of actions in phase 1 of the review whether that is what is proposed for the south of Scotland. The actions talk about

"a new vehicle to meet the enterprise and skills needs"

of the south of Scotland, but I note that the vehicle will be accountable to the new Scotland-wide statutory board rather than to a board that will be based in the south of Scotland. That contrasts with HIE, which is very much directed in the Highlands and Islands.

It is also not clear what the boundaries will be or what powers the new vehicle will have. Will it have powers devolved to it from Scottish Enterprise and Skills Development Scotland or will it simply seek to remove powers from local authorities, thereby raising further concerns about more centralisation?

Furthermore, it is not clear what the budget of the new vehicle will be. As Richard Leonard highlighted, the combined spending of Scottish Enterprise and HIE has been decreasing in real terms over recent years. In 2015-16, the Scottish Enterprise budget was £280 million to deliver economic development across 4.8 million people—an average of £58 per person. The final outturn budget for Highlands and Islands Enterprise was £96 million to deliver across a population of about 450,000—an average of £213 per person. Will the new vehicle for the south of Scotland have a budget akin to that of Highlands and Islands Enterprise or will it be similar to that of Scottish Enterprise? How will the new vehicle fit with the emerging borderlands initiative, which brings together Scottish Borders Council, Dumfries and Galloway Council and councils from across the north of England and was launched by the Scottish Government in 2013? Will it take into account the significant work that has been done to develop an alternative NUTS 2—nomenclature of territorial units for statistics 2—proposal for European funding, which will not happen because of Brexit, but for which the arguments are still strong.

I appreciate that the cabinet secretary is likely to tell me that that will all come out in the wash, which is phase 2. I hope that when the minister sums up he will outline in more detail the process that will be followed to develop the emerging actions from phase 1 and, crucially, what the timescale will be for completion of the work.

The clock is ticking when it comes to the economic challenges that are faced by my constituents, so I hope that we will not have to wait too long for an economic strategy that at long last delivers regional equity for the people of South Scotland.

16:11

**Willie Rennie (North East Fife) (LD):** I think that we can all—bar a few Conservatives who wish to deny it—agree that the exit from the European Union will have a significant impact on our economy. Consequently, it is essential that we have robust enterprise structures to support and meet that challenge.

We need to make sure that we face off the immediate Brexit challenges. The first challenge has been the change in the pound's value, which is having a direct impact on our economy. There have been positive aspects, but there have also been serious negative impacts. We also need to think about the longer-term investment decisions that are about to be made by companies across the country, so we need robust structures to support and advise them as they attempt to address the challenges.

The motion mentions equality and wellbeing and I recall Colin Beattie talking about inequality, but—again—the actions do not match the rhetoric. I have raised on a number of occasions my concerns about receipt of Government grants by companies such as Amazon that pay below the living wage. Although yesterday's report contains an oblique reference, there is no direct proposal that would lead to refusal of grants to companies that pay below the living wage. I hope that that issue will come in the later report, because the last time I raised the issue in the chamber with the First Minister she said that she would take “firm action”. The “firm action” appears to have been to send Roseanna Cunningham off to see Amazon to have a cup of tea. That cup of tea resulted in the company recruiting lots more workers who are also paid below the living wage. We should not send Roseanna Cunningham to Amazon any more if that is the action that we are going to get. Threats of cups of tea with Roseanna Cunningham are clearly not enough for Amazon to take further action.

I would like to see the Government institute a rule that says that it will not pay regional selective assistance or Government enterprise grants to companies that do not pay the living wage, as advocated by the Government. That would match action with rhetoric.

The minister gave part of the game away when he talked about reviewing the functions of the various agencies in the next report. He said that Highlands and Islands Enterprise will remain, that there would be a new agency—he called it an agency and not just a vehicle—for the south of Scotland. He then proceeded to say that the Government is not sure what that agency would do and that the functions would be reviewed in the next report. Forgive me for being sceptical, but we know this Government's track record: we know that it wants to regionalise education governance and to change the health boards, and we have seen what it has done with the police. I suspect that it wants to do exactly the same with the enterprise agencies. Colin Smyth has already alerted us to the fact that the new south of Scotland vehicle—or agency—will be directly accountable to the national agency. This Government's tendency is to Hoover up powers into the centre; it is not to recognise local need and variation, but to control things from the centre. That is the tendency, and I suspect that if the alarm bells had not been rung earlier, we would now be seeing the end of Highlands and Islands Enterprise. Thank goodness that somebody had the gumption to raise concerns about the Government's proposals on that, because it would have been a backward step to have abolished HIE.

In its report on the next stage of the review, I want the Government to put forward serious proposals to properly devolve powers to the enterprise agencies. I do not want HIE to have the same powers; I want it to have more powers. I also want the south of Scotland to have meaningful enterprise powers. Nine years after the SNP Government abolished support for the south of Scotland, it is ironic that it is trying to make a virtue out of recreating something that it abolished only a few years ago.

**Keith Brown:** Would Willie Rennie like to comment on the track record of the Liberal Democrats when they were in control in Scotland? They did not create the agencies or the additional powers that he is talking about; instead, they massively ring fenced the expenditure of local government. What he is saying now is not what he said back in the day.

**Willie Rennie:** The SNP Government's removal of ring fencing from local government does not absolve it of all responsibility for centralising ever since, which seems to be the Government's argument. Our party has a strong record in this area: we have advocated for the creation of regional development banks in local areas to ensure that we can drive local economies at a local level by working properly in partnership with councils. The Scottish Government cannot wipe away its record of the past few years; it cannot make a virtue out of creating something that it abolished only a few years ago.

If the SNP wants to praise the record of the Liberal Democrats, perhaps it could praise the work of Danny Alexander, who led the way on creating city deals for places like Glasgow, Aberdeen and Inverness. [*Interruption.*] The ministers scoff, but the reality is that Danny Alexander was the pioneer in creating those city deals. He drove forward the idea in the face of the wishes of a rather reluctant SNP Government; at the time, it was dragged to the table, rather than being an active participant. I want those city deals to be meaningful city deals, because that is how we can drive real change in the cities across Scotland.

16:17

**Ivan McKee (Glasgow Provan) (SNP):** The success of Scotland's economy and, hence, our ability to fund high-quality public services now and in the future will depend on the ability of our businesses to survive and thrive, both at home and in export markets around the world.

Government undoubtedly has a key role to play in supporting that success because the market on its own can do only so much. Getting the form and focus of that Government support right is critical to

economic success, to inclusive growth, to fostering innovation and entrepreneurialism, and to enabling us to build the kind of society that we all want.

I therefore welcome the Government's review of the enterprise agencies, in which it is considering how best to align the various organisations that currently occupy that space to ensure that the most effective, efficient and flexible support for business growth is provided.

It is important that we do not set our sights too low. In the past, I have spoken in the chamber about ambition—the ambition of our young people and our communities, and our national ambition for this country. Scotland has, in our natural resources and our human talent, many inherent strengths that many countries can only dream of. In many sectors, we are extremely well placed to deliver now and in the economies of the future. The task of Government, through its agencies, is to support Scotland's businesses to deliver on that potential and to realise that ambition. By setting a national target of achieving top-quartile Organisation for Economic Co-operation and Development status in productivity, equality, wellbeing and sustainability, the Scottish Government shares those ambitions.

I welcome the fact that the review process has been broad and wide ranging—evidence has been taken from more than 300 businesses, organisations and individuals—and I welcome the fact that the review is proceeding in phases, which is allowing the structure to take shape on a solid foundation following dialogue with business. In the business world, change is a constant, so continuous improvement of the structures and processes that we use to deliver and perform is crucial to on-going success in an ever-changing world.

I also welcome the flexibility of the approach of recognising the different strengths and support needs of different parts of the country, and the recognition of the need to align national and local government support and private sector talents. The creation of an agency that will be focused on the south of Scotland is an important step in that direction, but it is also right that an overarching strategic view is maintained at national level so that we can leverage scale and co-ordinate progress at home and internationally.

Scotland has many sectors—renewables, offshore energy, whisky, life sciences, tourism, the creative industries, financial services and premium food—that can deliver on a world stage and which have the potential to deliver significant export growth for Scotland. Exporting is crucial for Scotland. Exploring and exploiting global markets is essential but often challenging work, and the role of Government agencies is probably even more important there than it is elsewhere. For

small and medium-sized businesses, making the leap to international markets can be daunting, and soft support, practical advice and opening doors can make all the difference.

Phase 2 of the review must have a clear perspective on how best to deliver that. We need to draw on international success stories and leverage all the skills and talents that we have as a nation. We must break down barriers and build collaboration and we must utilise all the levers at our disposal, including existing export businesses, cultural links, political visits, the global Scot network, the great international work of our universities and colleges and the soft power of brand Scotland to maximise international trade opportunities.

The creation of the recently announced board of trade will be a key component of that work. However, we must also recognise that we need to work with businesses at all levels and, instead of focusing on just a few large companies, make existing global connections available to support all export growth initiatives.

A coherent structure of interlocking metrics feeding into the national performance framework will be critical to the success of business support and economic development. Few nations are as advanced as Scotland in the use of performance framework methodology but, when compared with the best in class in the business world, that work is still in its early stages of development. It presents a great opportunity to drive further on-going improvements in performance. Phase 2 of the review will ensure the development of data and evaluation functions to support robust evaluation of activity and impact.

Finally, the present array of available business support is confusing and disparate. It is good that the review highlights that as an area that is ripe for improvement, and that it outlines steps to enable progress. Businesses are too busy doing what they do best—building and growing—to take the time to shop around the wide variety of services that are on offer.

**Dean Lockhart:** I absolutely agree that the landscape of public support for business is very unclear, but the SNP Government has had 10 years to get this right. How much longer does it need to get business support right for the country?

**Ivan McKee:** As I have said, this is an evolving situation and we need continually to change, develop and review what is in front of us. As Dean Lockhart will see, more significant steps will be taken in that regard in phase 2.

Simplification of the framework and support system to embed the no-wrong-door principle will be key to ensuring future effectiveness and enabling inclusive growth.

This is a country with great potential. We can be a world beater in so many sectors, but we need to get the review right, co-ordinate and leverage our many opportunities as a nation, build on the solid foundations laid by phase 1 and move forward to refocus the enterprise agencies on delivering ambitious targets for Scotland's businesses, economy and people.

16:23

**Jeremy Balfour (Lothian) (Con):** First, I agree with the cabinet secretary Keith Brown when, in the foreword to "Enterprise and Skills Review: Report on Phase 1", he says that we can be

"justifiably proud of our enterprise and skills agencies—Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland and the Scottish Funding Council ... in helping Scottish businesses to thrive and grow."

That achievement is even more impressive given that, according to Audit Scotland, the enterprise agencies' poorly defined objectives have limited their effectiveness. A report by Audit Scotland

"recognises that economic growth is complex, and concludes that the Scottish Government needs to be clearer on how its economic strategy will be implemented."

The Scottish economy has been suffering from a Sturgeon slowdown and has lagged behind that of the UK for the past six and a half years. Despite a shallower recession in Scotland, the recovery has been weaker than the UK's and economic growth has lagged behind that of the UK since 2009.

**Keith Brown:** On the "Sturgeon slowdown" slogan that the member has developed, does he recognise, as his former colleague Gavin Brown did in the chamber, that most of the major levers in relation to the Scottish economy are wielded by the Westminster Government?

**Jeremy Balfour:** We simply have to look at the way in which the economy is being affected yet again by more talk about Scottish independence and the total uncertainty that that gives business and other sectors in the economy.

Growth in Scotland has been driven mainly by construction—a historically volatile sector—although services have also been picking up recently. That contrasts with the rest of the UK economy, which has experienced broader growth across different sectors. Economic growth is not evenly spread across Scotland so, for example, the economy of north-east Scotland has grown at more than double the rate of that of east Scotland.

Growth in jobs in Scotland has stalled under the SNP for more than a decade. Scotland now lags behind every other UK region on job creation. Data on economic growth and skills shortages pre-



Brexit is shockingly bad for Scotland, and the SNP cannot hide behind the Brexit decision, which more than 1 million Scots voted for.

A failure to invest in skills leaves Scotland lagging behind on apprenticeships and business development. Scotland has consistently lagged behind England on apprenticeship starts under the SNP Government. In every year in which the SNP has been in government, there have been proportionally fewer apprenticeships in Scotland than in England.

I have an example of the significant skills gap in Scotland from a business development site that I visited recently in Edinburgh. The site is to be built on, but it had been lying empty for 18 months. I thought that that was perhaps because of the council being slow or other factors, but the developer told me that the only reason why the development had not started earlier was that there was a lack of apprentices coming out of Scottish colleges. The developer simply could not find local people to do local jobs, yet the Government has cut college places again, which means that there will be fewer people in Scotland with such skills.

Business confidence in Scotland is lower than that in the rest of the UK, and we need to deal with such issues quickly. Scotland's economy is suffering from a chronic skills shortage that the SNP has neglected to deal with. The SNP Government needs to stop the blame game—it needs to stop blaming Westminster, which the cabinet secretary did yet again in his intervention—and to participate in a smooth and orderly exit from the EU that is in the interests of not just the few but the whole of Scotland.

We need to create an environment where business is confident to invest and grow. We need to ensure that we have a workforce that is equipped with the right skill set to make the most of the new opportunities that we will be presented with in the years ahead. I am happy to support the amendment in my colleague Dean Lockhart's name.

16:28

**James Dornan (Glasgow Cathcart) (SNP):** This is like déjà vu. I note that every speech from Conservative members yesterday mentioned independence; there seems to be a theme that runs through everything that they say. Either they are coming over to our side or they are terrified. I agree that independence is coming, but let us concentrate on the day job for the time being, lads.

As convener of the Education and Skills Committee, I will take a moment to speak about the committee's efforts to address skills issues so far in this parliamentary session. The committee has done initial work on the skills sector and,

rightly, we started by hearing from people who have practical experience of training in various disciplines.

Members visited Stirling Community Enterprise in the summer and the visit highlighted the massive difference that training can make to someone who has previously been unemployed and struggled to find work. Trainees told us that they felt that they were treated with respect and, importantly, that their confidence had increased through taking part in programmes at the enterprise.

It was clear that attendance at SCE provided those young men with much more than qualifications—it gave them a life structure. Without that structure, alcohol abuse, crime and imprisonment were mentioned as likely ways in which their life chances would be reduced. On the committee's behalf, I take the opportunity to record our thanks to the trainees and the enterprise staff for such a useful and insightful visit.

The committee has also heard from businesses such as Standard Life on their apprenticeship schemes, as well as the Scottish Trades Union Congress, the Scottish Council for Development and Industry and Skills Development Scotland. That session highlighted businesses' frustration at the lack of information at UK level on how the apprenticeship levy will function in practice and at the uncertainty over how all the detail will be ironed out before the levy's introduction in six months' time. The panel's clear view was that the levy should not bring about any great change in existing approaches in Scotland, including success stories such as developing Scotland's young workforce, and that new money should be concentrated on the existing programmes, which are working effectively.

**Daniel Johnson:** Does the member agree that other comments were made about the importance of ensuring that the apprenticeship and skills system becomes as focused on reskilling as it is on skilling? I note that that is in the report that we are discussing, but does he agree that the phase 2 report needs to contain a lot more detail on that point?

**James Dornan:** I do, and I might come on later to the importance of reskilling.

Although many existing programmes are working well, Scotland must continue to make new efforts to help young people to thrive in science, technology, engineering and mathematics, which my colleague Clare Adamson referred to. STEM education and training will be vital for our future economy and Scotland must equip our young children with the education that is required to face future environmental and economic challenges. Research suggests that 65 per cent of children

who are in preschool today will work in jobs or careers that do not yet exist. Times are changing and our education system must change to help us to face the problem of sustainable resources and continued economic prosperity.

The Scottish Government is clear that we will develop and implement a Scottish STEM strategy to ensure that, from the earliest age, children engage with the opportunities that science, technology, engineering and maths can offer them. Providing quality education is vital to implementing the changes to help Scotland to flourish. We will roll out a programme of school STEM clusters and develop a Scottish STEM ambassador network to ensure that, by 2020, every Scottish school is working with a STEM partner from the private, public or third sector. That will enable students to look at first hand at the work that is needed to utilise advanced technology for Scotland's benefit.

Modern apprenticeships support young people into their careers while meeting industry's skill needs, and the Scottish Government's 2016-17 budget supports the continued expansion of modern apprenticeships from 25,000 to 30,000. It is clear that more needs to be done to improve wider representation in modern apprenticeships, but progress has been made. In 2015-16, the number of females participating in the programme increased by 41 per cent on the previous year. There was also an increase in the number of modern apprenticeship starts who had some form of disability—the proportion of starts among those reporting a disability was up by 3.5 percentage points on the figure for 2014. In addition, there was a slight increase in participation from black and minority ethnic groups. Those statistics show that, although some figures are pretty poor and a lot of work still needs to be done, the efforts that are being made are producing gradual change. We must continue to provide the programmes that will help young people to pursue their future careers, and it is recognised that much more should be done.

The UK Government's apprenticeship levy is a concern for the Scottish Government, which has committed to working with employers to develop a distinctly Scottish approach, as I indicated. The UK apprenticeship levy cannot be allowed to cut across the good work that Scotland is already doing.

We need to be flexible in how we train our youngsters, and there are a number of examples of that. The one that I have selected is in my constituency—it is Newlands junior college. The college assists young people who are disengaged from education to make a success of their lives and contribute to society. It operates on the premise that mainstream schools do not always

offer the best learning environment for many young people and do not always inspire or motivate pupils or meet their personal needs. The college was specifically designed with such young people in mind. It provides a specialist service for a specific group of students, with intensive and individual support that focuses on the vocational curriculum and which provides a different experience that can re-engage students and set them on their road.

Jim McColl, the well-known Glasgow entrepreneur, devised the concept of the college and has made a considerable financial contribution to it through Clyde Blowers. The college embodies a constructive partnership of the private and public sectors for many young people who face long-term exclusion from school. Personal development with the college involves a certificated two-year course that is provided through SkillForce Scotland to develop personal and life skills, where mentoring and personal support are key.

I think that everyone in the chamber would want Scotland to rank in the top quartile in this area—I do not think that there is any argument about that. Scotland is served by a vibrant enterprise and skills sector that will greatly assist the Scottish economy to navigate through the uncertainty of Brexit.

However, further to my question earlier to the Minister for UK Negotiations on Scotland's Place in Europe, I have to touch on my concern about the potential long-term skills shortage if college and university staff are barred from working in Scotland because of the insane behaviour of the Westminster Government over Brexit. If that impacts on the education system, it can only have a long-term detrimental effect on what we are trying to achieve.

The Scottish Government's review is a sensible evaluation that is evidence based but inclusive and will ensure that productivity is woven with the aspirations of our citizens to prepare them for the economic and technological challenges that lie ahead in Scotland, which is why I support the motion.

**The Deputy Presiding Officer (Linda Fabiani):** Thank you, Mr Dornan. That was a very long final sentence.

16:35

**Daniel Johnson (Edinburgh Southern) (Lab):** I refer members to my entry in the register of members' interests. I am a shareholder and non-salaried director of a small retail business in Edinburgh. Indeed, my experience of that is what convinces me of the importance and urgency of the review of enterprise and skills agencies.

Running shops for eight years before I came into this place taught me three important lessons that are relevant to today's debate.

The first lesson is about change. Like many sectors, the retail sector has been undergoing fundamental change. Online shopping is not an optional extra; every retail business has to do it and our shops certainly had to adapt by building technology into how we did business. Whether it is technology, Brexit or economic shocks like the collapse in the oil price, our enterprise and skills system needs to prepare for and enable change. We need to make sure that technological change and automation create more jobs than they make obsolete.

The second lesson is about innovation. We cannot limit the scope of innovation to new businesses or high-tech start-ups. I agree with the Government's assessment that all businesses have to be digital. Indeed, my business had to move online and we had to get better at using and manipulating data. We moved all our systems, including our accounting systems, to the cloud so that we had complete integration between our web store, our till points and our back office. Skilling up existing businesses is just as important as new tech and start-ups.

That leads me to my third lesson, which is about skills. Innovation demands that companies and employees reskill to react to the shifts that might occur in their sector. As we moved our business and systems online, our staff had to become adept at managing stock online as efficiently as they managed it on the shelves. As technology changes, our skills system needs to be as much about reskilling people who are already in the workforce as it is about skilling up school leavers as they enter the workplace for the first time.

To that end, I welcome the details of the review about focusing on productivity. I also welcome the comments that the skills system has to be as much about reskilling the existing workforce as it is about new skills, and I certainly welcome the comments about technology.

However, as I reflect on the phase 1 document that looks at innovation and skills, I think that we needed it to say more. We needed a clear strategy that could be implemented, but we are left with a review that has the potential to complicate rather than simplify. There is a lack of clear metrics for success and few clues about funding. No timetable for delivery has been set and the document raises more questions than it answers.

The review admits that it is only half finished and there will be a phase 2, but it sets out to start implementation before we have the phase 2 document. Ultimately, the review does not point to

strategic vision and a way to achieve it; it is a muddled half fix with a promise of more reviews.

During the debate, there has been much discussion about the board of trade, which is to be the overall single answer to simplification. Let us look at the implications of that. The board will oversee a budget of £2.16 billion, and it is a combination of the first, second, third and fifth largest agencies of the Scottish Government by funding. That easily puts it into the top 10 largest quangos in the UK and raises clear questions about democratic accountability and certainly about resources. We have to ask where the money will come from to resource and staff a body of such size, scope and magnitude.

I note that Tavish Scott is no longer in the chamber but he was quite right to ask who the board will report to. Will it be setting the budgets for the agencies for which it is responsible? Will it have power of appointment over all the agencies that fall beneath it?

As the review highlights, simplification is important but so far the only answer to it is this super-quango. I regret that the Liberal Democrat amendment was not taken, because the language of the super-quango is useful in this debate. As Colin Smyth pointed out, we will have to wait until the wash in stage 2 when we will get the details. The details are important, because matters such as the purpose and scope of bodies such as the south of Scotland agency and SDI will come out with the detail of this super-quango.

Jamie Greene, Jeremy Balfour and Willie Rennie were all correct to point to the fact that we have little in the way of metrics and little in the way of timetable. We really have no answers at the moment, whether we want to know about the steps that we need to take in order to implement measures, which Jamie Greene talked about, or about the goals in terms of things such as the enforcement of equity and the pursuit of the implementation of the living wage by companies that are helped by our agencies, such as Amazon.

There are three things that we need from any strategy. First, we need metrics—simply having a review is insufficient. Secondly, we need to understand the resources and funding that lie behind the review. Thirdly, we need a timetable. We do not have those things and, without them, we have no strategy. That is in a context in which, under this SNP Scottish Government, there has been a 12 per cent cut in the budgets of enterprise agencies.

I know what the Scottish Government will say in response to what I have said. It will say, "Don't be so hasty. Just wait. All the answers will come in the phase 2 document." However, that is not good enough because we do not even know the precise

nature of that phase 2 document. Will it be a final report or will it merely be a consultation for further work? Will it be simply a series of hints and a save-the-date card?

The Government is right about one thing: we need a step-change—that is the only way to achieve the top quartile ambitions that it set out. In order to do that, we need a clear strategy that sets out clear goals. However, today, in place of objectives and clarity of purpose, we have more questions; instead of principles for the co-ordinating agencies, we have the creation of one large super-board with several new agencies beneath it; and, instead of a timetable, we simply have a request that we wait until we see what is reported in the new year.

We need change, we need innovation and we need skills. However, right now, I do not think that we have the plan in front of us that tells us how we are going to get them.

16:41

**Liam Kerr (North East Scotland) (Con):** Yesterday, I was the closing speaker for the Scottish Conservatives in a debate that was brought about principally in order to discuss the “Fairer Scotland Action Plan”. It is a good document with 100 pages, carefully sectioned headings and detailed methodology, which sets out five ambitions to be met by 2030, 50 points to be actioned by the end of this parliamentary session and measurements of success.

Having examined, commended and noted the clear recommendations in the Audit Scotland report into the enterprise agencies, I was looking forward to the publication of the enterprise and skills review document. However, yesterday, I got this—17 pages, with more padding than the NFL game that I was at last weekend. It is just not good enough.

It is not good enough that, despite the fact that Audit Scotland has pointed out that the full range of public support for business is not known and thus that there is a risk of duplication and inefficiency, and the fact that the enterprise agencies themselves gave up on trying to establish what all the funding streams and public support sources were, there is no action point that states that anyone has been tasked to address that. Daniel Johnson asked where the streamlining is and said that he hopes that it is in the second report—we will return to that theme.

Despite the economic strategy stating that progress will be measured through the national performance framework, the contribution of the enterprise agencies to the NPF is not measured, as Audit Scotland pointed out. However, again,

there is no acknowledgment of that in the document, nor is any solution proposed.

Jamie Greene said that the report is heavy on words but light on substance. Audit Scotland said that agencies must have measurable targets, but phase 1 does not have any. Willie Rennie said that there is no direct recommendation and that he hopes that it will be in the second report—there is a theme emerging. It is just not good enough.

The document trumpets that the Scottish economy grew by 0.7 per cent in the past year. That figure is 2.1 per cent for the rest of the UK. Keith Brown trumpets the unemployment rate of 4.6 per cent but ignores the fact that the number of female unemployment claimants has risen in Scotland while it has fallen throughout the UK; that the number of women aged 18 to 24 in work has increased by 2.8 per cent in the UK while it has fallen by 4.2 per cent in Scotland; that job growth has stalled for a decade; and that Scotland’s employment rate remains lower than the UK’s. It is not good enough.

**Keith Brown:** Perhaps Liam Kerr will answer the question that his colleagues have failed to answer. He describes a litany of woe, but does he attribute any responsibility for it to the UK Government, which, as the Tories have said, holds the major levers to the Scottish economy?

**Liam Kerr:** It is, of course, the easy answer to always blame Westminster. The same question was put at the opening of the debate and the same answer will be given. The Scottish Government has the levers of power and it should do something about it. [*Interruption.*] Mr Hepburn need not worry—I am coming to him.

The report proudly talks of beating the target for modern apprenticeships but, as Jeremy Balfour said, it fails to mention that, in every year in which the SNP has been in government, Scotland has had fewer apprenticeship starts per 100,000 of working-age population than England. This is a Scotland where 5 per cent of the workforce is deemed to have a skills shortage and 32 per cent of firms expect to have difficulty in recruiting apprentices.

Talking of apprentices, I hope that we will hear more on that subject later from Mr Hepburn. James Dornan will also benefit from that, as he badly needs to get up to speed. As the Parliament knows, the apprenticeship levy will come in next year. The Scottish Government’s consultation closed on 26 August with business already saying, “You’ve left this too late.”

On 11 October, I asked Jamie Hepburn in a written question when the Scottish Government will tell business in Scotland what it will do with the apprenticeship levy. Yesterday, I got my answer, which states:

"A report of the findings will be published shortly and will inform our response in Scotland, which we will look to provide as quickly as we can."—[*Written Answers*, 25 October 2016; S5W-3689.]

I say to Mr Hepburn that business cannot work with that. This is happening. Scotland needs action and it needs it now.

**The Minister for Employability and Training (Jamie Hepburn):** Will Mr Kerr give way?

**Liam Kerr:** I do not have time, I am afraid.

**The Deputy Presiding Officer:** I will allow you time, Mr Kerr, if you wish.

**Liam Kerr:** I look forward to Mr Hepburn telling business in his closing speech what this Government is going to do.

It is not good enough, but it is not all bad. We are pleased that the Government will set up a south of Scotland agency, pleased by the Scottish Development International expansion and pleased by the flexible childcare proposals. Those are all things that we called for in our manifesto, and we can help the Scottish Government further. It should ensure that the funds that are raised from business through the apprenticeship levy are transparent and will be reinvested in Scotland for apprenticeships and training and not lost in the general budget. It should reinstate a significant number of the college places that it has cut and pull back from making Scotland the highest taxed part of the UK. As Dean Lockhart said when he called for specifics in the second report, the Government should have the enterprise agencies provide more non-financial support and designate some of the underperforming parts of Scotland as turnaround zones.

It is clear that a robust, effective and modern enterprise and skills programme is needed in Scotland and we welcome the steps that the Government is taking towards that goal. However, the theme that comes out of today's debate has to be: "It is not good enough". Speaker after speaker has clamoured to ask what will happen in phase 2, where the targets are and when things will be brought in. Even Ivan McKee admits that all the significant stuff will be in phase 2.

Building a strong economy, growing the jobs market, providing more apprenticeship places and linking the worlds of work and academia with strong and measurable aims and desired outcomes must be at the heart of any review of enterprise and skills in Scotland, or else it will simply be more bluff and bluster from a Government that is so out of ideas and so short of policy initiatives that it is stealing ours.

16:48

**Keith Brown:** I do not know whether the member who gave the previous speech is aware that, when it decided on the apprenticeship levy, the UK Government did not tell the Scottish Government or the business community, gave no warning to anybody and, once it was introduced, could answer no questions on it for many months. Perhaps the member should look to his own situation. It is also worth saying that all our apprentices in Scotland are employed, which is unlike the situation south of the border. It is worth bearing those points in mind.

As ever, the very helpful civil service has suggested some points for my closing remarks. One is to thank everybody for their positive contributions. Perhaps I will dispense with that for the time being. [*Laughter.*]

I will try to go through some of the points that speakers raised in the debate. Daniel Johnson started off in a relatively constructive manner and I agree with a great deal of what he initially had to say—not least his point that reskilling is just as important as upskilling or developing skills in the first place. He made a number of reasonable points. He suggested that he knew what I was going to say before I said it, but I note that some of the questions that he asked will be answered in phase 2. The idea of a phase 2 was not just proposed by me but came through the ministerial review group. It enjoys general support, and there are good reasons for that.

James Dornan highlighted the importance of education and skills and the absolute necessity for freedom of movement, not least among EU nationals, and he is absolutely right about that.

Jeremy Balfour's speech may have been one of the most truly depressing speeches that I have heard in the nine years for which I have been in the Parliament—a litany of depressing talking Scotland down. His statement that the economic situation that Scotland finds itself in has nothing to do with Brexit is an appalling abdication of responsibility from the Conservatives—I think that it is the greatest act of economic self-harm that we have seen from any Westminster Government. The speech was an appalling contribution.

In contrast to the likes of Jeremy Balfour, Ivan McKee spoke about ambition and the strengths that we currently have in Scotland. Of course it is necessary to recognise what we have to do better but we should also recognise our strengths so that we can build on them.

Unfortunately for Willie Rennie, I was a council leader when we had a Liberal Democrat Administration here and I remember being told time after time by the Liberal Democrats what we

had to spend our money on in local government. It was not a paradise of decentralised—

**Willie Rennie:** Will the cabinet secretary give way?

**Keith Brown:** No, not just now.

It was not a paradise of decentralised powers from the Government, so perhaps the Lib Dems should practise what they preach.

**Willie Rennie:** Will the cabinet secretary give way?

**Keith Brown:** As for the idea that the city deals are a Lib Dem invention, not one city deal was put in place by the Lib Dems during the eight years when they had a chance to do that—

**Willie Rennie** *rose*—

**The Deputy Presiding Officer:** Sit down, please, Mr Rennie—it is quite clear that the cabinet secretary is not giving way.

**Keith Brown:** Colin Smyth made a number of good points although, having made those good points—many of them relating to what is obviously a dearly held view about having a separate agency in the south of Scotland—he then mentioned some of the challenges. I appreciate, understand and accept that the Scottish Government has to take some responsibility for that and we are trying to address some of those challenges, but he must accept—as the Tories will not—that the UK Government holds the majority of the major levers in the economy.

Whether we are talking about the Conservative Government now or the Labour Government previously, the UK Government has been in power for a lot longer than this Parliament and this Government. In addition to that, local authorities—and the member is a councillor—have to take some responsibility as well. There would be more credibility in what the member said if he acknowledged the different actors that are involved in local economies.

There was a good speech by Colin Beattie, who once again talked about some of the strengths in the system, which it is important to do.

I agree with many of Jamie Greene's points on the need for digital inclusion. I do not think that the digital divide is growing; I think that there is a digital divide and we are doing what we can to try to address it, not least in relation to infrastructure, where there is an ambitious plan to try to deal with it. I agree with him on how important digital inclusion is. In my view, we have done a great deal of work on roads, railways and so on but the digital highway is important to people as well—it is sometimes even more crucial.

Clare Adamson challenged Richard Leonard's point that he was not in Parliament in 2007. Richard Leonard spent a lot of his time talking about this Government's track record going back to 2007. He cannot on the one hand say, "I am unaware of the fact that the Labour Party wanted to have deeper cuts than Margaret Thatcher," and on the other criticise the SNP—

**Richard Leonard:** What I was being asked was what was in the mind of Jack McConnell in the lead-up to the election of 2007—a question that I clearly could not answer.

**Keith Brown:** Nobody could answer the question about what was in the mind of Jack McConnell and I did not ask that question. I made the point that, in advance of the 2007 election, the Labour Party said that every area apart from education would have to cut its cloth—would have to face cuts. The member should at least acknowledge his own party's track record at the same time as he wants to criticise that of others.

Richard Leonard also mentioned unemployment. I cannot remember a time under the Labour Government when we had unemployment levels as low as they currently are in Scotland. Perhaps there has been a time—maybe he can advise me of that—but I cannot remember it being the case in recent years. Of course 4.6 per cent unemployment is not the answer—it is not the final position. In terms of structural unemployment, I accept that there are people for whom we have to do more. Whether it is people with disabilities or people who are furthest from the job market, we have to do more. However, he should at least recognise the success: 4.6 per cent unemployment is worth shouting about—not trumpeting about, perhaps, but certainly shouting about.

Dean Lockhart made a point about productivity. He cannot have any credibility in asking any of those questions if it is his position—as it seems to be the position of the Conservative Party generally—that there is no role in the Scottish economy for the UK Government.

In the previous session of Parliament, some more aware Conservative members such as Gavin Brown at least said that the UK Government was the major influence in the Scottish economy as it retained most of the levers. We have in the chamber—in addition to Brexit deniers—members who say that there is no role or responsibility for the Conservative Government in relation to Scotland's economy. That is not a credible position, and they will perhaps now accept that the UK Government has some responsibility in that regard.

**Dean Lockhart:** In the phase 1 report that Mr Brown published yesterday, he states:

“Scotland remains a mid-ranking nation when it comes to innovation performance”.

The SNP has had 10 years to get that right. Mr Brown is an innovation denier. When will the SNP fix the productivity gap?

**Keith Brown:** Once again, the Conservatives refuse to acknowledge that the UK Government has a role in the Scottish economy. They cannot have any credibility on economic issues if they will not even acknowledge that the Government that they support has a major role to play in the Scottish economy. They are deniers of the fact that the UK Government has a role, and they are Brexit deniers who seek to remove from the Government’s motion any reference to Brexit.

We heard that in spades from Jeremy Balfour, who said that there is currently no impact from the decision on Brexit on the Scottish economy. There is no way that he can have any credibility if he does not acknowledge the impact. I can tell him about companies that are letting people go just now; companies in which individuals are looking to a future elsewhere than Scotland; and companies that are changing their investment plans because of the vote in the EU referendum. I can tell him about EU citizens who are very uncertain about their situation in Scotland because the UK Government refuses to confirm their status. According to the Conservatives, however, there is no impact from the vote in the EU referendum. If they cannot acknowledge that fact, that leaves them with virtually no credibility in tackling these issues.

Dean Lockhart and other members mentioned Scotland’s GDP. Our GDP per head is 2.1 per cent above its pre-recession peak, although that is not good enough and we would like it to be higher, but the figure for the UK is only 1.2 per cent. It would have been good if Mr Lockhart had acknowledged that and shown a bit of even-handedness and balance, with a bit of knowledge and self-awareness about the Conservative Government’s failures.

Our proposals seek to build on the agencies’ success. The success that we have had so far is not good enough, which is why we are reviewing the agencies to ensure that the system is focused on a shared purpose with user-led services. A number of questions were raised about phase 2 of the review, and I am happy to answer them. Phase 2 will begin on 1 November and will run until spring next year. It will build on and develop the input and relationships established in the first phase to ensure that we find the best way of implementing our key decisions from phase 1. I hope to support that task through the ministerial review group that I set up during phase 1. I thank the members of the group for their help and I look forward to continuing to work with them.

**Willie Rennie:** Will the member give way?

**The Deputy Presiding Officer:** There is no time, Mr Rennie.

**Keith Brown:** I am in my last minute just now.

In phase 2, I aim to propose a single aligned delivery plan for the full implementation of each decision. I anticipate that some actions will be prioritised for quick delivery while more complex changes will take longer to fully implement—that seems fairly straightforward to me. The final phase 2 recommendations are likely to set out a programme of work to be undertaken during the current session of Parliament. Achieving our ambitions will require a strong, enduring, focused and concentrated alignment of services behind our goal, and I look forward to working with partners throughout Scotland—and possibly even some other parties, I hope—to achieve that.

## “Report on the Memorandum of Understanding of Ofcom”

16:58

**The Presiding Officer (Ken Macintosh):** The next item of business is consideration of motion S5M-02106, in the name of Edward Mountain, on behalf of the Rural Economy and Connectivity Committee, on the committee’s “Report on the Memorandum of Understanding of Ofcom”.

**Edward Mountain (Highlands and Islands) (Con):** The draft Ofcom memorandum of understanding sets out the proposed new relationship to be entered into by the Scottish Government and the United Kingdom Government, the Scottish Parliament and Ofcom. It is delivered as a result of the Smith commission agreement, which states:

“There will be a formal consultative role for the Scottish Government and the Scottish Parliament in setting the strategic priorities for OFCOM with respect to its activities in Scotland.”

The MOU contains a number of commitments in addition to that consultative role, which include a requirement for Ofcom to appear before the Parliament and for Ofcom to prepare and lay before Parliament its report and accounts.

The Scottish Government will also have powers, on consultation with the secretary of state, to appoint a member of the Ofcom board. Ofcom will also consult the Scottish Government in relation to board appointments to MG Alba and appointments to the Communications Consumer Panel.

At the Rural Economy and Connectivity Committee meeting on 28 September, the committee agreed to produce a report recommending to the Scottish Parliament that it gives its approval to the memorandum. I urge members to support the motion in my name, on behalf of the committee, noting the report.

I move,

That the Parliament notes the Rural Economy and Connectivity Committee’s 2nd Report, 2016 (Session 5), *Report on the Memorandum of Understanding of Ofcom* (SP Paper 18), and approves the memorandum of understanding relating to the relationship between Ofcom, the Scottish Government, the UK Government and the Scottish Parliament.

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

## Cultural Property (Armed Conflicts) Bill

17:00

**The Presiding Officer (Ken Macintosh):** The next item of business is consideration of a legislative consent motion. I ask Fiona Hyslop to move motion S5M-01869, on the Cultural Property (Armed Conflicts) Bill.

*Motion moved,*

That the Parliament agrees that the Cultural Property (Armed Conflicts) Bill, introduced to the House of Lords on 19 May 2016, which provides for the introduction of measures to enable the ratification by the United Kingdom of the Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict of 1954 and the Protocols to that Convention of 1954 and 1999 and which, so far as applying to Scotland, is within the legislative competence of the Scottish Parliament, should be considered by the UK Parliament.—[*Fiona Hyslop*]

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



## Business Motion

17:00

**The Presiding Officer (Ken Macintosh):** The next item of business is consideration of business motion S5M-02117, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau.

*Motion moved,*

That the Parliament agrees the following programme of business—

Tuesday 1 November 2016

2.00 pm Time for Reflection

*followed by* Parliamentary Bureau Motions

*followed by* Topical Questions (if selected)

*followed by* Scottish Government Debate: UK Referendum on EU Membership: Impacts on Justice and Security in Scotland

*followed by* Business Motions

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Wednesday 2 November 2016

2.00 pm Parliamentary Bureau Motions

2.00 pm Portfolio Questions  
Economy, Jobs and Fair Work;  
Finance and the Constitution

*followed by* Scottish Conservative and Unionist Party Business

*followed by* Business Motions

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Thursday 3 November 2016

11.40 am Parliamentary Bureau Motions

11.40 am General Questions

12.00 pm First Minister's Questions

12.45 pm Members' Business

2.30 pm Parliamentary Bureau Motions

2.30 pm Scottish Government Debate: Realising Scotland's Full Potential in a Digital World

*followed by* Business Motions

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

Tuesday 8 November 2016

2.00 pm Time for Reflection

*followed by* Parliamentary Bureau Motions

*followed by* Topical Questions (if selected)

*followed by* Scottish Government Business

*followed by* Business Motions

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Wednesday 9 November 2016

2.00 pm Parliamentary Bureau Motions

2.00 pm Portfolio Questions  
Rural Economy and Connectivity;  
Environment, Climate Change and Land Reform

*followed by* Scottish Government Business

*followed by* Business Motions

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Thursday 10 November 2016

11.40 am Parliamentary Bureau Motions

11.40 am General Questions

12.00 pm First Minister's Questions

12.45 pm Members' Business

2.30 pm Parliamentary Bureau Motions

2.30 pm Scottish Parliamentary Corporate Body Question Time

*followed by* Scottish Government Business

*followed by* Business Motions

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time—[Joe FitzPatrick]

*Motion agreed to.*

## Parliamentary Bureau Motions

17:01

**The Presiding Officer (Ken Macintosh):** The next item of business is consideration of four Parliamentary Bureau motions. I ask Joe FitzPatrick to move en bloc motions S5M-02118, S5M-02119, S5M-02124 and S5M-02123, on the approval of Scottish statutory instruments.

*Motions moved,*

That the Parliament agrees that the Climate Change (Annual Targets) (Scotland) Order 2016 [draft] be approved.

That the Parliament agrees that the Climate Change (Limit on Use of Carbon Units) (Scotland) Order 2016 [draft] be approved.

That the Parliament agrees that the Legal Aid (Scotland) Act 1986 Amendment Regulations 2016 [draft] be approved.

That the Parliament agrees that the Freedom of Information (Scotland) Act 2002 (Time for Compliance) Regulations 2016 [draft] be approved.—[*Joe FitzPatrick*]

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

## Decision Time

17:01

**The Presiding Officer (Ken Macintosh):** The first question is, that amendment S5M-02099.1, in the name of Dean Lockhart, which seeks to amend motion S5M-02099, in the name of Keith Brown, on delivering future enterprise and skills support in Scotland, be agreed to. Are we agreed?

**Members:** No.

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

### For

Balfour, Jeremy (Lothian) (Con)  
 Briggs, Miles (Lothian) (Con)  
 Burnett, Alexander (Aberdeenshire West) (Con)  
 Cameron, Donald (Highlands and Islands) (Con)  
 Carlaw, Jackson (Eastwood) (Con)  
 Carson, Finlay (Galloway and West Dumfries) (Con)  
 Chapman, Peter (North East Scotland) (Con)  
 Corry, Maurice (West Scotland) (Con)  
 Davidson, Ruth (Edinburgh Central) (Con)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Golden, Maurice (West Scotland) (Con)  
 Greene, Jamie (West Scotland) (Con)  
 Hamilton, Rachael (South Scotland) (Con)  
 Harris, Alison (Central Scotland) (Con)  
 Kerr, Liam (North East Scotland) (Con)  
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)  
 Lindhurst, Gordon (Lothian) (Con)  
 Lockhart, Dean (Mid Scotland and Fife) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Mountain, Edward (Highlands and Islands) (Con)  
 Mundell, Oliver (Dumfriesshire) (Con)  
 Ross, Douglas (Highlands and Islands) (Con)  
 Scott, John (Ayr) (Con)  
 Simpson, Graham (Central Scotland) (Con)  
 Smith, Liz (Mid Scotland and Fife) (Con)  
 Stewart, Alexander (Mid Scotland and Fife) (Con)  
 Thomson, Ross (North East Scotland) (Con)  
 Tomkins, Adam (Glasgow) (Con)  
 Wells, Annie (Glasgow) (Con)  
 Whittle, Brian (South Scotland) (Con)

### Against

Adam, George (Paisley) (SNP)  
 Adamson, Clare (Motherwell and Wishaw) (SNP)  
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)  
 Arthur, Tom (Renfrewshire South) (SNP)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Beamish, Claudia (South Scotland) (Lab)  
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)  
 Bibby, Neil (West Scotland) (Lab)  
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)  
 Campbell, Aileen (Clydesdale) (SNP)  
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)  
 Cole-Hamilton, Alex (Edinburgh Western) (LD)  
 Constance, Angela (Almond Valley) (SNP)  
 Crawford, Bruce (Stirling) (SNP)  
 Cunningham, Roseanna (Perthshire South and Kinrossshire) (SNP)  
 Denham, Ash (Edinburgh Eastern) (SNP)  
 Dey, Graeme (Angus South) (SNP)  
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)  
 Dornan, James (Glasgow Cathcart) (SNP)  
 Evans, Mairi (Angus North and Mearns) (SNP)

Ewing, Annabelle (Cowdenbeath) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 Fabiani, Linda (East Kilbride) (SNP)  
 Fee, Mary (West Scotland) (Lab)  
 Findlay, Neil (Lothian) (Lab)  
 Finnie, John (Highlands and Islands) (Green)  
 FitzPatrick, Joe (Dundee City West) (SNP)  
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)  
 Freeman, Jeane (Carrick, Cumnock and Doon Valley) (SNP)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)  
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Greer, Ross (West Scotland) (Green)  
 Griffin, Mark (Central Scotland) (Lab)  
 Harper, Emma (South Scotland) (SNP)  
 Harvie, Patrick (Glasgow) (Green)  
 Haughey, Clare (Rutherglen) (SNP)  
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)  
 Hyslop, Fiona (Linlithgow) (SNP)  
 Johnson, Daniel (Edinburgh Southern) (Lab)  
 Johnstone, Alison (Lothian) (Green)  
 Kelly, James (Glasgow) (Lab)  
 Kidd, Bill (Glasgow Anniesland) (SNP)  
 Lamont, Johann (Glasgow) (Lab)  
 Lennon, Monica (Central Scotland) (Lab)  
 Leonard, Richard (Central Scotland) (Lab)  
 Lochhead, Richard (Moray) (SNP)  
 Lyle, Richard (Uddingston and Bellshill) (SNP)  
 MacDonald, Angus (Falkirk East) (SNP)  
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)  
 Macdonald, Lewis (North East Scotland) (Lab)  
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)  
 Mackay, Derek (Renfrewshire North and West) (SNP)  
 Mackay, Rona (Strathkelvin and Bearsden) (SNP)  
 Macpherson, Ben (Edinburgh Northern and Leith) (SNP)  
 Maguire, Ruth (Cunninghame South) (SNP)  
 Marra, Jenny (North East Scotland) (Lab)  
 Martin, Gillian (Aberdeenshire East) (SNP)  
 Mason, John (Glasgow Shettleston) (SNP)  
 Matheson, Michael (Falkirk West) (SNP)  
 McAlpine, Joan (South Scotland) (SNP)  
 McArthur, Liam (Orkney Islands) (LD)  
 McDonald, Mark (Aberdeen Donside) (SNP)  
 McKee, Ivan (Glasgow Provan) (SNP)  
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)  
 McMillan, Stuart (Greenock and Inverclyde) (SNP)  
 McNeill, Pauline (Glasgow) (Lab)  
 Neil, Alex (Airdrie and Shotts) (SNP)  
 Paterson, Gil (Clydebank and Milngavie) (SNP)  
 Rennie, Willie (North East Fife) (LD)  
 Robison, Shona (Dundee City East) (SNP)  
 Ross, Gail (Caithness, Sutherland and Ross) (SNP)  
 Rowley, Alex (Mid Scotland and Fife) (Lab)  
 Rumbles, Mike (North East Scotland) (LD)  
 Ruskell, Mark (Mid Scotland and Fife) (Green)  
 Russell, Michael (Argyll and Bute) (SNP)  
 Sarwar, Anas (Glasgow) (Lab)  
 Scott, Tavish (Shetland Islands) (LD)  
 Smith, Elaine (Central Scotland) (Lab)  
 Smyth, Colin (South Scotland) (Lab)  
 Somerville, Shirley-Anne (Dunfermline) (SNP)  
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)  
 Stewart, David (Highlands and Islands) (Lab)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Sturgeon, Nicola (Glasgow Southside) (SNP)  
 Swinney, John (Perthshire North) (SNP)  
 Todd, Maree (Highlands and Islands) (SNP)

Torrance, David (Kirkcaldy) (SNP)  
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)  
 Wheelhouse, Paul (South Scotland) (SNP)  
 Wightman, Andy (Lothian) (Green)  
 Yousaf, Humza (Glasgow Pollok) (SNP)

**The Presiding Officer:** The result of the division is: For 30, Against 95, Abstentions 0.

*Amendment disagreed to.*

**The Presiding Officer:** The next question is, that amendment S5M-02099.3, in the name of Richard Leonard, which seeks to amend motion S5M-02099, in the name of Keith Brown, on delivering future enterprise and skills support in Scotland, be agreed to. Are we agreed?

**Members:** No.

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

**For**

Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Beamish, Claudia (South Scotland) (Lab)  
 Bibby, Neil (West Scotland) (Lab)  
 Cole-Hamilton, Alex (Edinburgh Western) (LD)  
 Fee, Mary (West Scotland) (Lab)  
 Findlay, Neil (Lothian) (Lab)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Griffin, Mark (Central Scotland) (Lab)  
 Johnson, Daniel (Edinburgh Southern) (Lab)  
 Kelly, James (Glasgow) (Lab)  
 Lamont, Johann (Glasgow) (Lab)  
 Lennon, Monica (Central Scotland) (Lab)  
 Leonard, Richard (Central Scotland) (Lab)  
 Macdonald, Lewis (North East Scotland) (Lab)  
 Marra, Jenny (North East Scotland) (Lab)  
 McArthur, Liam (Orkney Islands) (LD)  
 McNeill, Pauline (Glasgow) (Lab)  
 Rennie, Willie (North East Fife) (LD)  
 Rowley, Alex (Mid Scotland and Fife) (Lab)  
 Rumbles, Mike (North East Scotland) (LD)  
 Sarwar, Anas (Glasgow) (Lab)  
 Scott, Tavish (Shetland Islands) (LD)  
 Smith, Elaine (Central Scotland) (Lab)  
 Smyth, Colin (South Scotland) (Lab)  
 Stewart, David (Highlands and Islands) (Lab)

**Against**

Adam, George (Paisley) (SNP)  
 Adamson, Clare (Motherwell and Wishaw) (SNP)  
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)  
 Arthur, Tom (Renfrewshire South) (SNP)  
 Balfour, Jeremy (Lothian) (Con)  
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)  
 Briggs, Miles (Lothian) (Con)  
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)  
 Burnett, Alexander (Aberdeenshire West) (Con)  
 Cameron, Donald (Highlands and Islands) (Con)  
 Campbell, Aileen (Clydesdale) (SNP)  
 Carlaw, Jackson (Eastwood) (Con)  
 Carson, Finlay (Galloway and West Dumfries) (Con)  
 Chapman, Peter (North East Scotland) (Con)  
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)  
 Constance, Angela (Almond Valley) (SNP)  
 Corry, Maurice (West Scotland) (Con)  
 Crawford, Bruce (Stirling) (SNP)  
 Cunningham, Roseanna (Perthshire South and Kinross-

shire) (SNP)  
 Davidson, Ruth (Edinburgh Central) (Con)  
 Denham, Ash (Edinburgh Eastern) (SNP)  
 Dey, Graeme (Angus South) (SNP)  
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)  
 Dornan, James (Glasgow Cathcart) (SNP)  
 Evans, Mairi (Angus North and Mearns) (SNP)  
 Ewing, Annabelle (Cowdenbeath) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 Fabiani, Linda (East Kilbride) (SNP)  
 Finnie, John (Highlands and Islands) (Green)  
 FitzPatrick, Joe (Dundee City West) (SNP)  
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Freeman, Jeane (Carrick, Cumnock and Doon Valley) (SNP)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)  
 Golden, Maurice (West Scotland) (Con)  
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)  
 Greene, Jamie (West Scotland) (Con)  
 Greer, Ross (West Scotland) (Green)  
 Hamilton, Rachael (South Scotland) (Con)  
 Harper, Emma (South Scotland) (SNP)  
 Harris, Alison (Central Scotland) (Con)  
 Harvie, Patrick (Glasgow) (Green)  
 Haughey, Clare (Rutherglen) (SNP)  
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)  
 Hyslop, Fiona (Linlithgow) (SNP)  
 Johnstone, Alison (Lothian) (Green)  
 Kerr, Liam (North East Scotland) (Con)  
 Kidd, Bill (Glasgow Anniesland) (SNP)  
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)  
 Lindhurst, Gordon (Lothian) (Con)  
 Lochhead, Richard (Moray) (SNP)  
 Lockhart, Dean (Mid Scotland and Fife) (Con)  
 Lyle, Richard (Uddingston and Bellshill) (SNP)  
 MacDonald, Angus (Falkirk East) (SNP)  
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)  
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)  
 Mackay, Derek (Renfrewshire North and West) (SNP)  
 Mackay, Rona (Strathkelvin and Bearsden) (SNP)  
 Macpherson, Ben (Edinburgh Northern and Leith) (SNP)  
 Maguire, Ruth (Cunninghame South) (SNP)  
 Martin, Gillian (Aberdeenshire East) (SNP)  
 Mason, John (Glasgow Shettleston) (SNP)  
 Matheson, Michael (Falkirk West) (SNP)  
 McAlpine, Joan (South Scotland) (SNP)  
 McDonald, Mark (Aberdeen Donside) (SNP)  
 McKee, Ivan (Glasgow Provan) (SNP)  
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)  
 McMillan, Stuart (Greenock and Inverclyde) (SNP)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Mountain, Edward (Highlands and Islands) (Con)  
 Mundell, Oliver (Dumfriesshire) (Con)  
 Neil, Alex (Airdrie and Shotts) (SNP)  
 Paterson, Gil (Clydebank and Milngavie) (SNP)  
 Robison, Shona (Dundee City East) (SNP)  
 Ross, Douglas (Highlands and Islands) (Con)  
 Ross, Gail (Caithness, Sutherland and Ross) (SNP)  
 Ruskell, Mark (Mid Scotland and Fife) (Green)  
 Russell, Michael (Argyll and Bute) (SNP)  
 Scott, John (Ayr) (Con)  
 Simpson, Graham (Central Scotland) (Con)  
 Smith, Liz (Mid Scotland and Fife) (Con)  
 Somerville, Shirley-Anne (Dunfermline) (SNP)  
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)  
 Stewart, Alexander (Mid Scotland and Fife) (Con)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Sturgeon, Nicola (Glasgow Southside) (SNP)

Swinney, John (Perthshire North) (SNP)  
 Thomson, Ross (North East Scotland) (Con)  
 Todd, Maree (Highlands and Islands) (SNP)  
 Tomkins, Adam (Glasgow) (Con)  
 Torrance, David (Kirkcaldy) (SNP)  
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)  
 Wells, Annie (Glasgow) (Con)  
 Wheelhouse, Paul (South Scotland) (SNP)  
 Whittle, Brian (South Scotland) (Con)  
 Wightman, Andy (Lothian) (Green)  
 Yousaf, Humza (Glasgow Pollok) (SNP)

**The Presiding Officer:** The result of the division is: For 27, Against 98, Abstentions 0.

*Amendment disagreed to.*

**The Presiding Officer:** The next question is, that motion S5M-02099, in the name of Keith Brown, on delivering future enterprise and skills support in Scotland, be agreed to. Are we agreed?

**Members:** No.

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

**For**

Adam, George (Paisley) (SNP)  
 Adamson, Clare (Motherwell and Wishaw) (SNP)  
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)  
 Arthur, Tom (Renfrewshire South) (SNP)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Beamish, Claudia (South Scotland) (Lab)  
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)  
 Bibby, Neil (West Scotland) (Lab)  
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)  
 Campbell, Aileen (Clydesdale) (SNP)  
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)  
 Constance, Angela (Almond Valley) (SNP)  
 Crawford, Bruce (Stirling) (SNP)  
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)  
 Denham, Ash (Edinburgh Eastern) (SNP)  
 Dey, Graeme (Angus South) (SNP)  
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)  
 Dornan, James (Glasgow Cathcart) (SNP)  
 Evans, Mairi (Angus North and Mearns) (SNP)  
 Ewing, Annabelle (Cowdenbeath) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 Fabiani, Linda (East Kilbride) (SNP)  
 Fee, Mary (West Scotland) (Lab)  
 Findlay, Neil (Lothian) (Lab)  
 FitzPatrick, Joe (Dundee City West) (SNP)  
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)  
 Freeman, Jeane (Carrick, Cumnock and Doon Valley) (SNP)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)  
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Griffin, Mark (Central Scotland) (Lab)  
 Harper, Emma (South Scotland) (SNP)  
 Haughey, Clare (Rutherglen) (SNP)  
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)  
 Hyslop, Fiona (Linlithgow) (SNP)  
 Johnson, Daniel (Edinburgh Southern) (Lab)  
 Kelly, James (Glasgow) (Lab)  
 Kidd, Bill (Glasgow Anniesland) (SNP)  
 Lamont, Johann (Glasgow) (Lab)

Lennon, Monica (Central Scotland) (Lab)  
 Leonard, Richard (Central Scotland) (Lab)  
 Lochhead, Richard (Moray) (SNP)  
 Lyle, Richard (Uddingston and Bellshill) (SNP)  
 MacDonald, Angus (Falkirk East) (SNP)  
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)  
 Macdonald, Lewis (North East Scotland) (Lab)  
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)  
 Mackay, Derek (Renfrewshire North and West) (SNP)  
 Mackay, Rona (Strathkelvin and Bearsden) (SNP)  
 Macpherson, Ben (Edinburgh Northern and Leith) (SNP)  
 Maguire, Ruth (Cunninghame South) (SNP)  
 Marra, Jenny (North East Scotland) (Lab)  
 Martin, Gillian (Aberdeenshire East) (SNP)  
 Mason, John (Glasgow Shettleston) (SNP)  
 Matheson, Michael (Falkirk West) (SNP)  
 McAlpine, Joan (South Scotland) (SNP)  
 McDonald, Mark (Aberdeen Donside) (SNP)  
 McKee, Ivan (Glasgow Provan) (SNP)  
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)  
 McMillan, Stuart (Greenock and Inverclyde) (SNP)  
 McNeill, Pauline (Glasgow) (Lab)  
 Neil, Alex (Airdrie and Shotts) (SNP)  
 Paterson, Gil (Clydebank and Milngavie) (SNP)  
 Robison, Shona (Dundee City East) (SNP)  
 Ross, Gail (Caithness, Sutherland and Ross) (SNP)  
 Rowley, Alex (Mid Scotland and Fife) (Lab)  
 Russell, Michael (Argyll and Bute) (SNP)  
 Sarwar, Anas (Glasgow) (Lab)  
 Smith, Elaine (Central Scotland) (Lab)  
 Smyth, Colin (South Scotland) (Lab)  
 Somerville, Shirley-Anne (Dunfermline) (SNP)  
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)  
 Stewart, David (Highlands and Islands) (Lab)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Sturgeon, Nicola (Glasgow Southside) (SNP)  
 Swinney, John (Perthshire North) (SNP)  
 Todd, Maree (Highlands and Islands) (SNP)  
 Torrance, David (Kirkcaldy) (SNP)  
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)  
 Wheelhouse, Paul (South Scotland) (SNP)  
 Yousaf, Humza (Glasgow Pollok) (SNP)

#### Against

Balfour, Jeremy (Lothian) (Con)  
 Briggs, Miles (Lothian) (Con)  
 Burnett, Alexander (Aberdeenshire West) (Con)  
 Cameron, Donald (Highlands and Islands) (Con)  
 Carlaw, Jackson (Eastwood) (Con)  
 Carson, Finlay (Galloway and West Dumfries) (Con)  
 Chapman, Peter (North East Scotland) (Con)  
 Cole-Hamilton, Alex (Edinburgh Western) (LD)  
 Corry, Maurice (West Scotland) (Con)  
 Davidson, Ruth (Edinburgh Central) (Con)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Golden, Maurice (West Scotland) (Con)  
 Greene, Jamie (West Scotland) (Con)  
 Hamilton, Rachael (South Scotland) (Con)  
 Harris, Alison (Central Scotland) (Con)  
 Kerr, Liam (North East Scotland) (Con)  
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)  
 Lindhurst, Gordon (Lothian) (Con)  
 Lockhart, Dean (Mid Scotland and Fife) (Con)  
 McArthur, Liam (Orkney Islands) (LD)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Mountain, Edward (Highlands and Islands) (Con)  
 Mundell, Oliver (Dumfriesshire) (Con)  
 Rennie, Willie (North East Fife) (LD)  
 Ross, Douglas (Highlands and Islands) (Con)  
 Rumbles, Mike (North East Scotland) (LD)

Scott, John (Ayr) (Con)  
 Scott, Tavish (Shetland Islands) (LD)  
 Simpson, Graham (Central Scotland) (Con)  
 Smith, Liz (Mid Scotland and Fife) (Con)  
 Stewart, Alexander (Mid Scotland and Fife) (Con)  
 Thomson, Ross (North East Scotland) (Con)  
 Tomkins, Adam (Glasgow) (Con)  
 Wells, Annie (Glasgow) (Con)  
 Whittle, Brian (South Scotland) (Con)

#### Abstentions

Finnie, John (Highlands and Islands) (Green)  
 Greer, Ross (West Scotland) (Green)  
 Harvie, Patrick (Glasgow) (Green)  
 Johnstone, Alison (Lothian) (Green)  
 Ruskell, Mark (Mid Scotland and Fife) (Green)  
 Wightman, Andy (Lothian) (Green)

**The Presiding Officer:** The result of the division is: For 84, Against 35, Abstentions 6.

#### *Motion agreed to,*

That the Parliament shares the ambition that Scotland should rank in the top quartile of OECD countries for productivity, equality, wellbeing and sustainability; recognises the vital contribution of the enterprise and skills agencies to creating a more successful country, with opportunities for all of Scotland to flourish through delivering inclusive and sustainable economic growth; further recognises the different social, economic and community development challenges facing the Highlands and Islands and the south of Scotland; believes that the challenge of achieving this ambition is made greater in the context of the Brexit referendum; further believes that achieving this OECD objective will require a transformational step change in national economic performance across a range of outcomes and that enterprise and skills support is central to achieving this ambition, and welcomes the publication of the outcomes of Phase 1 of the Enterprise and Skills Review.

**The Presiding Officer:** The next question is, that motion S5M-02106, in the name of Edward Mountain, on behalf of the Rural Economy and Connectivity Committee, on the "Report on the Memorandum of Understanding of Ofcom", be agreed to.

#### *Motion agreed to,*

That the Parliament notes the Rural Economy and Connectivity Committee's 2nd Report, 2016 (Session 5), *Report on the Memorandum of Understanding of Ofcom* (SP Paper 18), and approves the memorandum of understanding relating to the relationship between Ofcom, the Scottish Government, the UK Government and the Scottish Parliament.

**The Presiding Officer:** The next question is, that motion S5M-01869, in the name of Fiona Hyslop, on the Cultural Property (Armed Conflicts) Bill, be agreed to.

#### *Motion agreed to,*

That the Parliament agrees that the Cultural Property (Armed Conflicts) Bill, introduced to the House of Lords on 19 May 2016, which provides for the introduction of measures to enable the ratification by the United Kingdom of the Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict of 1954 and the Protocols to that Convention of 1954 and 1999 and which,

so far as applying to Scotland, is within the legislative competence of the Scottish Parliament, should be considered by the UK Parliament.

**The Presiding Officer:** The next question is, that motions S5M-02118, S5M-02119, S5M-02124 and S5M-02123, in the name of Joe FitzPatrick, be agreed to.

*Motions agreed to,*

That the Parliament agrees that the Climate Change (Annual Targets) (Scotland) Order 2016 [draft] be approved.

That the Parliament agrees that the Climate Change (Limit on Use of Carbon Units) (Scotland) Order 2016 [draft] be approved.

That the Parliament agrees that the Legal Aid (Scotland) Act 1986 Amendment Regulations 2016 [draft] be approved.

That the Parliament agrees that the Freedom of Information (Scotland) Act 2002 (Time for Compliance) Regulations 2016 [draft] be approved.

## Campbeltown Airport (Spaceport Bid)

**The Deputy Presiding Officer (Christine Grahame):** The final item of business is a members' business debate on motion S5M-01615, in the name of David Stewart, on support for Campbeltown airport as spaceport. The debate will be concluded without any question being put.

I am really intrigued about the debate—I call David Stewart to open it.

*Motion debated,*

That the Parliament notes the potential economic benefit to communities around the site that will be selected as the UK's spaceport; understands that Campbeltown Airport is a shortlisted site that fulfils many of the technical and safety requirements; notes that these include having a 3,000 metre runway, excellent storage facilities for large quantities of fuel and hazardous materials, room to expand over a 1,000 acre site, being situated in an area away from congested airspace, the runway being a safe distance from conurbations, excellent air, road and sea transport links and with close proximity to areas of engineering expertise; believes that this would help to boost tourism in the area and would show clear intent that Scotland is embracing industries of the future that would help to boost Scottish-led innovations in science, technology and the rural economy, and acknowledges what it sees as the strong case being put forward by Discover Space UK for it to be selected as the site for the spaceport.

17:07

**David Stewart (Highlands and Islands) (Lab):** Thank you for that vote of confidence, Presiding Officer. I am delighted to speak.

On 9 July 1962, a Thor-Delta rocket was launched from Cape Canaveral. On board was the United Kingdom's Ariel 1 satellite, which not only made the UK the third country, after the USA and the Soviet Union, to operate a satellite but launched the UK's space industry. That industry has developed to the point at which in 2014 it contributed £11.8 billion to the British economy and supported 35,000 jobs, according to the UK Government's figures.

Just as it was a satellite that began the UK space industry, so it is satellites that will allow the UK Government to secure its ambition of a space industry that is worth £40 billion by 2030, which will represent a 10 per cent share of the global space industry market.

A first step towards that goal was the UK Government's announcement that it intends to develop a single site as the UK's spaceport. In July 2014, a shortlist of potential sites was announced with a view that the chosen site would be up and running by 2018. The original shortlist of eight was reduced to five, which included three sites in Scotland: Prestwick, Campbeltown and

Stornoway. Currently Machrihanish is the only runway that has the required runway length for horizontal launch. In May, the Department for Transport wrote to the spaceport bidders to inform them of their decision to end the bidding process and to move towards a licensing model.

In previous debates, I supported the case for the selection of Campbeltown airport and I am still of the opinion that it is the best site for a spaceport. It should be remembered—many members will be aware of this—that Campbeltown airport was developed as a military airport and was a major part of NATO's network up until the end of the cold war. For example, in the second world war it had the longest runway in Europe. Consequently, many millions of pounds were spent on building and maintaining infrastructure facilities of a high standard, including three jet-fuel storage installations and a pipeline to Campbeltown harbour to ensure safe delivery of highly volatile fuel. The facilities remain in excellent working condition today and will be able to meet the needs of not just the permanent staff but the visiting technicians who will be needed at various times during each stage of the project.

When we move from satellite launching to space tourism, those good-quality on-site accommodation and training facilities will be essential. It is worth mentioning that Campbeltown airport is the only UK site that has been approved for use as a spaceport by Virgin Galactic and NASA.

Safety will be an important factor in the granting of a licence—the last thing we want is the possibility of a mid-air collision with an aircraft. Spacecraft will take off horizontally, just as conventional aircraft do, and a runway of 3,000m is required for a launch. Campbeltown is the only shortlisted site to meet that requirement. In addition, the runway launches away from land or habitation, straight over the Atlantic Ocean, which is an important safety factor.

The lack of population around the spaceport is important. Take-off not only creates excessive noise—it is much louder than normal aircraft take-off—but is the most dangerous part of a space mission, with the possibility of an explosion involving many tonnes of rocket fuel. We all hope that an accident will never happen, but the relative isolation of Campbeltown airport would be a significant safety factor in the unlikely event of an accident.

A satellite launch facility is a long-term project, which involves much more than the provision of a long runway. To get the most out of the project, room will be needed for the facility to develop and grow. The site at Campbeltown stretches to more than 1,000 acres, so there is more than ample room to develop not just a launching site but

associated industries, research and development and education. Indeed, given the dark skies that are associated with Kintyre because of its lack of light pollution, Campbeltown would be a great place for an astronomy tourism centre. The airport is sited in the beautiful Kintyre peninsula and benefits from a reasonably good road system and a harbour whose ferry links could, and probably should, be developed, in keeping with the wishes of the local community.

Although the airport is only a short fixed-wing aircraft or helicopter flight from Glasgow international airport, it is perfectly capable of handling its own international air traffic. After all, NASA was satisfied to have it as an emergency landing location for its space shuttle, which of course would have been transported home on the back of a Boeing 747. I do not think that there is a bigger vote of confidence in Campbeltown airport than that.

Campbeltown harbour has recently undergone extensive improvements, which make it ideal for the delivery of materials before transfer to road vehicles for the short journey to the airport.

The spaceport model has changed, as I said. The UK Government is no longer looking for just one site; it is looking for a more competitive and commercial model. The shortlisted sites have already passed the first sifting process and might well be in pole position when it comes to securing a launch licence.

It is not known whether the UK Government will make money available for site development, but competing sites cannot afford to sit back and wait. The change to a licensing system is not, for Campbeltown, the drawback that it might be to other sites, because the site requires much less work to make it ready for safe and efficient launches.

I am convinced that Campbeltown airport is the best location for a spaceport and is best placed to deliver a service in the UK Government's desired timescale. As the decision on the UK spaceport is not the Scottish Government's to take, it is understandable that the Scottish Government has not publicly backed Prestwick, Stornoway or Campbeltown. Now that things have changed, the Scottish Government can choose to let the market decide or to play a proactive role in helping Scotland to secure a launch licence. For example, it could create enterprise area status for spaceport activities at Machrihanish. Perhaps the minister will comment on that.

The site that wins the licence has the potential to bring substantial employment and economic benefits to the community for a long time to come. Scottish Government co-operation is now essential—not just to assist with site development,

but to ensure that the potential spaceport makes the best commercial and technical partnerships. I thank Charlotte Wright and her colleagues at Highlands and Islands Enterprise for their support in the development of the project.

Throughout history, Scottish scientists have been in the vanguard of innovation and discovery, from James Watt, the godfather of the industrial revolution, to Robert Watson-Watt, the inventor of radar. That fine tradition continues as the issues that I have been talking about develop. We owe it not just to people today but to future generations to get behind the project. We can build on that great legacy and grasp the opportunity to be at the forefront of space technology, or we can choose to be left behind. Surely there can be no greater transport aspiration for the Scottish Parliament than to link Scotland with the moon.

**The Deputy Presiding Officer:** Some people think that there are individuals in here who are already tethered to the moon.

17:14

**Kenneth Gibson (Cunninghame North) (SNP):** I thank David Stewart for securing valuable debating time in the chamber on this important matter. I recognise that this is a topic about which we both feel strongly, but I disagree that Campbeltown airport would be the best choice for Scotland: the site at Glasgow Prestwick airport is clearly the better option. Therefore, for the first time since I was elected in 1999, I must speak against the motion in a members' business debate.

With the space industry set for rapid growth, we have a tremendous opportunity for Scotland to be home to the first-ever spaceport on European soil and a hub for commercial space flights. It would be ideal to showcase our skills in engineering and science and to propel ourselves into developing the next generation of space-related industries. That is why it is of the utmost importance that the right site be chosen.

Here is an opportunity that is far too good to be lost, so we should unite behind a campaign for one site in order to secure a win for all of Scotland. I strongly believe that that site should be Prestwick, where some of the largest global aerospace companies are already based, including BAE Systems, Spirit AeroSystems, GE Caledonian, UTC Aerospace Systems and Woodward International Inc. Spirit AeroSystems alone employs about 900 people at Prestwick.

Location is key. Prestwick's close proximity to Glasgow—which is home to some of our nation's finest university graduates and scholars, research teams and innovative companies—cannot be underestimated. Clyde Space is a great example

of such a company. It produces and sells small satellite systems, which makes it a front runner in its field. Nearby Glasgow is an ever-growing hub of activity, and Prestwick, which is just half an hour from the largest community of space industry employees outside London and the south-east, has an advantage that cannot be understated. Prestwick is therefore the superior location, which is invaluable with a project of this nature. There are 8,000 engineering undergraduates within 50 miles of Prestwick and 4 million people living within two hours' travel time.

The excellent road and rail links to and from Prestwick airport mean that it is easily accessible, with little chance of one being stuck behind a timber lorry, as can often happen in Argyll: it happened to me three times on the 26th of last month. At Prestwick, vehicles will easily be able to transport materials and goods that need to be delivered on site. Central road and rail services make it simple for equipment to be moved and also to attract specialist staff.

Of course, in order to be considered as a spaceport, a site must meet the appropriate requirements. Prestwick is more than ready for that, with a runway that is over 2,980m long that frequently handles the largest aircraft. It also has three air traffic control towers and experience of space flight technology. I am not alone in believing that Prestwick is the right place for the spaceport.

The bid is being led by Stuart McIntyre—a Scottish entrepreneur who has great experience with British Aerospace, Scottish Aviation and Prestwick airport. The experience that he has brought to the team is invaluable in helping to create an exciting proposal for Prestwick spaceport. A huge part of that will be the new and exciting employment opportunities in sectors including science, technology, engineering and construction. Scotland is already known for being innovative in developing those sectors; the spaceport will take that even further.

Other industries will benefit, with more spending power in the Ayrshire economy from both spaceport workers and increased tourism. The existing Ayrshire and Arran tourism market is worth over £340 million a year. Ayrshire has a huge appeal across the world because of its beautiful coastlines, golf courses and rich heritage. The spaceport would simply expand on that.

The Scottish Government needs to stop pussyfooting about. Scotland having three potential spaceports is unrealistic: hedging one's bets is more likely to see the spaceport going to Wales or England, each of which has only one proposal. Sometimes you need to put your eggs in one basket, and this is just such an occasion, so I say, "Please, minister—back Prestwick", which has shown itself to be the front runner in the



competition for the first spaceport in the UK. It is an incredible opportunity and Prestwick is clearly the ideal location to secure that important development for Scotland.

17:18

**Edward Mountain (Highlands and Islands) (Con):** I want to agree with David Stewart, and I do not believe that he is wired to the moon for having made his suggestion. I support his proposal.

**The Deputy Presiding Officer:** I was rather speaking of some others in here—including myself—not, indeed, Mr Stewart.

**Edward Mountain:** In my opinion, only one site in Scotland really stands out—and that is the site at Machrihanish. The reasons are those that have already been partly given.

It is secluded and accessible. It has pedigree, being a former RAF base and having played a very important role during the Cold War. It is regarded as an international airfield, having already been used by the US Navy and NATO. It also has form. As has been mentioned, NASA has identified it as an emergency landing site for space shuttle launches. Therefore it has been recognised.

When the announcement was made that a spaceport would be selected, it was stated that that would be done by competition. However, the Department for Transport has decided that it will be done by way of licensing, to ensure that the regulatory conditions are met. The head of international aviation at the UK Space Agency welcomed that change and advised that it would create viable business models and a range of locations—and it has.

The good news is that that also makes Machrihanish airport probably the most attractive site, because the following basic requirements are sought: an existing runway that extends over 3,000m; the ability to have an airfield that has no conflicting airspace demands; a site that is reasonably located away from densely populated areas; suitable meteorological and environmental conditions—which Machrihanish has; and a location that is accessible to staff and visitors. Machrihanish ticks all those boxes, and, in April 2015, Discover Space UK launched its bid for Campbeltown, declaring

“We are confident that our site offers the best possible option, especially under a licensing arrangement. We are the only one of the bidders to have a suitable runway, we’ve got the best launch direction and 1,000 acres of opportunity on site.”

The site has also, as we have heard, received support from Virgin Galactic, which has listed it in its top three preferred sites. Argyll and Bute

Council welcomes the Discover Space UK bid and Highlands and Islands Enterprise has backed the campaign. They believe that it will encourage people to live and work in Campbeltown—which, as we know, is vitally important—and that it will help to boost tourism.

I believe that the minister should campaign for Campbeltown airport to be chosen as the spaceport because it is the only candidate that meets the requirements, it is approved by NASA, it has a real operator—Virgin Galactic—that wants to use it and its coastal location and quasi-remoteness make it perfect for a spaceport. Machrihanish air base is also owned by a community-based company that purchased the site for £1 with the intention of reinvigorating the economy. The minister can make that happen.

Let us join in the journey together and turn a flight of fancy into reality by helping to make Machrihanish air base the first British spaceport.

17:22

**Neil Bibby (West Scotland) (Lab):** I join members in welcoming the motion and congratulate Dave Stewart on securing the debate. It is clear, from the speeches that we have heard so far, that aerospace is recognised as a key growth area for the UK economy. As the motion outlines, we should be making every effort to embrace the industries of the future, and aerospace is widely regarded as an emerging market. The creation of new spaceports in the UK presents significant economic opportunities that we must take advantage of.

As members have outlined, Scotland is well positioned to take advantage of the potential benefits of the expected emergence of new low-cost rocket planes that can launch fare-paying passengers into space and put satellites into orbit. Although most of those vehicles are quite some time away from being operational, there is a belief that, if the UK gets its act together now, we will be in a position to take advantage of the first wave when they arrive and steal a march on our competitors.

As has been mentioned, the UK Government recently announced its intention to

“create the regulatory conditions for any suitable location that wishes to become a spaceport, to take the opportunity to develop and attract commercial space business.”

That means that there is the potential to set up a network of spaceports around the UK rather than a single site, as was originally planned. The fact that we have three potential locations across Scotland, which were all shortlisted in the original competition, should be welcomed. All three of the locations have their individual strengths.

Dave Stewart rightly made reference—as have other members—to the strengths of Campbeltown airport as a potential location that includes a 3,000m runway, excellent storage facilities for hazardous materials and transport links. Many members will also—as Kenny Gibson did—point to the strengths that Prestwick airport has to offer, including the fact that almost £250,000 is being invested to develop Prestwick’s aerospace sector. That investment will go towards a comprehensive development programme that will include infrastructure, business development, energy reduction and supply chain development.

The potential benefits of having a spaceport are clear. It would not only create skilled jobs and opportunities for high-tech supplies and services, but provide a boost for the tourism industry.

We have an impressive track record when it comes to space technology. The UK is a world leader in satellite business, with a particular strength in small satellites. Scottish companies are playing a leading role in providing components and systems for those satellites. As Kenny Gibson mentioned, the Glasgow-based company Clyde Space is widely regarded as one of the most innovative young companies in the UK, and it has become the largest indigenous space company in Scotland.

Clyde Space produces high quality, high-performance systems for small spacecraft. It was one of the first commercial companies in the world to recognise the potential of the new technology, and it has a 40 per cent share of the global market in power components for so-called CubeSats.

We have much to be proud of. Spaceports would provide us with the opportunity to be ahead of the curve when it comes to the next generation of space travel. There are wide-ranging potential benefits not only to the areas where any spaceport would be located, but to the wider Scottish economy.

I join Dave Stewart and other members in urging the Scottish Government to do everything that it can to ensure that we grasp the opportunity to be at the forefront of space technology.

17:26

**John Finnie (Highlands and Islands) (Green):**

I thank my colleague David Stewart for bringing the motion to the chamber. He outlined that Argyll and Bute Council, and Highlands and Islands Enterprise lend their support to the proposal for Campbeltown airport to be a spaceport. I certainly lend my personal support for that. I will not pussyfoot about the issue at all; I am clear on where my support lies.

I want the debate to be a bit more informed than it simply being about one member’s runway being longer than another member’s runway. The reality is that, of course, there are competing demands. It is estimated that the UK space industry could create up to 100,000 jobs by 2030. Argyll and Bute Council is focused on the jobs element. To supplement our excellent cohort of timber lorry drivers, we want to get the specialist jobs that would come with a spaceport.

Mr Gibson talked about the workforce and Mr Bibby mentioned the expertise that exists there. The motion highlights that when it talks about the “close proximity to areas of engineering expertise”.

The reality is that the people who are involved in jobs at that level are part of a very mobile workforce. I am sure that they would enjoy coming to the Kintyre peninsula and that they would be made very welcome there.

I also favour Machrihanish as the site was purchased from the Ministry of Defence and the Scottish Greens are very keen to see the MOD portfolio in Scotland greatly reduced. The fact that the site was part of a community buyout in 2012 just adds to that.

The Scottish Greens have a policy on space travel. Part of the strategy is that we would want surrounding communities to benefit. As has been said on many occasions already, there are very strong community links between the Kintyre community and the Machrihanish site.

The UK Government’s £50 million investment in space will go a long way.

I, too, will mention Clyde Space, its cube satellites and its leading market role. If we had a spaceport in Scotland—wherever it might be—we could design, build and launch satellites from Scotland. For the reasons outlined, it is certainly my view that Machrihanish would be that site.

The London School of Economics identifies something called “knowledge spillovers” from increased space research and development, in which the knowledge gained can be used to create other technologies in different sectors such as aeronautics, healthcare, transport and energy. This was news to me, but examples of the spillovers from NASA research include advanced robotic surgery, efficient engines, memory foam mattresses, water purification and environmental sensors. It also fed into information about the optimal sites for wind farms. Of course, wind farms have become tourist attractions. We know from Whitelee what a significant number of tourists there can be. There is no doubt that a spaceport would become a tourist attraction, too.

A policy on space exploration was passed at the Greens' conference in 2015. The first paragraph says:

"We recognise the benefits to society provided by satellite technology and building our scientific knowledge, particularly environmental science, and in the provision of telecommunications and navigation services."

It would not be a Green policy if it did not make reference to recycling, and part of the policy is to

"encourage the salvaging and recycling of redundant and waste material currently in orbit."

The most important condition that we would attach to support for the Campbeltown bid for a spaceport, which we fully endorse, is that

"We oppose the militarisation of space, and we fully endorse the UN Outer Space Treaty",

the formal title of which is the "Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, including the Moon and Other Celestial Bodies".

I thank David Stewart for securing the debate.

17:30

**Donald Cameron (Highlands and Islands) (Con):** As a Highlands and Islands MSP, I am delighted to offer my support for David Stewart's motion and the campaign by Discover Space UK, which is leading the bid for Machrihanish to gain one of the new spaceport licences from the UK Government. As other members have noted, there are a variety of reasons why Machrihanish is not only a viable but an appropriate choice. Colleagues have touched on the benefits of the proposal, but I would like to add some detail that I believe further enhances the case that is being made in this evening's debate.

First, as many members have mentioned, the runway at Machrihanish is the longest of all the shortlisted locations. At 3,049 feet long, it is the longest civil runway in Britain and, as the Machrihanish Airbase Community Company consultation document notes, it is a runway that could easily be extended. Indeed, the company is keen to explore extension options, because although the current runway already meets suborbital criteria, with an expansion it could meet fully orbital and even vertical launch criteria. MACC has also noted that, given the relatively short distance to the North Sea, there is the opportunity to use Machrihanish as a base for a sea-launch site. That model is currently used in the Pacific on the Ocean Odyssey platform.

The site already has suitable capacity. There is on-site accommodation for around 2,000 personnel, existing hangar space, a fuel storage capacity of 6.2 million litres, fuelling facilities and low-cost space for businesses. Machrihanish is

only 43 miles away from Glasgow and 50 miles from Belfast by air and, of course, has a direct road link to Glasgow.

As an existing functioning commercial airport, Machrihanish comes with the necessary initial staffing expertise. Importantly, it has a manned and operational control tower. Because it is a low-use commercial airport, there is a mostly clear airspace, which is a vital element of the Civil Aviation Authority's spaceport criteria.

As others have mentioned, the initial competition element has now been abandoned in favour of a licensing scheme. I welcome that, because there are a number of suitable sites, and I hope that Britain—and especially Scotland—can lead the way in the spaceport industry. I hope that the Scottish Government will be fully behind the Machrihanish bid, because its success will have immeasurable benefits for Kintyre, Argyll and Bute and the wider area.

Kenneth Gibson spoke as an ardent and passionate supporter of Prestwick, and I can sense John Scott, who will take a different view from me, breathing down my neck. I note that, at this morning's meeting of the Rural Economy and Connectivity Committee, the Minister for Transport and the Islands said that Prestwick could be handed back to the public and used as a link airport to an enlarged Heathrow. Perhaps the Scottish Government could make its position clear on that.

In my view, there is a clear case for a licence to be granted to Machrihanish. The bid has a solid business case and, importantly, it has the backing of the local community, Argyll and Bute Council and Highlands and Islands Enterprise. If we can all support the motion, it will be small step for this Parliament but a giant leap for Machrihanish.

**The Deputy Presiding Officer:** All the clichés are coming home to roost. Mercifully, there is no vote in members' business debates.

17:34

**John Scott (Ayr) (Con):** I apologise to the chamber for not being here for the early part of the debate. I wish to speak in support of what Kenny Gibson said about Prestwick airport. Like him, I do not want to make the debate a contentious one, and I respect the support of David Stewart and other colleagues for Machrihanish. However, I feel that it is important for me to differ from Mr Stewart, because it is too serious an issue to let what he said stand.

Machrihanish is self-evidently not the location of choice for a spaceport in Scotland. All the things that Mr Gibson said are absolutely true. I would correct him only on one fact: Spirit AeroSystems is

currently employs more than 1,000 people, not more than 900. There are 3,000 people around Prestwick airport in what is genuinely a world-class hub of maintenance, repair and overhaul. Never mind Machrihanish—there is nowhere else like Prestwick in Britain, and its work is absolutely vital to the sustenance of a spaceport.

A long runway in a remote location is, of itself, not enough. Mr Gibson highlighted the issue of road access; there is a motorway from Glasgow and central Scotland and indeed from London right to the front door of Prestwick airport. Mr Gibson and I are not often on the same side of an argument, but from day 1 in this Parliament we fought and campaigned to have the A77 upgraded to motorway status—and, thank goodness, we have now succeeded.

There has been much talk of timber lorries in Argyllshire. I am sorry, but that is just a fact of life. We need good access, because having a spaceport means providing access for customers as well as objects to go into space. Plans are already well under way at Prestwick airport for human space travel; indeed, there is a timescale for that, but I am afraid that I might break confidences by talking about it.

Prestwick airport has not only the advantage of having a willing 3,000-strong workforce around the area, some of whom are already involved in the design of spacecraft, but the absolute support of the Ayrshire community—not just South Ayrshire, but the whole of Ayrshire. North, South and East Ayrshire do not, I regret to say, always agree, but this is one issue on which we are absolutely united. In addition, the issue has the absolute support of the Ayrshire councils, particularly South Ayrshire Council.

As for the length of the runway and the licensing requirements, it is important to point out that Prestwick is virtually compliant with American licensing situations. It will require very little alteration in that respect; indeed, if it were an American airport, it would probably already be sufficiently compliant to be a spaceport.

I see the Presiding Officer telling me to stop. I thank you for your indulgence in letting me speak, Presiding Officer, and I support Mr Gibson in all that he has said today.

**The Deputy Presiding Officer:** I was just telling you that you were coming to the end of your four minutes, Mr Scott. I was not being so unkind as to tell you to stop.

I call the minister to wind up for the Government. I am intrigued to find out whether it is Campbeltown, Prestwick or somewhere that we have not talked about. You have seven minutes, minister.

17:38

**The Minister for Business, Innovation and Energy (Paul Wheelhouse):** I, too, have been very interested in the debate, and I thank David Stewart for securing it. It is quite obvious that proponents in the chamber for Campbeltown and Prestwick have a genuine degree of passion and interest in the subject. Mr Stewart also mentioned Stornoway, which I will mention later on. I am impressed by the level of detail displayed by Mr Stewart, Kenneth Gibson, John Scott, John Finnie, Neil Bibby, Donald Cameron and Edward Mountain, and I commend all members for the detailed research that they have carried out into this subject.

Scotland has a small but dynamic and growing space sector that is focused on a number of high-tech, high-skill and research and development-intensive areas. According to the latest available figures, the space industry in Scotland has a turnover of around £134 million, and it is spearheaded by a cluster of 128 companies, some of which have been mentioned by Kenneth Gibson and others. They are at the cutting edge of their specialisms and are backed by strong relationships with researchers in Scottish universities and research pools.

The Scottish space sector has a very strong international standing in small satellite systems and space science research as well as related areas such as sensor systems and big data.

The aspiration is for Scotland to secure 10 per cent of the UK market by 2030, which itself is potentially worth £4 billion. John Finnie cited the economic potential at the UK level and at the Scotland level. The impact that that could have on the local economy at either Campbeltown or Prestwick is clear and is probably what is fuelling the significant interest and passion of champions of those locations.

A spaceport would act as a major catalyst for the further development of the developing space sector in Scotland and the UK. It would attract investors to Scotland to play their part in the space industry supply chain; it would act as a hub for technology providers and professional services; it would attract space tourists; and it would free up the global bottleneck at the point of small satellite launch to allow growth in the new space market.

The spaceport opportunity is not about space flight in isolation; it is about much more than launching a satellite or transporting a space tourist. The wider benefits of being a licensed spaceport are extensive and could impact on manufacturing industries, research and development, academia and tourism, to name but a few. Speaking of tourism, I note that the spaceport is not just about taking people into

space; as a number of members have mentioned, it is about attracting visitors to visitor centres and to see an operational spaceport with live launches. The potential is vast in that respect.

As David Stewart and Edward Mountain said, there has been a significant change to the selection process for a UK spaceport. It was announced that the UK Government is moving to a legislative framework approach with the modern transport bill. That will be a departure from the previous bidding process to determine who would host the United Kingdom's only spaceport. A legislative framework such as the one that is being proposed brings with it a number of benefits, some of which should help to address the concerns that members have expressed today about picking winners. There will no longer necessarily be one winner; instead, space operations will be possible from multiple sites across the country.

**John Scott:** Does the minister agree with me that that will ultimately be driven by the market, as those who want to put objects and people into space will decide themselves which the most favourable location is? In that regard, does he agree with me that Prestwick is the most favourable location in Scotland?

**The Deputy Presiding Officer:** That was a good try, Mr Scott.

**Paul Wheelhouse:** That was a good attempt; I have to give marks out of 10 for effort. I accept the first part of what John Scott said and I will come on to the other aspect of it later. It is important that the market has a determining factor, but there might be different roles for spaceports and perhaps the solution that is needed is not one size fits all.

Space operations will be possible from multiple sites across the UK and we would be keen for that to happen in Scotland. An open licensing regime would mean that any Scottish site could proceed with its ambition to become a spaceport. That is significant, given that there are a range of space flight operators.

**David Stewart:** Will the minister give way?

**Paul Wheelhouse:** I will develop the point and then bring Mr Stewart in.

There are a range of space flight operators and a range of opportunities to be pursued, including the launch of satellites and taking tourists into orbit. The revised approach could lead to a number of space flight hubs across the UK, with spaceports and spacecraft instead now being licensed.

**David Stewart:** We discussed earlier that the decision making will really be by the UK Government's Department of Transport and the Civil Aviation Authority. However, there are levers

that the Scottish Government can apply. I mentioned in my speech the creation of an economic enterprise zone in the Machrihanish area. Is that being actively considered by the Scottish Government?

**Paul Wheelhouse:** As I am relatively new to my post, I am not aware of anything specific in that area, but I will investigate and, if need be, I will get back to Mr Stewart on any options that are being looked at for Machrihanish. We are supporting the development of wind turbine manufacturing at CS Wind and others in Machrihanish, and there is a strong interest in developing the Campbeltown economy. However, I will look at the specific issue that he mentioned.

There are a number of potential hubs, but there are also challenges for potential sites. Although I note the points that a number of members—David Stewart, Kenneth Gibson and Donald Cameron—have made about various technical aspects of the provision that is available at Prestwick and Machrihanish, there is still a lack of clarity as to what the key infrastructure requirements will be for each of the particular roles for spaceports. Until there is detailed guidance on what minimum standards are required—runway length has been mentioned as one possible criterion—it will be difficult for any airport to establish whether the commercial benefits of pursuing a licence would achieve a reasonable return on the investment, including potentially significant infrastructure costs.

There will also potentially be an increased financial risk for any site wishing to become a spaceport. Previously, the winning bidder would have been allocated an anchor tenant and thus would have been guaranteed income for an initial period. That no longer seems possible under the newly proposed process. Therefore, there are advantages but there are also issues that run in the other direction.

Two potential Scottish spaceport sites remain: Campbeltown and Prestwick. We have focused on both and the Scottish Government is committed to supporting both. I appreciate Mr Gibson's point about not wanting to pussyfoot around, as he delicately put it. However, under the licensing regime, we have the opportunity to support the aspirations of both airports and communities. Although there has been interest in Stornoway airport becoming a spaceport, as Mr Stewart mentioned in his opening remarks, Highlands and Islands Airports Ltd, the owner of the airport, has decided not to pursue the opportunity at this time.

**David Stewart:** Will the minister take another intervention?

**The Deputy Presiding Officer:** Please be brief, Mr Stewart, as we are running short of time.

**David Stewart:** We have been talking about horizontal take-off in this debate, but the minister might be aware that there are opportunities for vertical take-off, particularly in the missile launching base in South Uist, which I saw recently, and in Caithness. I had a very helpful brief from Highlands and Islands Enterprise on that issue. We should put on record that there are other options that involve vertical take-off.

**Paul Wheelhouse:** I am happy to accept that point and I will look at those aspects in due course.

I understand that the HIAL board previously considered whether to proceed with what would then have been a spaceport bid but decided that it would concentrate at that time on its core business of providing airports that serve the people of the Highlands and Islands. Although there is no longer a bidding process, HIAL has not changed its position in light of that. However, I appreciate that, even after HIAL's decision, Western Isles Council has indicated a desire to further explore the spaceport opportunity, so I will look into the matters that Mr Stewart has raised.

Our main focus is ensuring that a spaceport is based in Scotland, and both the Scottish Government and its agencies will commit support and offer advice to any Scottish site that wishes to pursue the spaceport opportunity. I am aware that Discover Space UK has put together a credible case as to why Campbeltown could be a commercial spaceport. As we have heard in the debate, the airfield has many attributes that make it suitable for space flight operations, including one of the longest runways in Europe. I believe that Machrihanish Airbase Community Company, as was mentioned by Mr Mountain, working with Argyll and Bute Council and Highlands and Islands Enterprise, could develop a viable spaceport business model. I feel that Prestwick, too, can develop its own spaceport business model. Indeed, Kenneth Gibson and Neil Bibby both stressed aspects of the infrastructure at Prestwick that mean that it has a good opportunity.

What is clear to me is that both potential Scottish sites—Campbeltown and Prestwick—have strong credentials that would make them excellent locations should they decide to apply for a licence. Those locations would benefit not only themselves but Scotland as a whole. I have been impressed during the debate by the depth of knowledge that members have shown in support of both locations. However, I highlight that it is ultimately for Campbeltown and Prestwick to decide whether they wish to proceed once the criteria are announced. The advantage of the new legislation, from my perspective, is that both airfields can become a spaceport without that being at the expense of the other.

The passion in the debate has shown that we can work together to ensure that Scotland secures a spaceport opportunity. Now that the UK Government has announced its intention to move towards a licensing framework, we encourage it to ensure that all interested parties are given a clear understanding of the infrastructure requirements involved. That would enable prospective sites to develop a viable business model and to determine whether they wished to pursue an application to be licensed.

I want to see a spaceport located in Scotland; indeed, I would like to see spaceports—plural—located in Scotland, if that is possible. There is no reason why both our potential sites cannot establish a business model to seize the many opportunities that being licensed would bring. I reiterate my belief that both sites would make excellent spaceports. The Scottish Government and its agencies will continue to provide advice and support to assist our Scottish sites and stand ready to help them realise their ambition of becoming a spaceport.

*Meeting closed at 17:48.*

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