



OFFICIAL REPORT
AITHISG OIFIGEIL

Meeting of the Parliament

Thursday 2 February 2017

Session 5



The Scottish Parliament
Pàrlamaid na h-Alba

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - www.parliament.scot or by contacting Public Information on 0131 348 5000

Thursday 2 February 2017

CONTENTS

| | Col. |
|--|-------------|
| GENERAL QUESTION TIME | 1 |
| Scottish Wide Area Network | 1 |
| Surgery (Rural Areas)..... | 2 |
| NHS Dentists (Registered Patients) | 3 |
| Highlands and Islands Enterprise (Board)..... | 5 |
| Exports..... | 7 |
| Innovation | 8 |
| FIRST MINISTER'S QUESTION TIME | 10 |
| Engagements..... | 10 |
| Engagements..... | 13 |
| Cabinet (Meetings) | 17 |
| Cabinet (Meetings) | 19 |
| Jobcentre Closures..... | 21 |
| Police Scotland..... | 22 |
| Refugees | 23 |
| People with Dementia..... | 24 |
| AWARDS FOR VALOUR (PROTECTION) BILL | 27 |
| <i>Motion debated—[Liam Kerr].</i> | |
| Liam Kerr (North East Scotland) (Con)..... | 27 |
| Colin Beattie (Midlothian North and Musselburgh) (SNP) | 29 |
| Maurice Corry (West Scotland) (Con) | 31 |
| Lewis Macdonald (North East Scotland) (Lab) | 33 |
| Bill Bowman (North East Scotland) (Con) | 34 |
| The Cabinet Secretary for Economy, Jobs and Fair Work (Keith Brown) | 36 |
| FERRY SERVICES | 40 |
| <i>Statement—[Humza Yousaf].</i> | |
| The Minister for Transport and the Islands (Humza Yousaf) | 40 |
| BUDGET (SCOTLAND) BILL: STAGE 1 | 52 |
| <i>Motion moved—[Derek Mackay].</i> | |
| <i>Amendment moved—[Kezia Dugdale].</i> | |
| The Cabinet Secretary for Finance and the Constitution (Derek Mackay)..... | 52 |
| Kezia Dugdale (Lothian) (Lab)..... | 56 |
| Bruce Crawford (Stirling) (SNP) | 60 |
| Murdo Fraser (Mid Scotland and Fife) (Con)..... | 63 |
| Patrick Harvie (Glasgow) (Green) | 67 |
| Willie Rennie (North East Fife) (LD) | 70 |
| Kate Forbes (Skye, Lochaber and Badenoch) (SNP) | 71 |
| Liz Smith (Mid Scotland and Fife) (Con) | 74 |
| Ash Denham (Edinburgh Eastern) (SNP)..... | 76 |
| Colin Smyth (South Scotland) (Lab) | 78 |
| Ivan McKee (Glasgow Provan) (SNP)..... | 81 |
| Dean Lockhart (Mid Scotland and Fife) (Con)..... | 84 |
| Maree Todd (Highlands and Islands) (SNP) | 86 |
| Daniel Johnson (Edinburgh Southern) (Lab)..... | 88 |
| Kenneth Gibson (Cunninghame North) (SNP) | 91 |
| Adam Tomkins (Glasgow) (Con) | 94 |
| John Mason (Glasgow Shettleston) (SNP)..... | 96 |
| Jackie Baillie (Dumbarton) (Lab) | 98 |
| Douglas Ross (Highlands and Islands) (Con) | 100 |
| Derek Mackay..... | 103 |
| BUSINESS MOTION | 107 |
| <i>Motion moved—[Joe FitzPatrick]—and agreed to.</i> | |
| DECISION TIME | 108 |

Scottish Parliament

Thursday 2 February 2017

[The Presiding Officer opened the meeting at 11:40]

General Question Time

Scottish Wide Area Network

1. **John Scott (Ayr) (Con):** To ask the Scottish Government when the revised Scottish wide area network project will be completed and delivered in full. (S5O-00629)

The Cabinet Secretary for Finance and the Constitution (Derek Mackay): The Scottish wide area network, or SWAN, is an on-going programme of work. The contract, awarded in February 2014, allows public sector organisations to become SWAN members until February 2020. From February 2020, no new members can join but existing members can add and revise services until February 2023, by which time the programme will be delivered. SWAN will remain operational until the last member's contract has expired, which will be no later than February 2026.

John Scott: The cabinet secretary will be all too aware of the shortcomings of the contract with Capita and the delivery of information technology services thus far, and of the low broadband speeds that are being delivered. He will also be aware that the day after this question was lodged, an additional £110,000 was allocated to provide extra bandwidth in the service locally.

Will the cabinet secretary tell us when the service will be fully delivered in Ayrshire, why the original contract was so unambitious in terms of broadband speeds, why delivery dates have not been met thus far, whether financial penalties have been levied or alternative contractors considered, and whether NHS Ayrshire and Arran or the Scottish Government are paying for potential cost overruns in this apparently struggling project?

Derek Mackay: Presiding Officer, I might have some difficulty in getting you to indulge me in giving a full and comprehensive answer to that question. I will endeavour to get the information to Mr Scott and I am happy to arrange a briefing at which we can go over all of the issues and complexities and look at the way forward. The information can be shared with the member and, indeed, anyone else who is interested in the network.

Surgery (Rural Areas)

2. **Kate Forbes (Skye, Lochaber and Badenoch) (SNP):** To ask the Scottish Government what its response is to the Royal College of Surgeons of Edinburgh report, "Standards informing delivery of care in rural surgery". (S5O-00630)

The Cabinet Secretary for Health and Sport (Shona Robison): We welcome the report as a useful contribution to discussion on the sustainability of rural surgical services. The report highlights a number of recommendations that are consistent with the direction of travel for NHS Scotland that is set out in the national clinical strategy.

Kate Forbes: The cabinet secretary will be aware of the difficulties with the recruitment of surgeons to rural general hospitals. What is the Government doing to enhance surgical training and recruitment to ensure an appropriate standard of care for patients in rural hospitals?

Shona Robison: In the short to medium term, a range of actions are already being taken to support NHS boards to recruit in remote and rural areas, to encourage those who trained or worked in NHS Scotland to return to work in the health service and to encourage others to come from elsewhere to work here. For example, we support the development of flexible networks between rural and urban hospitals, such as Raigmore and Caithness general, to maintain and enhance surgeons' skills where patient numbers are small.

The longer-term solution lies in implementing recommendations from the report of the shape of training review to achieve a better balance between general and specialist medical skills. On working with the surgical colleges, proposals for a revised training curriculum that will equip trainees with the competences to deliver elective and emergency general surgery are well advanced. That will be very good news for our rural general hospitals.

Miles Briggs (Lothian) (Con): One of the issues that have been raised at the Health and Sport Committee is that, in some cases, people are not going to rural parts of Scotland because their partners cannot find work or because of broadband connections. Is that an area that the Government will also look into so that we can make sure that rural practice and surgery become attractive career options in future?

Shona Robison: Miles Briggs makes an important point and the Government has done a lot on broadband, particularly for remote and rural areas. He is right about the infrastructure that is required to deliver some of our enhanced services in rural healthcare through the use of technology, particularly in primary care.

The issue of partners is an important one. I know that health boards have worked hard to help the partners of people who come to work in the health service also to find employment and to offer other incentives, whether accommodation or other support, particularly for those who are new to the area. Those are important issues when it comes to retaining and recruiting people in our rural areas.

Monica Lennon (Central Scotland) (Lab): Does the cabinet secretary agree with the concerns of the British Medical Association that the erosion of support for professional activity time in consultant contracts is partly to blame for the chronic shortage of staff and the unfilled vacancies in some rural areas and across the country? If so, will the Government commit to reprioritising the implementation of the 8:2 contracts across all health boards as a matter of urgency, to ensure that consultants can develop the level of expertise that a world-class health service requires and that Scotland can continue to attract and retain the best talent?

Shona Robison: The issue has been raised with me directly by the British Medical Association. The area where it is more of an issue is in fact Greater Glasgow and Clyde, not a rural health board area. NHS Greater Glasgow and Clyde is the board with the most 9:1 contracts. We will continue to discuss the matter with NHS Greater Glasgow and Clyde, particularly when a new chief executive is appointed there. That is one of the issues that we would expect the board to pursue with the consultant workforce in its area.

NHS Dentists (Registered Patients)

3. Gil Paterson (Clydebank and Milngavie) (SNP): To ask the Scottish Government how many people are registered with a national health service dentist, and how this compares with 2007. (S5O-00631)

The Cabinet Secretary for Health and Sport (Shona Robison): As at 30 September 2016, there were 4,924,974 people registered with an NHS dentist in Scotland. The equivalent figure for 2007 was 2,669,990.

Gil Paterson: That answer is welcome. The cabinet secretary will recognise that there remains inequality between deprived and affluent areas. What steps will the Scottish Government take to help to address child dental health inequalities?

Shona Robison: We are continuing to make progress to reduce oral health inequalities among children. Comparing the two years to September 2016 with the two years to September 2007, for example, there has been an increase of 36 per cent in the number of children in the most deprived areas attending their dentist.

We recognise, however, that more work needs to be done, and that is why I have decided to expand our flagship child smile programme. As is announced in the “Fairer Scotland Action Plan”, we will be expanding the programme to nursery and primary 1 and 2 children in the most deprived 20 per cent of areas across Scotland. The programme provides additional oral health interventions, such as fluoride varnish application, for children from the most deprived areas. I think that will help to make a real difference.

Maurice Golden (West Scotland) (Con): Although an increase in dental registrations is to be welcomed, it is important to note that the 2016 dental report says that because of the change to lifetime registration, the registration rate has become “less informative” in measuring patient access to dental services. On the trend for patients actually seeing a dentist—the participation rate—the report states:

“Participation rates ... have been falling across all NHS Boards.”

Furthermore, patients in the most deprived areas are least likely to have seen a dentist in the previous two years.

What steps is the Scottish National Party Government taking to ensure that people of all ages are not just registering with but are actually being treated by a dentist?

Shona Robison: NHS dentistry and its transformation across Scotland is a success story that we should be immensely proud of. However, let me address the member’s questions.

Figures show a significant increase over the past decade in the number of people attending their dentist. Under this Government, attendance has risen from 2.5 million in the two years to March 2007 to 3.5 million in the two years to September 2016, so more people are now attending their dentist.

Dentists put considerable work into encouraging regular attendance. To give one example, dentists have access to the NHS mail system, which allows them to text message patients an appointment reminder, which has been shown to improve attendance. We should remember the very important role that the public have to play in ensuring that they—and, importantly, their children—regularly attend appointments.

It should be noted—and, I would hope, welcomed—that access to NHS dentistry in Scotland is at an all-time high. There is more capacity than ever before to accommodate the needs of patients. I would have thought that members across the chamber should welcome that.

Anas Sarwar (Glasgow) (Lab): I declare an interest: I used to be a practising NHS dentist and my wife continues to practise as a dentist in the NHS.

I congratulate the cabinet secretary on the spin of the week on the dental figures. She is not comparing like-for-like figures. The reality is that, in April 2006, people were registered for 36 months, whereas now there is lifetime registration. It is more important to look at the participation rates—the proportion of people who access NHS dentistry. If we look at the proportion of people who participate, we see that, in September 2006, 99 per cent of adults participated with a dentist with whom they were registered and 100 per cent of registered children participated. The current figures are 69 per cent of adults and 86 per cent of children.

Therefore, although there is much to welcome, will the cabinet secretary recognise the challenges that exist in dentistry and perhaps give the figures a check-up of their own?

Shona Robison: I have never heard such a glass-half-empty question being asked in the chamber. NHS dentistry is a success story. Even Anas Sarwar cannot take that away. Given his clinical experience, I would have thought that he would have realised that lifetime registration is a good thing, because it keeps people registered with a dentist throughout their lives.

I will provide a couple of figures that even Anas Sarwar surely cannot complain about. The figure for primary 1 children with no obvious decay rose from 54 per cent in 2006 to 69 per cent in 2016, and the figure for primary 7 children with no obvious decay rose from 59 per cent in 2007 to 75 per cent in 2015. Even Anas Sarwar must welcome those figures.

Highlands and Islands Enterprise (Board)

4. David Stewart (Highlands and Islands) (Lab): To ask the Scottish Government whether it will reconsider removing the board of Highlands and Islands Enterprise. (S5O-00632)

The Cabinet Secretary for Economy, Jobs and Fair Work (Keith Brown): There should be no doubt that, under this Government, HIE will remain firmly in place at the heart of the Highlands and Islands economy. We have repeatedly committed to maintaining the dedicated support that is locally based, managed and directed by HIE.

Phase 2 of the enterprise and skills review will look to deliver for businesses and individuals in the Highlands and Islands additional access to and support from national services as part of a more coherent system. The Scottish ministers have asked Professor Lorne Crerar, the chair of

HIE, to lead a governance review, working with all four enterprise and skills agencies, their existing boards and other experts in developing the detailed scope, potential structures and functions of the new board.

In addition, as I have said on a number of occasions, I am happy to meet representatives from all parties to discuss the way forward, as we consider how best to ensure that HIE is best placed to meet the challenges and opportunities of the future.

David Stewart: The very simple ask that I make of the cabinet secretary today is to retain a fully autonomous board for Highlands and Islands Enterprise—one that is based in the Highlands and Islands and which is fully responsible for the strategic direction of the organisation. For the cabinet secretary to change his mind on the issue at the 11th hour would be a strength, not a weakness, and would show that the Scottish Government is listening to the wave of public opinion in the Highlands and Islands.

Keith Brown: I underline the point that has been made previously. A number of people have expressed concerns. Whether those concerns have been expressed by the council leaders of the various northern authorities, all of whom I met yesterday, by Jim Hunter, who has been mentioned by a number of parties in previous statements, by Scottish National Party MSPs, who have asked for meetings to discuss their concerns and to progress matters, I am continuing to listen to them.

We await the report from Professor Lorne Crerar, the current chair of HIE, who will look at those issues as well as at what else can be done to strengthen the work of HIE, whether that is in terms of internationalisation or more powers in relation to skills or driving up exports. It is important that we build on the success of HIE. Just as we are asking the rest of the agencies in the review to see how we can improve things further to take Scotland from the third to the first decile in the Organisation for Economic Co-operation and Development's league tables, it is important that HIE looks at itself—along with others—to see how we can improve the services that we provide to individuals and companies across the Highlands.

Gail Ross (Caithness, Sutherland and Ross) (SNP): Will the cabinet secretary confirm, as he did previously in Parliament, that following the conclusion of the governance review, any decision on the future of the HIE board will be brought back to Parliament? Will he reiterate his support for the continuation of local decision making?

Keith Brown: As Gail Ross says, during the debate on Highlands and Islands Enterprise I said that I would be more than happy to come back to

the chamber once the governance review was complete. Again, I reiterate that the future of HIE is secure. It will continue to be locally based, managed and directed, providing dedicated support to the local economy.

Exports

5. Jamie Greene (West Scotland) (Con): To ask the Scottish Government what its response is to the recent figures suggesting that Scottish exports to the rest of the United Kingdom were four times that of exports to the European Union. (S5O-00633)

The Cabinet Secretary for Economy, Jobs and Fair Work (Keith Brown): The Scottish Government welcomes the latest export figures for Scotland. They show that, excluding oil and gas, our total international exports increased by £1 billion in a year, which is something that deserves commending. Trade with the rest of the UK is hugely important to Scotland's economy, and increased by 4.4 per cent to £49.8 billion in 2015. It is worth noting that trade with the rest of the EU also increased by 4.4 per cent over that period.

In line with our trade and investment strategy, we are continuing to work with our partners to grow Scottish exports to our key markets—including the UK and the EU—and to support our businesses to exploit opportunities in new international markets.

Jamie Greene: In response to a written question, the Scottish Government says that it is

“well aware of the importance of these markets to the Scottish economy”—[*Official Report, Written Answers*, 1 February 2017; S5W-06267]

In evidence to the Economy, Jobs and Fair Work Committee last year, expert witness Professor MacKay said:

“The UK will be Scotland's most important trading relationship and trading partner. Anything that comes between that will have a challenging impact on the Scottish economy.”—[*Official Report, Economy, Jobs and Fair Work Committee*, 8 November 2016; c 21.]

Will the cabinet secretary join me in acknowledging that the figures are accurate and that the UK market is worth protecting, and will he put to bed any alternative myths about the importance of the UK domestic market?

Keith Brown: All those things are evident from the answer that I just gave to Jamie Greene. I have recognised the size of the trade with the UK. It is also worth recognising the size of the trade going the other way that the rest of the UK has with Scotland. Scotland is an extremely important market for the rest of the UK.

If you look at the history of exports from the Irish Republic, for example, you will see that it

managed to achieve substantial advances in international exports. I am not sure why that should be such a problem for Tory members. We want to increase exports to everywhere—whether that is the rest of the UK, the rest of the EU or around the world. That should be a subject of consensus between us.

It is also worth saying that the 4.4 per cent increase in trade with the rest of the UK is a good thing, but so is the 4.4 per cent increase in trade with the rest of the EU—we do not hear much about that from the Conservative side of the chamber. It is worth emphasising that positive outcome and building on it, rather than constantly denigrating Scotland's economic performance, which is what we hear from the party opposite.

Innovation

6. Adam Tomkins (Glasgow) (Con): To ask the Scottish Government what it is doing to improve levels of innovative activity in the economy. (S5O-00634)

The Minister for Business, Innovation and Energy (Paul Wheelhouse): Boosting innovation is critical to driving inclusive economic growth. We are working with our agencies and stakeholders to develop a more innovative and entrepreneurial culture to encourage and support more businesses to become innovation active and to increase levels of research and development, supported by our network of innovation centres and Interface, which facilitate collaboration between business and academia.

The innovation action plan, which was published on 11 January, sets out some immediate steps to make a difference to our innovation performance, such as the use of the public sector to catalyse innovation in projects such as CivTech, the world's first cross-public-sector technology accelerator and to complement the manufacturing action plan, which was published in February 2016, which sets out our proposal for a national manufacturing institute for Scotland.

Adam Tomkins: I thank the minister for the part of his answer that I was able to hear—I could not hear all of it because of the chorus of approval that greeted the arrival of the Greens in the chamber. [*Laughter.*]

As the minister knows, the number of patent applications that are filed is used to measure the level of innovative activity in the Scottish economy. Figures from the Scottish Parliament information centre show that the number of patents filed per 10,000 head of population in Scotland in 2015 is well below the United Kingdom average. The UK Government's newly published industrial strategy recognises the need to build on research strengths in businesses as well as universities. In light of the

figures, will the Scottish Government commit to do the same?

Paul Wheelhouse: I give some encouragement to Mr Tomkins by saying that the recent UK innovation survey 2015, which is carried out on the same basis in Scotland and UK-wide, shows that in Scotland there has been an increase in the proportion of enterprises that have an “innovation active” approach, to 50.4 per cent. That is still slightly behind the UK average, but it is a substantial increase of 7 percentage points, so we are catching up.

There are great opportunities in the industrial strategy, and we will work closely with industry to try to maximise them. On the important point about patents, we should not lose sight of the fact that between the most recently published data, for 2014-15, and the data that we are seeing from Scottish Enterprise, we have seen a substantial increase from 649 to 1,200 innovation active businesses. What SE and Highlands and Islands Enterprise are doing to increase innovation in our business community is working, and I hope that we will see progress in due course.

First Minister’s Question Time

12:01

Engagements

1. Ruth Davidson (Edinburgh Central) (Con):
To ask the First Minister what engagements she has planned for the rest of the day. (S5F-00831)

The First Minister (Nicola Sturgeon):
Engagements to take forward the Government’s programme for Scotland.

Ruth Davidson: Does the First Minister believe that having higher rates of tax in Scotland sets a “dangerous precedent” for the prospects of economic growth?

The First Minister: I have been very clear that the Government will not increase income tax rates. At a time of rising inflation and pressure on household incomes—especially low incomes—that would not be the right thing to do. I am equally clear that, given the pressure on public services as a result of Tory austerity, it would be wrong to cut taxes for the top 10 per cent of income earners. We will not do that, either.

I am clear about our priorities and I am also pretty clear about the Tory priorities. The Tories prefer tax cuts for the richest at the expense of our national health service, education and those on low incomes. I cannot believe that Ruth Davidson has come to the chamber today to talk about tax cuts for the rich after the Resolution Foundation said just this week—I hope that she is listening—that Tory tax policy is going to make

“The poorest quarter of ... households”

up to

“15 per cent worse off”

and

“the highest ... quarter ... 5 per cent”

better off.

The Resolution Foundation said that there will be

“the largest increase in inequality”

since the days of Margaret Thatcher. It also said that raising the higher-rate threshold will do nothing to raise living standards for the majority of households.

The Scottish Government is on the side of those on low incomes. It is on the side of public services. I will leave Ruth Davidson—or Harrison, or whatever she is called—to argue the case for tax cuts for the rich.

Ruth Davidson: The First Minister can just call me the protector of Scottish families' pay packets.

I thank the First Minister for her answer. I have here an admirable document, to which she signed up not so long ago. It is called "Let Scotland Flourish". In it, the Scottish National Party told us that lower taxes would

"send the message that Scotland is open for business."

Now, that same SNP wants to put business taxes up. The SNP then told us that higher rates would send

"the wrong message for indigenous businesses and businesses coming to Scotland."

Now, that wrong message is the SNP's only message.

The SNP told us that business tax cuts would protect Government revenue because they would drive economic growth. Now it says that the opposite is true. The SNP used to get it—why not now?

The First Minister: I think that Ruth Davidson might have missed something. I believe that competitive business taxes are important, which is why we have the most competitive business rates regime of any country in the United Kingdom and why the budget that will be debated this afternoon will lift 100,000 small businesses across Scotland out of business rates altogether.

Let me go back to the previous issue—that of low-income households. The truth is that the Tories are the destroyers of the living standards of those on low incomes. In case Ruth Davidson did not hear me, I remind her of what the Resolution Foundation had to say about Tory tax policies—that they will make

"The poorest quarter of ... households"

up to

"15 per cent worse off"

and

"the highest ... quarter ... 5 per cent"

better off.

Widening inequality is what the Tories are doing. As we will see in the budget this afternoon, this Government is going to tackle inequality and protect our public services. Those are our priorities.

Ruth Davidson: The Resolution Foundation also acknowledges that Conservative tax policy has reduced inequality by the measurement of the Gini coefficient. [*Interruption.*] Absolutely—it has done that already. The First Minister just stood there and said that she understands competitive taxation, but she is about to make us the highest-taxed part of the entire UK. I will tell the First

Minister who she needs to listen to: our business leaders in Scotland.

My first question quoted directly from Liz Cameron, the chief executive of Scottish Chambers of Commerce. I will quote her more extensively, if the First Minister likes quotes so much today. Liz Cameron said that people paying higher levels of income tax in Scotland than in the rest of the UK would create

"a further barrier to Scottish business competitiveness, threatening jobs, and damaging Scotland's attractiveness to inward investors ... The sooner our politicians realise that supporting economic growth, rather than hiking up taxes, is the route towards increasing revenues and improving investment in key services, the quicker Scotland will prosper."

We will vote on the budget in five hours' time, and we have been well warned what increasing taxes will mean for families and businesses, so why has the First Minister stitched up a tax-grabbing pact with the Greens rather than protected Scottish jobs and Scottish pay packets?

The First Minister: Let us take that step by step. First, I am sure that it will be of great comfort to those across the country who are struggling to make ends meet, and those whose welfare protection is being cut by the Tory Government at Westminster, to know that the Gini coefficient is all right. The truth is that, as far as the Tories are concerned, the genie is out of the bottle. They are presiding over

"the largest increase in inequality"

since the days of Margaret Thatcher. Those are not my words but those of the Resolution Foundation.

I turn to business taxation. I agree with Liz Cameron about the importance of competitive business taxes. That is why I repeat that the Government is delivering the most competitive business tax regime in the whole UK, with 100,000 small businesses lifted out of business taxes altogether.

I turn to the impact on householders. The difference between me and Ruth Davidson is that I do not believe that, at a time of Tory austerity, the priority should be cutting taxes for the top 10 per cent of income earners.

As for our draft budget, the Cabinet Secretary for Finance and the Constitution will outline any changes to Parliament this afternoon. We are asking the highest earners to forgo a tax cut that amounts to £6 per week. That is less than people in England pay for a single prescription. Of course, taxpayers in Scotland get not only free prescriptions but free tuition, free personal care for the elderly, above-inflation increases in the NHS budget and protection of local services. That is the

best deal for taxpayers anywhere in the UK and that is what the Government is delivering.

Ruth Davidson: The First Minister seems utterly unconcerned about the impacts that her business policies are having and about the screams of pain from companies across Scotland. Well, we are not. We have been speaking to staff at affected businesses, one of which is the Banff Springs hotel. On 1 April, its rates bill will go up by £50,000. It has been faced with a choice: either it—reluctantly—puts up its charges or it goes bust.

The hotel has been forced to pass on the charges, and it has had its first complaint from a customer that is now having to pay £80 to hire a room. I will read out the complaint:

“The increase in hire fee is excessive to say the least. Should this fee of £80 apply to future meetings I can confirm there will be no further bookings and our business will be taken elsewhere.”

The name of the customer is the Banff branch of the Scottish National Party. If the First Minister’s own party cannot support her policy, is it not time that she did something about it?

The First Minister: Ruth Davidson is talking about an independent revaluation of business rates. As we have outlined two weeks in a row, the final valuations will be issued later this year and all businesses will have the opportunity to appeal if they think that their valuation is wrong.

Let us get back to the core issue. We have the most competitive business rates regime in the whole UK, with 100,000 small businesses having been lifted out of business rates altogether. We have a tourism sector that, thanks to the good work of those in it, is booming, and the employment level is rising much faster than it is in the rest of the UK. We are also the best-performing part of the UK outside south-east England for inward investment. Those are the success stories of the Scottish economy, and we will continue to invest in the success of our economy. We will also protect our public services and those on low incomes. That is what the budget will deliver, and I will be proud to put it to the Parliament later today.

The Presiding Officer (Ken Macintosh): Members seem a little excitable ahead of the budget. I ask members to please show respect to each other and to the proceedings.

Engagements

2. Kezia Dugdale (Lothian) (Lab): To ask the First Minister what engagements she has planned for the rest of the week. (S5F-00825)

The First Minister (Nicola Sturgeon): Engagements to take forward the Government’s programme for Scotland.

Kezia Dugdale: In September, I asked the First Minister about the number of young people who were being referred for mental health treatment only to have that referral rejected. At the time, the First Minister expressed concern and said that she was determined to act. Can she tell us how many more young people with a referral have been rejected for mental health treatment since I last brought the crisis to the chamber?

The First Minister: We continue to invest in improving our mental health services. I have made it very clear to voices across the chamber that we, as a Government, attach priority to that. We have rising demand for mental health services, which, as I have said before, we should welcome because it means that the stigma is reducing and more people are coming forward. We are seeing waiting times reduce, we are seeing more people treated and we are seeing not just rising investment but rising numbers of staff. Nevertheless, I readily accept that we have much more work still to do. We, in Scotland, are not unique in that, as many countries are experiencing the same challenges. We are absolutely determined, through our investment and our new mental health strategy, that we will meet those challenges head on.

Kezia Dugdale: Members will have noticed that the First Minister was unable to answer that question. Let me share the reality with her. Since the First Minister promised to act, another 1,600 young people have been rejected for mental health treatment. That takes the total to 10,500 cases overall, which is thousands of children and young adults in crisis who have turned to professionals for help only to be turned away.

We could reduce the number of young people who need clinical treatment in the first place, and school-based counselling is key to that. Five months ago, I came to the chamber with a published plan for every secondary school to have access to a qualified counsellor, and the First Minister said that she would look at it. We were not asking for any new money, just for a fraction of the £150 million that the Government is already spending on mental health.

We have had the warm words, First Minister. When will we get the action?

The First Minister: As Kezia Dugdale knows, the plans that she brought forward are being looked at in the context of developing the mental health strategy. That work is on-going, and I would have thought that Kezia Dugdale would welcome that work and the consideration that is being given to those plans.

I point out to Kezia Dugdale that recent statistics show that the number of patients who have been seen by children and adolescent mental health

services has increased by 21 per cent. We have seen long waits reducing, and the number of patients who have been seen within the waiting times targets has improved. That is progress, but it is progress on an issue on which I have readily accepted—and continue to do so—that we need to do more work. That is why the £150 million of extra investment backing the mental health strategy is so important. On an issue that is so important—I think that we all agree about its importance—I hope that all of us in the chamber will get behind it.

Kezia Dugdale: The First Minister just said that her Government is looking at the issue and that she is considering it as part of the mental health strategy. That is really interesting, because that is not what Maureen Watt told the Health and Sport Committee back in January. She told the Health and Sport Committee that provision of counsellors in schools was a matter for local authorities. How on earth does the First Minister think that local authorities can do that when they are faced with millions of pounds' worth of cuts?

The cuts that we are faced with voting on this afternoon will make it all the harder for schools and other local services to provide the help that young people need. Those cuts will punish kids who are already in crisis. It does not have to be that way. Will the First Minister do the right thing—scrap the cuts and invest in Scotland's public services instead?

The First Minister: Any mental health strategy that is going to be successful has to involve the Scottish Government working not just with the national health service but with local authorities. The fact that provision of counsellors is a matter for local authorities does not mean that it is not something that we will look at in the mental health strategy. I thought that that point would be very obvious.

Kezia Dugdale stands up here and talks about extra funding for mental health services, but she and her colleagues intend to vote against a budget today that includes extra commitment to mental health services. Kezia Dugdale's approach to this budget has involved her as the leader of the third party coming to the party that won the election and saying that her party will talk to us only if, effectively, we rip up our own manifesto and implement theirs.

That is not so much student politics as the politics of the playground. It is that lack of any constructive approach to the budget that has meant that Labour has rendered itself irrelevant, had no influence and delivered absolutely nothing on behalf of the people whom it is supposed to represent. When it comes to the budget discussions, Labour should be deeply ashamed of itself.

The Presiding Officer: We have two constituency questions.

Claire Baker (Mid Scotland and Fife) (Lab): It is almost two years since Sheku Bayoh died on the streets of Kirkcaldy while in police custody. Despite an investigation by the Police Investigations and Review Commissioner and a report sitting with the Lord Advocate since August, the family still does not know the facts of what happened that morning in May 2015. There is now the potential for civil action as the family searches for answers.

Can the First Minister today assure the chamber and Sheku's family that the Crown Office and Procurator Fiscal Service will reach a decision on the report as a matter of urgency, and will the Scottish Government now commit to a wider inquiry into deaths in custody, as is the case in England, to ensure that no other family has to go through the same experience as Sheku's has for the past two years?

The First Minister: Claire Baker will be aware that this is a live independent investigation, so it would not be appropriate for me to comment on the specific circumstances of the case. It is, however, a complex investigation, and the Crown Office has already indicated that a decision will be made as soon as possible. Indeed, I understand that the Lord Advocate is meeting Sheku Bayoh's family next week to discuss the case.

The previous Lord Advocate made it clear that, regardless of the PIRC investigation, a fatal accident inquiry will be heard, and that will provide public scrutiny into the circumstances of the incident. I personally made it clear to the family when I met them that I am not ruling anything out in terms of a wider inquiry at an appropriate point in the future, if that is required. I hope that Claire Baker agrees that it is important to allow those processes to take their course and conclude.

Jackie Baillie (Dumbarton) (Lab): The First Minister will be aware of the report from NHS Greater Glasgow and Clyde that sets out cuts of £333 million and the sweeping centralisation of services. It is clear that talk about shifting the balance of care is being used by that health board as a cover for cuts. Specifically, the report talks about cutting unscheduled care assessment and admission points. On that basis, will the First Minister today guarantee what she promised in the vision for the Vale—that the medical assessment unit will remain in place?

The First Minister: First, Jackie Baillie is being slightly misleading in her question because she refers to a report that was never discussed by NHS Greater Glasgow and Clyde because the chair of the board said that he did not agree with it and did not think that it should go forward for

discussion. The health secretary has also made it clear that, had such a report gone forward for discussion, she would not have approved any of its proposals. For Jackie Baillie to stand up here today and try to give the impression that the report somehow represents the policy of NHS Greater Glasgow and Clyde, or of the Scottish Government, is misleading.

This Government will continue to do what it has done since day 1 in 2007 and what the previous Labour Administration failed to do over many years, which is to protect services at the Vale of Leven hospital.

Cabinet (Meetings)

3. Patrick Harvie (Glasgow) (Green): To ask the First Minister when the Cabinet will next meet. (S5F-00826)

The First Minister (Nicola Sturgeon): We will next meet on Monday. I am delighted to say that we will meet in Pitlochry and that that will be the first of the travelling Cabinets this year.

Patrick Harvie: Everyone in the chamber and—I think—in the country understands the value of local public services to the quality of life of all of us. However, over recent weeks, councils in this country have been forced to contemplate unacceptable cuts to a wide range of services, with the consequences ranging from bigger class sizes to scrapping public transport and active travel; from ignoring complaints about late-night noise and vandalism to scaling back recycling; and from removing librarians and specialist support staff from schools to increasing charges for people burying their relatives. That is not a position that any Government should leave our councils in.

Late last year, under pressure from the Greens and others, the Government gave ground on the centralised control of additional council tax revenue, which will now be available for councils to allocate as they see fit in their local circumstances. However, even if we see a budget concession this afternoon that restores significant funding to protect local services in every part of Scotland, is it not clear that that is not only essential but should mark the beginning of a new approach in which we invest resources in our communities and put local control back into their hands?

The First Minister: As members have heard me say before in the chamber, the draft budget that the finance secretary outlined to members in the chamber at the end of last year involved additional potential funding for local services, if councils used council tax powers, of £240 million. I think that that was a strong draft budget for the protection of local services. However, the finance secretary also said that he wanted to listen to

parties across the chamber and to enter into constructive discussion about how we could take forward some of their priorities as well as the priorities that we have already identified. It is fair to say that the Conservatives and Labour refused to take part in any meaningful way whatsoever in that constructive discussion; the Liberal Democrats at least made a pretence of doing so, but I am not sure whether it was serious.

The budget that will be announced this afternoon will outline this Government's continued priority of protecting local services. It will also make it clear that those in the chamber who are prepared to take part in constructive discussions actually manage to achieve something on behalf of those whom they represent. Perhaps other parties across the chamber could learn something from that.

Patrick Harvie: I am sure that all our colleagues will look forward to hearing the detail of what will be announced this afternoon. [*Interruption.*] I can hear even now how eager they are to hear that detail.

I have a further point to put to the First Minister. Is it not clear that, despite the progress that we hope to see in the budget announcement this afternoon, tax policy, with the new powers that are devolved to the Scottish Parliament, can no longer be based for the long term—the duration of a parliamentary session—on manifestos that were written years previously? That was the approach in the first era of devolution when the Scottish Parliament was just a spending Parliament. To some extent, we now make fiscal policy in Scotland, and it is essential to respond not only to the balance of views across the Parliament but to events. The events that we have seen since the manifestos were written for last year's election include the Brexit vote, the fall in the value of the pound, a new United Kingdom Government and changes to UK fiscal policy. Is it not clear that tax policy throughout this session of Parliament cannot be based on manifestos that were written in previous years but must be part of a living debate through which we can take new directions going forward, with the new powers that we have available?

The First Minister: I agree that any responsible Government must take account of developments and things that are happening in the economy and in wider society when it comes to make its budget decisions. However, the manifesto on which this Government was elected was not written years ago—it was written less than one year ago, and I think that it is reasonable for this Government to say to the Scottish people that we want to seek to implement the promises that we made to them.

On Patrick Harvie's quite legitimate comments about the impact of Brexit, such impacts cut both

ways. On one hand, one of the implications of the Brexit vote—partly because of the fall in the value of the pound—is rising inflation, which is putting greater pressure on household incomes. That underlines this Government's commitment not to increase income tax rates in this budget. It also puts pressure on public services, which underlines this Government's commitment at this time not to give a tax cut to those who earn the most in this country: the top 10 per cent of income earners. The budget that the Cabinet Secretary for Finance and the Constitution will outline this afternoon strikes the right balance.

As I said, it has been demonstrated that, where other parties are willing to come forward with constructive suggestions, they will find a Government that is willing to listen. There will be one Opposition party in the chamber this afternoon that can say to the people whom it represents that it has managed to achieve something. The other Opposition parties—*[Interruption.]* This is a serious point. The other Opposition parties have achieved not one single brass penny in this budget for the people whom they are supposed to represent. I think that they should be ashamed of that.

Cabinet (Meetings)

4. Willie Rennie (North East Fife) (LD): To ask the First Minister what issues will be discussed at the next meeting of the Cabinet. (S5F-00832)

The First Minister (Nicola Sturgeon): Matters of importance to the people of Scotland.

Willie Rennie: Once upon a time, the First Minister said—*[Interruption.]* Listen carefully. Once upon a time, the First Minister said that the police were safe in her hands. Now, she says the same about Highlands and Islands Enterprise, but this week we discovered through freedom of information that the Cabinet Secretary for Economy, Jobs and Fair Work had to be educated about what HIE does—after he had made the decision to abolish the board. Instead of carrying on regardless, in the dark, can the First Minister announce today that the board of Highlands and Islands Enterprise will not be abolished?

The First Minister: First, I thank Willie Rennie for reminding us at the start of his question that the Liberal Democrats occupy a fairytale world.

The police are an important priority for this Government. The draft budget that was published before Christmas delivered real-terms protection for the police resource budget, which will see an additional £100 million going into front-line policing in the current session of Parliament. The Cabinet Secretary for Finance and the Constitution may have more to say—who knows? I am only speculating—on such matters later this afternoon.

On the question of Highlands and Islands Enterprise, the economy secretary and I are on record as praising on many occasions the great work that HIE does and this Government's determination to support it to continue to do that work. The review that is under way right now is about looking at how we ensure that all our enterprise agencies and all our agencies that work in the area of economic development and skills provision work together in a co-ordinated way to deliver the maximum impact on our economy. We will continue to allow that process to take its course.

Just before First Minister's questions, the economy secretary was answering questions in the chamber about the work that Lorne Crerar is doing on our behalf in that area, and we will report back to Parliament on those matters in due course.

Willie Rennie: I think that the First Minister needs a new joke writer.

Another review by one of her quango bosses is no substitute for a vote in this Parliament to reject her plans. The former chairman of Highlands and Islands Enterprise, Professor Jim Hunter, denounced the move as "ministerial control freakery" and "centralism run riot"—and he is a member of the Scottish National Party.

Highlands and Islands Enterprise did not ask for the change, local people do not want the change and the democratically elected Parliament of this country voted against the change, yet this Government is hellbent on taking control, running everything from the centre and ignoring the needs of the Highlands and Islands. Why is it that, despite all the experience, she is so determined that she knows better than everybody else?

The First Minister: I am not sure whether Willie Rennie was in the chamber a few moments before First Minister's questions, when Keith Brown answered questions on that issue. Maybe he was too busy loving himself outside the chamber to have managed to find his way into it. If he had been in the chamber—*[Interruption.]* If he had been in the chamber, he would have heard Keith Brown quote Jim Hunter and, indeed, some of the representations that have been made not just by Jim Hunter but by council leaders and MSPs on my benches, who are doing a good job on behalf of the people whom they represent.

We will continue to listen to those representations. We are in the second phase of the review and will allow that review to conclude in due course. We will then come back to Parliament and report the review's findings. That is the appropriate way to go about things. As we do that, we will continue to protect Highlands and Islands Enterprise's ability to do the fantastic job that it

does on behalf of people in the Highlands and Islands of our country.

Tom Arthur (Renfrewshire South) (SNP): Does the First Minister agree that, if the Parliament chooses to have a referendum on Scotland's future, no Westminster Tory should try to stand in the way?

The First Minister: I agree absolutely that, if the Parliament voted to have a referendum on independence, no Westminster Tory should stand in the way of the voice of the Parliament. This Government's mandate in relation to the matter is unequivocal. It was the Tories, after all, who put us in the position of being taken out of the European Union against our will and with the support of only one of the 59 MPs in the country. Is it not strange that a Tory party that proclaims that it would be confident of winning a referendum on independence now talks about trying to block it? Are the Tories not running a wee bit feart?

Jobcentre Closures

5. **Bob Doris (Glasgow Maryhill and Springburn) (SNP):** To ask the First Minister what representations the Scottish Government has made to the United Kingdom Government regarding the announcement of further jobcentre closures in Scotland. (S5F-00861)

The First Minister (Nicola Sturgeon): I am very concerned by the announcement that the Department for Work and Pensions will close up to 23 Jobcentre Plus sites in Scotland. The lack of impact assessments and consultation of the communities affected is totally unacceptable. The closures will mean people who rely on jobcentre services travelling further, incurring increased transport costs and facing increased risk of benefit sanctions. Therefore, it is essential that the UK Government reconsider that approach. The Minister for Employability and Training has raised those concerns directly with the UK Government and has sought urgent clarification of the impact on people who use jobcentres and the staff who work in those vital services.

Bob Doris: In a recent debate that I brought to Parliament, there was strong cross-party support to save my local jobcentre in Maryhill and others throughout Glasgow. However, the Conservatives refused—I quote them—to “condone” or “condemn” the eight closures. Given the fact that there will now be 23 closures nationwide, with one of them being in Ruth Davidson's Edinburgh constituency, does the First Minister agree that it is time for all MSPs, including Ruth Davidson, to put their constituents first and demand that the DWP halt the closure of all 23 Jobcentre Plus offices until there is full and meaningful consultation of the communities and staff who will be affected, and ensure that equality impact

assessments are carried out? Let us defend our constituents.

The First Minister: Yes—I agree that it is important for all MSPs across the chamber to unite to urge the UK Government to reconsider its approach to the proposed programme of closures, and to consult all the Scottish communities that will be affected by closures of what are essential local services. The Scottish Government is taking a lead on the matter. Bob Doris and others have played key roles in opposing the closures in Glasgow and there is now significant cross-party support against the closures.

It is unfortunate that Tory MSPs are declining to stand up and be counted on the issue, which is important to Glasgow and other parts of Scotland. It is equally unfortunate that Ruth Davidson herself has declined to stand up for vulnerable people in her constituency who might be affected by the closures. It is time for all of us in the chamber to say to the UK Government that the closures are wrong and will harm vulnerable people, and that the proposals must be urgently reconsidered.

Police Scotland

6. **Douglas Ross (Highlands and Islands) (Con):** To ask the First Minister what the Scottish Government's response is to the Auditor General's comments regarding Police Scotland and that the “lack of progress that's been made in demonstrating financial leadership is unacceptable for any public body.” (S5F-00847)

The First Minister (Nicola Sturgeon): The Auditor General for Scotland has signed off the Scottish Police Authority's 2015-16 accounts unqualified. As I set out in December, I agree with the Auditor General's conclusion on the 2015-16 audit that

“The SPA and Police Scotland have begun to take steps to improve both financial leadership and management and governance arrangements but these have not yet had a chance to have an impact.”

Those steps include appointing a director of corporate services, strategy and change and an interim chief financial officer to provide strategic leadership and direction on all financial matters. That interim post will soon be filled permanently.

Douglas Ross: Just five months ago, the First Minister said:

“I don't think the single force is in crisis.”

In response to the Auditor General, seven days ago, senior Scottish National Party MSP Alex Neil said:

“the organisation is in crisis.”—[*Official Report, Public Audit and Post-legislative Scrutiny Committee*, 26 January 2017; c 11.]

Which SNP politician should we believe?

The First Minister: Our police service is not “in crisis”. On the contrary, it is doing a fantastic job the length and breadth of this country, and it is incumbent on all of us to get behind it.

It is a sign of the importance that this Government attaches to the work of the police that the draft budget protects the police budget in real terms. Over the current session of Parliament, that will mean £100 million more going into front-line services. Derek Mackay will present any changes to that later this afternoon.

We will continue to support the fantastic work of our police officers because they do an essential job in keeping each and every one of us safe.

Refugees

7. **Anas Sarwar (Glasgow) (Lab):** To ask the First Minister how many refugees the Scottish Government expects to welcome in 2017. (S5F-00844)

The First Minister (Nicola Sturgeon): Scotland has already received around 1,300 refugees under the Syrian resettlement programme since October 2015, and refugees continue to arrive. The arrival of refugees is dependent on many factors, including assessment and screening by the United Nations refugee agency and the Home Office, the matching of refugees with accommodation and services that meet their needs, and other logistical matters such as the arrangement of flights, travel documents and visas. It is for those reasons that I cannot give a figure for the exact number of people who will arrive this year. However, I can say that Scotland will continue to be a country that welcomes those who are seeking refuge from war and persecution, and we are committed to welcoming as many as we can of those who arrive in the UK in 2017.

Anas Sarwar: In a little under two weeks, President Trump has defended torture, banned US aid to health providers that are providing care for women in developing countries, insulted the Jewish community on Holocaust memorial day, imposed a ban on Muslims from seven countries from entering the US and imposed an outright ban on Syrian refugees. At the same time, he has held hands with Theresa May. Many of those actions are designed to incite hatred and create division.

Will the First Minister join me in saying that, although we cannot be complacent about acts of hatred and prejudice, we should recognise the 1.8 million people across the UK who have signed a petition to withdraw the red carpet from President Trump, and also pay tribute to all the people right across the world, irrespective of their faith, colour or nationality, who have joined together to say, “We reject hatred and support humanity in all its forms”?

The First Minister: Yes—I endorse those comments. I disagree deeply and profoundly with the executive orders that were issued by President Trump last week, banning Syrian refugees and imposing a travel ban on people from seven Muslim-majority countries. Banning people, or even giving the perception that people are being banned on the basis of their faith, religion or origin is profoundly and—in my view—morally wrong, and I think that we should all stand up and say that.

I have already made clear my views about how inappropriate I think it would be to allow a state visit to proceed while those bans are in place, and I hope that the UK Government will think again on that. I had the opportunity to express those views directly to the Prime Minister when I met her in Cardiff on Monday.

People around the world have expressed horror at the policies. On matters that are as fundamentally important as they are, we all have a duty to speak out, to speak up and to oppose, where that is necessary. However, we are under a duty to do more than that; all of us have to lead by example on the kind of world that we want to live in. Scotland is a relatively small country, but through the action that we have already taken in welcoming Syrian refugees and the action that we are determined to continue to take to give refuge to those who are fleeing war or persecution, we can demonstrate the kind of world that we want to live in. So, yes—let us oppose, but let us also lead by example. I want Scotland always to do that.

People with Dementia

8. **Donald Cameron (Highlands and Islands) (Con):** To ask the First Minister what action the Scottish Government is taking to support people who have been newly diagnosed with dementia. (S5F-00841)

The First Minister (Nicola Sturgeon): We will soon publish our new dementia strategy, which will outline a range of actions that we will take to help further improve the planning and delivery of dementia care services. We are also working with health boards to continue to improve access for people with a new diagnosis of dementia to post-diagnostic support from an appropriately qualified link worker.

Donald Cameron: The First Minister might be aware that recent figures show that, out of all the patients who were newly diagnosed with dementia in 2014-15, only two in five received 12 months of post-diagnostic support. Given that the target as set out in the local delivery plan for 2015-16 stated that all people newly diagnosed with dementia should receive such support, does she accept that her Government has not done nearly enough to ensure that that crucial target has been met?

The First Minister: I agree that we have much more to do. It is important to recognise that, with some of the commitments that we give on dementia—on diagnosis generally but also on post-diagnostic support—we are well ahead of most other countries anywhere in the world. Those who now get guaranteed post-diagnostic support would not have been getting it at all unless we had set a very clear commitment on that. I was health secretary when we set that commitment, so I know exactly how important it is. However, the figures that the member has cited underline the fact that we have more to do. As I said earlier in relation to mental health, we know that, with the changing demographics in our society, more and more people will be living longer. That is a good thing, but it means that more and more people will be living with dementia. The issue has implications for all aspects of our society, and it is absolutely vital that we get our approach right, which is exactly what the Government is determined to do.

Linda Fabiani (East Kilbride) (SNP): Does the First Minister recognise the very particular issues for families where there is a diagnosis of early onset dementia? Sometimes, there are still children in the home or people are of working age and are still working. Are there plans to improve data collection on the issue so that provision can be made? Is there a recognition across all departments of Government that special attention has to be paid to such cases?

The First Minister: Linda Fabiani is absolutely right to raise the issue of early onset dementia. The diagnosis of dementia for anybody at any stage in their life is devastating, but there are particular issues for those who are diagnosed with dementia at a younger age. For example, there are even greater implications for the family. Therefore, data is important. Last year, NHS Health Scotland published “Dementia and equality—meeting the challenge in Scotland”, which made recommendations on improving services for the under-65s. Those included increasing workforce knowledge, improving information for employers and having more age-appropriate services. We will continue to consider the report’s recommendations as part of the next dementia strategy.

We are taking action for people under 65. Post-diagnostic services focus on key areas such as ensuring that social networks are sustained as far as possible, signposting to age-appropriate peer support and helping with some of the financial issues that can impact on that particular care group. All that is important, but Linda Fabiani is right to talk about the importance of having data so that we know exactly the challenge that we are dealing with and how best to do that.

Colin Smyth (South Scotland) (Lab): Last week’s figures on post-diagnostic support for those newly diagnosed with dementia show that there is a huge gap between the Scottish Government’s pledge of support and the real experiences of people living with dementia. Given that health and social care partnerships are already struggling to meet the Government’s guarantee and that partnerships will have to make tens of millions of pounds of further cuts if the Government’s draft budget is agreed, where exactly will the additional funding come from to deliver the guarantee that everyone with a new diagnosis of dementia in Scotland will receive a minimum of one year of post-diagnostic support?

The First Minister: As well as the above inflation increase that we are committed to delivering for the national health service, the member will be aware that we are committed to ensuring that money goes from the health service into social care, given the importance of the integrated service that he talks about. Last year that was £250 million; we are adding an additional £107 million to that this year. That is part of the funding commitment that will help to ensure that such services can be delivered.

As I said in a previous answer, the commitment is really important. It does not exist in many other countries. We were one of the first countries to give this commitment to post-diagnostic support. Yes, we have made progress in delivering it, but we have more progress to make.

It is important that we do not shy away from giving such groundbreaking commitments because they might be difficult to deliver. I would rather that we worked towards that, as we are doing, with the funding and strategy that are necessary to deliver it. That is what we will keep very focused on.

Awards for Valour (Protection) Bill

The Deputy Presiding Officer (Linda Fabiani): The next item of business is a members' business debate on motion S5M-03302, in the name of Liam Kerr, on the Awards for Valour (Protection) Bill. The debate will be concluded without any question being put.

Motion debated,

That the Parliament notes the view that people in North East Scotland and across the country who falsely wear medals claiming to have earned them deserve punishment; understands that a survey suggested that almost two thirds of members of the forces' community had personally come across people wearing medals or insignia awarded to someone else; notes the Awards for Valour (Protection) Bill, which has been introduced in the House of Commons by Gareth Johnston MP as a private member's bill; understands that this aims to give adequate protection to close family members of service personnel who have died or been injured and to allow them to wear their decorations at special commemorations, effectively on the family member's behalf, and notes the calls for MPs of all parties to vote for the bill.

12:47

Liam Kerr (North East Scotland) (Con): I am very proud to be standing here to lead this members' business debate today. At the outset, I would like to pay tribute to our greatly missed friend Alex Johnstone, for whom this issue was especially important. As such, it is an even greater honour for me to pursue it.

I also thank those from across the chamber who added their support to the motion, allowing us to debate what is an important and, for many, a very emotive issue.

There are few things that we, as a country, should value more, nor people we should honour more, than those who volunteer to defend us and our way of life. On 10 March 1816 the *London Gazette* carried the following memorandum from Horseguards:

"The Prince Regent, has been graciously pleased, in the name and on the behalf of His Majesty, to command, that, in commemoration of the brilliant and decisive victory of Waterloo, a medal shall be conferred upon every Officer, Non-Commissioned Officer, and Soldier of the British Army present upon that memorable occasion."

From that day forward, it has been the proud tradition of this country to present medals to our servicemen and women when they are judged to have been deserving of one.

Be under no doubt that the requirements that qualify British service personnel to be awarded a medal are some of the strictest in the world. It is an honour earned, not gifted.

When someone serves their country, they do so not for honour or for glory, and certainly not for riches. However, when that person has served on active operations, when their unit, ship, submarine or aircraft has spent time in a hostile land or in hostile waters, and when they have shown valour in the face of the enemy, it is right that we honour them—that we make clear the thanks of a grateful nation and award a medal.

That is why such a high value is placed on these medals in this country, not only by the service personnel themselves but by their families. For many who have suffered as their loved one has been injured or made the ultimate sacrifice, or who want to show that they still remember the sacrifices of previous family generations, the medals are a solid, unbreakable reminder of that person, of that duty and of that sacrifice.

It may come as a surprise to many that the wearing of medals or insignia that one has not been awarded or that one is not wearing as a tribute to family, with intent to pass them off as one's own, is not already a crime. It certainly surprised me. The fact is that, between 1918 and 2006, it was. Winston Churchill, when he was Secretary of State for War, introduced legislation making the unauthorised wearing of military medals a criminal offence. However, since the enactment of the Armed Forces Act 2006, it has not been an offence for an individual to wear medals or decorations not awarded to them in order to deceive others.

It was felt by the Government of the day that the provisions of the Fraud Act 2006, which made it an offence to make financial gain by fraudulent representations or by using an article such as a medal to commit fraud, would be sufficient. However, the belief since then, widely held by the United Kingdom Government, the armed forces and the veterans community is that that was not enough and did not work. Indeed, a survey that was conducted last year by the Naval Families Federation of people in the armed forces community found that 64 per cent of respondents had personally encountered an individual wearing medals or insignia to which they were not entitled.

That is why Gareth Johnson, the MP for Dartford, has introduced the Awards for Valour (Protection) Bill to the Houses of Parliament. It will make the false wearing of medals, insignia or any award for valour conveyed by the Defence Council of the United Kingdom, with the intention to deceive, an offence, punishable by up to three months' imprisonment or a fine.

The bill is of vital importance. As the House of Commons Defence Select Committee's report said,

“the deceitful wearing of decorations and medals is a specific harm which is insulting to the rightful recipients of these awards, damaging to the integrity of the military honours system and harmful to the bond between the public and the armed forces.”

We, as Scotland’s Parliament, should show our support for the bill. If we do not do so and do not make clear that these medals and awards are important, sacred even, to those who have won them and their families, what value are we putting on them?

Since the end of the Second World War, a period that we often call “peacetime”, 7,145 UK armed forces personnel have died as a result of operations in medal-earning theatres. Those who risk their lives for our safety and security should never doubt that their elected representatives will always wholly and unequivocally support them and support the honour and pride with which they wear their medals.

In May 2011, the Scottish Government gave its support to the armed forces covenant. It is a pledge that, as a nation, we acknowledge and understand that those who serve, or have served, in the armed forces and their families should be treated with fairness and respect in the communities, economy and society that they serve with their lives. For that reason, the Parliament should give its support to the Awards for Valour (Protection) Bill. Every November, we remember the hundreds of thousands of men and women who, in the uniform of this country, have made the ultimate sacrifice to defend our country and our way of life. Right now, servicemen and women continue to serve us, with all the risks that that entails.

Let us send a signal from the chamber that we hold their work, their commitment and their devotion to duty in the highest possible regard. Let us send a signal that this place recognises that medals and awards should only ever be worn by those who earn them and their families and that we, too, back Gareth Johnson’s Awards for Valour (Protection) Bill. Let us reaffirm our pledge to forever honour and support our servicemen and women, their families and our veterans.

12:54

Colin Beattie (Midlothian North and Musselburgh) (SNP): I thank Liam Kerr for raising awareness of this issue and, in particular, of the terms of the Awards for Valour (Protection) Bill, in the Scottish Parliament.

The award of medals in recognition of acts of bravery and feats of courage and endurance in the service of our country is an important and sincere recognition of that service. It is right that those who are awarded such medals are entitled to wear them with pride. Those of us who live a civilian life

rarely have the opportunity to recognise and acknowledge those members of our society who have fought bravely on our behalf. It is also right that there should be protection to ensure that only those who were awarded medals and family members in their honour have the right to bear those medals.

The tradition of awarding medals for valour dates back many centuries. The Romans were known to have developed a sophisticated system of honours for their legions back in the first century BC. In England, medals were awarded on the orders of Elizabeth I to the naval commanders who defeated the Spanish armada, and Charles I issued the very first gallantry and distinguished conduct medals during the English civil war.

Given the depth of the history, it is unsurprising that, during the first world war, measures were taken to prohibit the unauthorised use of medals. In his role as Secretary of State for War, Winston Churchill set out the argument clearly when he remarked:

“We want to make certain that when we see a man wearing two or three wound stripes and a medal, that we see a man whom everybody in the country is proud of.”— [Official Report, House of Commons, 2 April 1919; Vol 114, c 1277.]

The United Kingdom was not alone in taking such an approach at that time. Other countries that imposed similar legislation included Australia, Canada and New Zealand. Where the United Kingdom differs from those countries is that their provisions are still in force. In the UK, no specific offence relating to the unauthorised wearing of military decorations has been in place since 2009.

That year saw the introduction of the Armed Forces Act 2006, in which the relevant sections of the Army Act 1955 were dropped, because of what the Ministry of Defence claimed were uncertainties arising from the way in which the 1955 act had been drafted. Part of the concern related to cases in which an offence had been committed without a fraudulent basis. In other words, if someone had been wearing a medal without making any attempt to make financial or property gain, the MOD stated that it would be

“likely in practice to cause difficult questions of proof.”

Since 2009, there have been various reports on the levels of deceitful use of medals. The Royal British Legion has stated that such incidents are rare. The Royal Air Force Families Federation has suggested that the problem is not widespread. On the other hand, a survey of more than 1,000 members of the Naval Families Federation found that 64 per cent of respondents had personally encountered individuals who were wearing medals or insignia that belonged to someone else. That is not to mention the work of the Walter Mitty

Hunters Club, a Facebook group that was set up to identify and expose military impostors.

In light of that, in its work on examining the Awards for Valour (Protection) Bill, Westminster's Defence Committee came to the conclusion that there is

"a body of strong anecdotal evidence that points to military imposters being a continuing problem."

The committee also recognised that the way in which the public views war veterans might be negatively affected if the problem is not addressed, and significant distress could be caused to families who have lost honoured loved ones during a conflict.

What should a suitable punishment be for those who deceive or defraud the public for their own material gain? The provisions in the bill allow for a fine or a period of imprisonment not exceeding three months. Members might recall the 2010 case of Roger Day, who, while attending a remembrance day parade, wore no fewer than 17 medals, and an SAS tiepin and beret, none of which he was entitled to. That resulted in a community service punishment. Mr Day might feel that he was lucky not to be sentenced under the Awards for Valour (Protection) Bill, although perhaps he could have been more subtle, given that most of his fellow remembrance day attendees were displaying two or three medals each.

Although the bill is clear in its exemptions for those who wear medals as part of historical reconstructions or live entertainment or in honour of the family member who was entitled to the medal, there seems to be an assumption that those who do not fall into that category are automatically acting in a nefarious manner. I hope that sensitivity and understanding will come into play when we judge those who are arrested under the bill's provisions.

Those reservations aside, I welcome the progression of the Awards for Valour (Protection) Bill and look forward to seeing the positive effect that it will have on members of our armed forces and their close families.

12:58

Maurice Corry (West Scotland) (Con): I commend Liam Kerr for bringing the debate to the chamber today.

Those who serve their country in the armed forces give up a lot. Many will go to dangerous parts of the world and face great personal risk. They give up precious time with their families to go on operations abroad or at sea, sometimes for months on end. Many have made the ultimate

sacrifice in the service of their country, which Abraham Lincoln once described as

"the last full measure of devotion".

We recognise their sacrifices in different ways. Since 2006, armed forces day is held every year in late June to celebrate the work of those who are serving. We have remembrance memorials in every village, town and city in the land, and every year, on the 11th day of the 11th month, we take two minutes to remember our fallen.

We present medals to those who are judged to be deserving of recognition. We present medals for different things. Some of them, such as the Iraq Medal or the Operational Service Medal for service in Afghanistan, the former Yugoslavia, the Falklands or Northern Ireland, recognise the individual for their participation in a military campaign. Others, such as the Ebola Medal for Service in West Africa, are given for participation in humanitarian missions. Some people receive medals, such as the Meritorious Service Medal, for long service and good conduct. We also give medals for acts of bravery and valour, our country's highest award being the Victoria Cross, which is given for valour in the face of the enemy.

Those medals are not mere trinkets. They matter. They are representative of the thanks and gratitude that we have in this country for what those people have given to us. Often, the men who receive those awards will not speak of themselves or what they did to deserve them; they will tell us that they are not really a hero, although they will talk of their comrades. They will explain why it is they who deserve the recognition and thanks of the nation, because they were the real heroes.

That is why those who serve in the military find the so-called Walter Mittys so offensive. They are taking credit without having made the sacrifices that their comrades have made. The Walter Mittys have not given anything to deserve the praise and thanks of our country. That is why I fully support the motion that my colleague Liam Kerr lodged for today's debate and the bill that Gareth Johnson MP is presenting in Westminster.

People who are actively and consciously trying to deceive others into thinking that they have served by wearing medals and honours that they have not earned are harming the reputation of real active service personnel and veterans. I believe that that, in turn, will end up harming the work of veterans charities, which do so much to support our veterans community here in Scotland. I believe that those people should be punished for their deception, and I believe that the punishments as laid out by Gareth Johnson in the Awards for Valour (Protection) Bill are appropriate. I hope that other members will join me in encouraging our

colleagues at Westminster to support Mr Johnson's efforts.

13:02

Lewis Macdonald (North East Scotland) (Lab): I, too, congratulate Liam Kerr on securing the debate. He was right to say that addressing this issue was close to the heart of our late former north-east colleague Alex Johnstone. I know that, were he with us, he would be delighted about today's debate. I take this opportunity to add my tribute to his work in this and many other fields over the time that we served together, representing the north-east.

One of the privileges of being an MSP, an MP or otherwise involved in public life is that we take part on behalf of the wider community in the annual events in remembrance of those who have served in our armed forces over the years, as Mr Corry mentioned.

One of the largest such events in the north-east is at the crematorium in Aberdeen. It is impressive to note that the number of units in the services that have taken part in the event has not diminished over the years, but has actually increased, most recently with the Gurkha regiment now being represented at it. Like my colleagues in other parties, I have always been struck on such occasions by the importance of both the medals for valour and the service medals that are worn by veterans who are now in civilian life, because they are a sign of the service that they have given and a token of the respect in which that service is held.

As Mr Kerr reminded us, those medals are earned, and they should therefore be recognised accordingly. It is important to underpin that recognition by making it clear that the unearned display of such medals is simply not an acceptable thing to do. The purpose of the debate has broad support, and that purpose is clearly right. Honours need to be honoured and, in order for that to happen, they need to be protected.

I add two caveats, neither of which takes away from the central thrust of the motion. The first is the issue of family members who may choose to wear the medals of a relative who is deceased or incapacitated. I recognise that that point is addressed in the bill to which the motion refers. Nonetheless, it is an important point to address.

I have custody of my father's service medals, from his service in the second world war and, thereafter, in the Territorial Army; many other members will undoubtedly be in a similar position. I recognise that the medals are mine to keep and not mine to wear, but it is important that we acknowledge that, for other people, that might not be self-evident. They might choose to wear medals in a way that is inappropriate, but they

might do so with the best of intentions and with no intention to show disrespect. That is an important point to keep in mind.

Edward Mountain (Highlands and Islands) (Con): It is entirely right and proper that people should be able to recognise the service of family members, and it is customary for them to wear the medals of their family members on the opposite side of the chest from the side on which they are worn by those who have earned them. I do not think that the bill seeks to criminalise that, and it is important that we as a Parliament accept that that is a right the exercising of which we should encourage.

Lewis Macdonald: Yes, indeed. The point is well made; in a sense, it emphasises the point that I was seeking to make. We might know the protocols for these things, but we should not assume that everybody does, so we should be careful not to punish those who inadvertently cross a line.

The former Royal Marines captain James Glancy made the point that those who are guilty of such an offence are often people whose state of mental health is the cause of their choice to take that action. I think that we would all agree—there is an increasing consensus of opinion on this—that prison is often not the right solution for people who are suffering from mental illness. I hope that, as the bill progresses, that will be borne firmly in mind by those who are responsible for setting penalties and, in due course, by those who are responsible for enforcing the law.

With those caveats, I am delighted to welcome the motion.

The Deputy Presiding Officer: The last speaker in the open debate is Bill Barr—sorry, Bill Bowman.

13:07

Bill Bowman (North East Scotland) (Con): It is a day for mixing up names. Thank you, Presiding Officer. You will perhaps forgive me if I ever refer to you as "Mr Speaker".

I congratulate my colleague Liam Kerr on securing the debate and bringing it to the chamber. As has been mentioned, the issue that we are debating is one that was championed by Alex Johnstone, so I am particularly pleased to be able to take part in the debate.

The system of honours for valour that we have in the United Kingdom and those that exist across the world are one of the ways in which we honour the men and women who are put or who put themselves in harm's way to protect our security and to uphold our values. The selfless acts of bravery and courage that we hear about make

each and every one of us proud of them, and I am sure that all members will agree that it is right that they receive the proper recognition for their efforts. It is therefore fundamentally wrong when some people wear such medals to inflate or make up claims about serving in the military or protecting their colleagues. As well as undermining the system, it takes the shine off those who have served—and, in many instances, given their lives—while protecting our country.

The motion refers to Gareth Johnson MP's private member's bill, which is currently going through the House of Commons. That bill specifically sets out that a person who, "with intent to deceive", is caught wearing or representing themselves as being entitled to wear a medal or honour for valour, whether awarded to a member of the military or a civilian, is guilty of an offence. I am open to being corrected on this, but I understand that it is not just military awards that are covered by the bill, but civilian ones such as the George cross. Therefore, I am referring not only to military people, but to non-military people who might have given up their lives for their country. It is that "intent to deceive" that is important.

I welcome the protection in Mr Johnson's bill for family members who wear such medals in honour of their late relatives. I think that Lewis Macdonald said that he was the custodian of his family's medals. Unfortunately, I have not been able to find as many in my family. My father has the Burma Star, which is something in which I take pride.

We have all attended events or occasions such as remembrance Sunday and spoken to people—perhaps we know such people—who wear a late family member's medal with pride. They have every right to do so, and affording them the necessary protections to allow them to continue wearing those medals is important. We all agree that the protocols on how to wear such medals should be made clear.

I look forward to monitoring the progress of Mr Johnson's bill through the House of Commons. I support the bill, which carries cross-party consensus. The bill makes it a criminal offence for a person to wear a medal that they have not earned, and its purpose, as Mr Johnson has pointed out, is to protect genuine heroes.

As elected politicians, we have a duty to support those who serve our country, whether they do so in the armed forces on the front line, as civilian staff, or in the police, fire and rescue services. They are the bravest and the best. The bill is a further way of protecting their efforts and I pay tribute to Mr Johnson for introducing it to the UK Parliament.

13:11

The Cabinet Secretary for Economy, Jobs and Fair Work (Keith Brown): I thank Liam Kerr for securing the debate and for the positive speeches by members from across the political spectrum.

I think that I heard Bill Bowman say that this was his maiden speech.

Bill Bowman: Not quite—it is my first speech in a members' business debate.

Keith Brown: In any event, it is entirely appropriate for Bill Bowman to have made that speech, given that he has replaced our late colleague, Alex Johnstone. I had a number of conversations with Alex Johnstone on the issue. It is fair to say that he was quite understanding of some of the UK Government's concerns, but he thought that it was extremely important that the issue be raised in the Scottish Parliament. He was entirely right about that.

Scotland's veterans are an asset to our society. We are tremendously grateful to them all for their courage and service to their country. In my own training, we learned about someone called Corporal Thomas Peck Hunter, who was the only Royal Marine in the second world war to gain the Victoria Cross. It was four years later that I first met his nephew—John Swinney. Following its award to Corporal Thomas Peck Hunter for valour, the Victoria Cross was so valued by the Royal Marines that we learned about someone having received that medal in basic training.

To underline the importance of such things, I add that I, along with others in the Parliament, campaigned for many years for the award of medals to the Arctic convoy veterans. After many years of campaigning, we were successful and medals were awarded for what they did during the war on what Churchill called

"the worst journey in the world".

There was certainly valour involved in that.

Further, a constituent came to me because he had been awarded seven medals, but the seventh one had been posted to his base after he had left it and had gone missing, and he was having a very hard time getting it replaced. Liam Kerr and other members referred to how strict the conditions are and how difficult it is to replace a medal. We managed to achieve the replacement of that medal with the help of Mark Francois, who was the UK minister with responsibility for veterans at the time. Mark Francois was also very helpful in relation to the Arctic convoy veterans campaign. I mention that example because when my constituent got that seventh medal it had a huge effect on him. When he attended remembrance

services afterwards he felt that he now had all the medals to which he was entitled.

Competition for some medals is intense and the qualities required of nominees for such recognition are of an extremely high level. As we have heard, the issue was previously championed by Alex Johnstone. I again congratulate Liam Kerr on continuing the debate and I welcome the opportunity to debate the issue in Parliament today.

As members are aware, the subject of the bill is covered by Westminster, and the proposed action to remedy the issues that members have highlighted lies squarely with Westminster. I understand that the UK bill passed the committee stage yesterday, with cross-party support. Two of my colleagues—Kirsten Oswald, who speaks for the Scottish National Party on veterans matters at Westminster, and Brendan O'Hara, our defence spokesperson—spoke in support of the bill. A report will be sent to the House of Commons towards the end of the month. Should the bill receive assent, its provisions will apply across the UK, so I am glad that we have had the opportunity to discuss the matter today, in advance of that happening.

As we heard, there are occasionally stories in the press about people who, for a number of reasons, falsely wear medals or other military insignia. I am thankful that, as we heard from Colin Beattie, many of the organisations that work most closely with veterans have said that the incidence of such behaviour is rare. Some of the people who do it seek to mislead, some, I think, are simply fantasists, and some have underlying issues that require to be addressed, as Lewis Macdonald rightly said.

In evidence to the House of Commons Defence Select Committee, the Royal British Legion said that such conduct is rare and not widespread. However, the behaviour damages the integrity of the military honours system, and I share the frustration that is felt by many members of the public, who want to honour those who truly deserve it.

It is important to ensure that people are aware of the convention that Edward Mountain mentioned. I think that it is the Elizabeth Cross that is awarded to the families of those who have died in service, and I am aware of an instance in which the sister of someone who was killed in war asked another person to wear the medal on her brother's behalf at a ceremony that was 8,000 miles away from where she was. I do not think that we are seeking to catch that kind of incident, in which someone wears a medal that was awarded to another person for an act of valour, but the example points to the complications around the issue, which Lewis Macdonald mentioned.

It is fairly safe to say, as members have done, that honours are not given out on a whim. They are awarded for bravery and meritorious action over and above what is required in the usual service of one's country, and they are highly prized by those who receive them and their friends, families and comrades.

Ahead of the debate, my officials contacted the Scottish veterans commissioner, Veterans Scotland, Poppyscotland and Legion Scotland, to canvass views on whether there is a common, prevalent or major issue in Scotland. The consensus was that, thankfully, the incidence here is low and those who behave in such a manner are treated not as a threat but more as an annoyance or irritant—and that such people often face other challenges in their lives, as members have said.

However, for those who, as Colin Beattie said, deliberately create a false impression for gain, which is a reprehensible thing to do, the Scottish legal system is robust enough to take the appropriate action. For the few individuals who seek to access support from veterans charities, it is reassuring to learn that such cases are, by and large, quickly weeded out. We must bear in mind that in such cases the individual might still be in need of support, and charities must ensure that the case is sensitively handled and the individual directed to appropriate services.

It is worth remembering that many family members wear medals to honour the memories of people who have served. That is an important custom, but not all family members are aware of the convention that Edward Mountain clarified for us, and when they get it wrong they do so with no intention of securing gain or kudos—they are simply unaware of the convention. The mention and clarification of the convention in today's debate will help to generate more awareness of the custom.

I am concerned that a change in the law might cause confusion and have the unintended effect of deterring family members from wearing medals, which is why clarification is important. The Ministry of Defence has previously given the risk of creating such confusion as a reason for not legislating on the matter. In my view, it is important that the issue is fully considered during the passage of the bill and that the provisions, once they have been agreed, are properly communicated to the wider public, with reassurance offered to family members who choose to wear medals in honour of their loved ones.

I welcome the support that members have voiced for safeguards to protect the integrity of the military honours system and to ensure that all those who have been awarded such tangible

symbols of our thanks and esteem are rightly appreciated.

13:18

Meeting suspended.

14:00

On resuming—

Ferry Services

The Presiding Officer (Ken Macintosh): The first item of business this afternoon is a statement by Humza Yousaf on Scotland's ferry services. The minister will take questions at the end of his statement, so there should be no interventions or interruptions.

The Minister for Transport and the Islands (Humza Yousaf): The Scottish Government's lifeline ferry services are essential transport links that make a significant contribution to our nation's social, cultural and economic wellbeing. The Government recognises our responsibility to ensure that those essential services remain at the heart of island and remote communities. That is clearly evidenced by our record levels of investment—in the order of £1 billion in vessels, ports and services—since 2007.

We continue to seek innovative ways to protect and improve the delivery of the ferry services in the future. That is why I am today announcing a review of the legal, policy and financial implications that are relevant to the future procurement of those services and setting out my reasons for doing so.

Members might be aware, and might even have first-hand experience, of the fact that, since the turn of the century, this and previous Administrations have made successive approaches to the European Commission that have covered a range of questions on our obligations to tender ferry services. In 2005, the Scottish Executive published its in-depth report "Consideration of the Requirement to Tender", which ruled out alternatives to tendering.

In 2009, the commission concluded its own in-depth investigation of Scottish ferry service subsidies. The conclusion was that the services did not meet the Altmark criteria and were therefore covered by state-aid requirements. With the exception of the Gourock to Dunoon route, the aid was considered to be compatible aid, only due to the tendering of the services. The Commission also decided that the Gourock to Dunoon route had to be subject to competitive tendering.

In 2012, the then Minister for Transport and Veterans, Keith Brown, wrote to Commissioner Joaquín Almunia to give encouragement for a further review of the requirement to tender ferry services. The commissioner replied:

"The Commission is, however, convinced that a transparent and non-discriminatory tender for public services is the best way to ensure that the public is afforded the best possible services in terms of both quality

and price at the lowest possible cost to the taxpayer. Consequently, the Commission strongly advocates the widest possible use of open and transparent tendering procedures when public authorities entrust companies with a public service obligation.”

The Commission emphasised similar points in its published guidance on the maritime cabotage regulation, which is dated 22 April 2014. Paragraph 5.4.2 states that

“launching an open tender procedure is in principle the easiest way to ensure non-discrimination ... The Commission believes that a direct award fails to respect the principle of non-discrimination and transparency enshrined in Article 4 of the Regulation”.

The Commission has consistently advocated the widest possible use of open and transparent tendering procedures when public authorities entrust companies with a public service obligation. That view has consistently been based on the premise that tendering satisfies the requirements of the European Union legislation that applies to ferry services, including the maritime cabotage regulation and, importantly, state-aid rules.

We take very seriously our obligations under European and domestic law. We are confident that we currently satisfy all European and domestic requirements for public ferry service contracts. That has been achieved through a number of successful competitive tendering processes over the past 10 years or so, including, most recently, the award of the Clyde and Hebrides contract to CalMac Ferries Ltd last year. That award was made in full compliance with the legal requirements and all the advice that was available to us from the Commission at that time. The tendering of those services has guaranteed their future and a programme of investment and improvements until 2024.

Following a debate in the chamber on 25 November 2015, Derek Mackay, the then Minister for Transport and Islands, wrote jointly with the National Union of Rail, Maritime and Transport Workers to the European Commission on 1 April 2016. The letter followed numerous approaches by the Government to seek the Commission’s view on the legal requirement to tender the Clyde and Hebrides ferry services. In particular, it sought clarification on the application of the Teckal exemption, which it was argued could allow the services to be operated by an in-house provider without the need for competitive tendering.

The Commission responded on 22 September 2016 to formally state its view that the Teckal exemption should be capable of being applied to the maritime cabotage regulation, under strict conditions. If those conditions were met, and subject—importantly—to compliance with state-aid requirements, that could allow the direct award of ferry services contracts to an in-house operator. That response, when considered alongside the

Commission’s published guidance, suggests that it is appropriate that we take time to consider this important issue further.

I should emphasise that the Commission’s response—I will place it in the Scottish Parliament information centre so that members can see it for themselves—makes it clear that, in addition to meeting the particular requirements of the Teckal exemption, any award to an in-house operator must comply with state-aid law, and the Altmark criteria should be considered in that regard.

I welcome the Commission’s response and I have used the time since then to consider the complex legal and policy questions that it raises. The Commission’s response was received during preparations for a live tender exercise for the next Gourrock to Dunoon contract. We had already concluded the pre-qualification assessment and were in the process of informing the participants. It was therefore necessary to give careful consideration to the full legal and policy implications for the tendering process and the current contract before making a public announcement.

I have concluded that a policy review should be conducted to identify and consider in detail the legal, policy and financial implications that are relevant to the procurement of ferry services, including the possible application of the Teckal exemption in the light of the Commission’s letter, the requirement to ensure compliance with state-aid rules, and all other legal, policy and financial implications that are relevant to alternative models for procuring ferry services, including examining the organisational structure and governance of David MacBrayne Ltd and Caledonian Maritime Assets Ltd.

The review will draw on expertise from across Transport Scotland and the Scottish Government to look objectively at the options and make recommendations to ensure that ferry services are affordable and sustainable and provide confidence to ferry users, communities and employees. Our overriding priority is to provide the best service possible within the framework in which we are required to operate, and the review will consider a range of options.

Given the number of strict tests that relate to the application of the Teckal exemption and state-aid rules, all of which would need to be satisfied, no assumption should be made about the outcome of the policy review. Nothing can be ruled in or out at this stage.

I do not prejudge the outcome but, should the review conclude that it would be possible to apply the Teckal exemption and meet state-aid rules, the Government would be minded to provide ferry services through an in-house operator, taking

account of the communities that they serve. That would be subject to wider policy and value-for-money implications and, crucially, the views of the affected communities.

I am fully committed to keeping everyone informed about the purpose and progress of the review, including ferry users, local communities, local authorities, ferry operators and trade unions, as well as members of the Parliament. As a first stage in that engagement, I will today speak and write to a broad range of key stakeholders. I will also arrange an early meeting with the trade unions, in particular the RMT, with David Stewart MSP, who has previously raised the issues with ministers, and with other MSPs who have a constituency interest, to discuss the purpose and remit of the policy review.

The review will require a specific and urgent focus on the current tendering of the Gourrock to Dunoon services, to be closely followed by a focus on the implications for the planned tendering of the northern isles ferry service. There is less time pressure to reach a definitive position on the Clyde and Hebrides services, as the current contract has more than seven years to go before it would be subject to any potential further tendering requirements.

The review will clearly require detailed consideration to be given to a number of complex legal, policy and financial issues, which will take time. I am therefore announcing a pause in the current Gourrock to Dunoon tendering exercise to allow time for the review to be conducted. That will require an extension to the current Gourrock to Dunoon contract of the order of nine months, which we have concluded is justifiable under regulation 72(1)(e) of the Public Contracts (Scotland) Regulations 2015. Transport Scotland will work closely with the current operator, Argyll Ferries Ltd, on arrangements for the intended extension. The review will also consider what, if any, extension period might be justified and necessary for the northern isles contract, which is due to end in April 2018.

I assure the people, businesses and communities that rely on our ferry services that safe, efficient and effective services will continue to be delivered and that continuity of service delivery, both now and in the future, will remain my top priority during the review.

The final report will set out recommendations for the sustainable delivery of ferry services. It will be made available to Parliament and will be published on Transport Scotland's website.

Ministers will engage closely with key stakeholders when considering the review's full findings. The final decisions on the best approach to improve the delivery of the ferry services will be

based on objective and robust analysis of the evidence that the review provides.

Our lifeline ferry services are essential to the economic and cultural life of our islands and remote communities. I ask Parliament to join me in supporting the pause in the tendering for the Gourrock to Dunoon contract and the policy review as the best approach to delivering our essential and iconic ferry services now and into the future.

The Presiding Officer: Thank you, minister. We have about 20 minutes for questions. If members have questions, I encourage them to press their request-to-speak button now. I call Liam Kerr to ask the first question.

Liam Kerr (North East Scotland) (Con): I thank the minister for advance copy of his statement. We welcome the Government's acknowledgement of the concerns raised in multiple quarters over last year's competitive tendering process for the Clyde and Hebrides contract. We all welcome the fact that the Government has taken action and has sought clarification from the European Commission on the matter. However, commercial ferry operators will have genuine concerns on seeing the statement and the Government's stated preference for an in-house operator as a direction of travel that might ultimately see an end to competitive tendering for our ferry routes and/or automatic reference to any such operator.

If the review found that it were possible to apply the Teckal exemption and to meet state-aid rules, would that mean an end to the competitive tendering of ferry services in Scotland? If it does not find that, will the minister guarantee that any such tendering exercise will not be pre-loaded in favour of an in-house operator? Will he give an assurance that local groups and stakeholders will have a chance to input into the review to ensure genuine feedback into what is affordable, sustainable and provides confidence to users, communities and employees?

Humza Yousaf: I thank the member for the question and the constructive manner in which he asks it. On his last point, I give him an absolute assurance that communities will be at the heart of what we are doing in the policy review—their views are vital to inform our direction.

I am really keen not to prejudge the outcome of the policy review, but I understand why the member asks that question. However, if the Teckal exemption applies, the approach complies with state-aid rules and—crucially—if communities want an in-house provider, the Government is minded to make a direct award to an in-house provider. Even if all the criteria, including state-aid rules, can be met, it may well be that particular communities, for a number of reasons—the

member highlighted some in his question—do not want to offer a direct award but wish to have a competitive tender. We should be open-minded and consider what they want, rather than simply do what the Government is minded to do.

I do not want to prejudge the outcome of the review, and I look forward to hearing from the member and his party in the course of that review. I give the member an assurance that communities will be at the heart of everything that we do.

Neil Bibby (West Scotland) (Lab): I thank the minister for advance sight of his statement.

I thank the RMT trade union and my colleague David Stewart MSP for their hard work and persistence on behalf of not only the workers in the sector, but the people who depend on lifeline ferry services.

In 2015, Scottish Labour joined the RMT, the *Daily Record* and others in calling for the Government to use the Teckal exemption and to reject the tendering process for the Clyde and Hebrides contract, so we welcome today's announcement of a review to look at the legal, policy and financial implications on ferry service procurement.

Given the review, it is sensible and understandable to extend the current Gourock to Dunoon contract. However, will the minister provide assurances that there will be continuity of employment and conditions for the workforce on that particular route and, if necessary, on the northern isles route?

Can he also provide the assurance that, whatever the outcome of the review, jobs and conditions will be protected and the workforce will continue to be subject to the Transfer of Undertakings (Protection of Employment) Regulations?

Given the timescales, why did it take four months for the minister to publish the European Commission's response? He said in his statement that it was received on 22 September.

Humza Yousaf: I thank Neil Bibby for the constructive tone in which he asked his questions. I also put on record my thanks for the approach that the RMT has taken and my thanks to David Stewart for his indefatigability on this particular issue.

I can give short answers to Neil Bibby's questions.

The rights of workers, collective bargaining and our no compulsory redundancy policy will continue regardless of the policy review. I can give that protection.

It is very clear from the European Commission's response, which, as I said, is available to

members through the Scottish Parliament information centre, that we will have to look at the governance and structure of both CalMac and CMAL. That will absolutely be part of the policy review, and we will keep members involved and up to date on that discussion.

Although we received the European Commission's response in September, we have made the announcement today for three very important reasons.

First, the advice was somewhat different from that which we and previous Executives, including the Labour-Liberal coalition, have previously received, and the priority was to ensure that the advice was consistent across all the directorates-general of the European Commission.

Secondly, the more fundamentally important reason why time had to be given was that all sorts of uncertainties would have been thrown up if I had made a public announcement as soon as I received the response, because a live tendering exercise was going on.

Thirdly, I think that Neil Bibby will appreciate and understand, even though he is, understandably, a strong critic of the actions that we have taken, that procurement legislation is extremely complex. I had to find both the legal route whereby we could halt the current tender—that is important—and ensure that we had a legally watertight position in order to extend the contract by nine months. That does not mean that there will not be a legal challenge—I suspect, reasonably, that there may well be one—but I had to ensure that we had those legal ducks in a row before I made an announcement. I hope that that gives Neil Bibby the reassurance that he requires.

Kate Forbes (Skye, Lochaber and Badenoch) (SNP): Can the minister guarantee that the policy review that he has announced will have communities at its heart and will ensure the best possible public ferry services to all of our island and remote rural communities, which need long-term confidence in their lifeline ferry services?

Humza Yousaf: The short answer to that is yes. Communities have to be at the heart of the review. As I said, I have travelled around the country in the nine or 10 months that I have been in this job, and I know that communities absolutely have differing views on how lifeline services should be provided. They will be at the heart of the policy review.

Donald Cameron (Highlands and Islands) (Con): Like Liam Kerr, I welcome the review and understand the implications of the decision.

I represent the Highlands and Islands and know first-hand how concerned and worried the people of the Cowal peninsula and Dunoon in particular

have been for quite some time about the reliability and frequency of services on that route. Can the minister assure me that the nine-month delay to the tender will have a negligible effect on the future of that service so that both residents and visitors to Dunoon can soon look forward to a more robust service?

Humza Yousaf: I assure Donald Cameron that continuity of service is the absolute top priority for me. Continuity of service, whether on the Gourock to Dunoon, northern isles or Clyde and Hebrides services, is vital not only for individuals, but for businesses. I do not want to prejudge the outcome of the review, but its immediate focus must, of course, be on the Gourock to Dunoon service, which Donald Cameron rightly raised.

Rhoda Grant (Highlands and Islands) (Lab): I, too, welcome the review and pay tribute to David Stewart and the RMT for their tenacity on the issue.

Will the trade unions be directly involved in the review group? Further to Kate Forbes's question, will communities also be involved in it? They all have a stake, and it is only right that they should be involved in the group. How long is the review likely to take?

Humza Yousaf: The policy review will be undertaken by Transport Scotland. As the key engagers, we will be engaging with the RMT and the first meetings that I will look to have will be with David Stewart and the RMT. As Rhoda Grant rightly says, they have been leading on this issue.

On the second part of her question, again, I give assurances that communities will be involved.

On the third part of her question, the reason why we have asked for a nine-month extension, which we think is justifiable under regulation 72(1)(e) of the Public Contracts (Scotland) Regulations 2015, is that we think that the review will take about nine months. If the review kicks up further issues—state aid can be quite complex, as members will appreciate—we might have to look again at that timeline. However, we are looking to get that review under way as soon as possible and within that timescale.

Stuart McMillan (Greenock and Inverclyde) (SNP): Once again, I remind members that my wife works part time for CalMac in Gourock.

The minister and others have spoken about the current structure and governance of the David MacBrayne Ltd group of companies, which includes CalMac, whose headquarters is in my constituency. Can the minister provide further information about implications for my constituency in relation to the David MacBrayne group?

Humza Yousaf: I can give Stuart McMillan the reassurances that I have given in previous

answers. We do not foresee changes in the terms and conditions of employees, and the policies of collective bargaining and no compulsory redundancies will remain as they are throughout the policy review period. However, I will say frankly that because of the Commission's response, which I urge the member to read, it is clear that we will have to examine the governance structure of CalMac and CMAL. Without prejudging the outcome, I say that I think that that will involve more emphasis on management structures than on employees. As I said, I cannot prejudice any of that, but I will be meeting with unions as soon as I can in order to give them reassurances in respect of employees.

John Finnie (Highlands and Islands) (Green): I thank the minister for early sight of his statement. I welcome the review and support the position regarding the Gourock-Dunoon route.

I heard what the minister said about the timeframe and I acknowledge that it is important that we get this right. However, does the minister recognise the enthusiasm that exists to ensure that the beneficiaries of public money that is spent on ferries in the northern isles are the residents of the northern isles, rather than the private shareholders of Serco?

Humza Yousaf: I understand the point that John Finnie is making and I thank him for his welcome for the approach that we are taking. I reiterate that communities will be at the heart of what is done, as they must be.

When I travelled to Orkney and Shetland, people in the communities there told me that they want continuity of service and a reduction in ferry fares. A commitment has been given in that regard, and I should say that that will not be affected by the policy review.

Communities should be at the heart of what is being done. As I said, the Government is minded to ensure that—where the Teckal exemption can apply, where state-aid rules can be complied with and where the communities want it—direct awards should be made to an in-house provider.

Maree Todd (Highlands and Islands) (SNP): The northern isles contract was due to end in April 2018. Can the minister set out what effect the policy review will have on that contract and can he assure passengers that continued provision of the northern isles ferry service—continuity of service delivery—is a top priority of the Government?

Humza Yousaf: I can, and I hope that I have been able to do that throughout my statement and my answers to questions. Continuity of service absolutely has to be my priority, and will continue to be this Government's priority.

Maree Todd is right to say that the contract would have ended in April 2018. The tendering process for the northern isles ferry service was due to start in the spring. That will not happen, because the policy review will be under way at that point. Discussions have already begun with Serco for a possible extension of the contract in the interests of continuity of service. Of course, those discussions will continue apace.

Tavish Scott (Shetland Islands) (LD): I thank the minister for his statement and for the advance copy that he provided to us. On his last point, does that mean that it is therefore nearly certain that the current Serco contract for Orkney and Shetland will now extend beyond next summer?

Given that his Government has promised substantial reductions in ferry fares to the northern isles following the 50 per cent cut on the west coast, can he also clarify the position with regard to the fares review? When will we hear an announcement on that? Will Orkney and Shetland see the promised reductions?

Given the possibility of full Brexit, there may be no EU procurement rules. Will the minister be minded to ensure that his review covers that eventuality, too?

Humza Yousaf: I thank Tavish Scott for the constructive nature of his questions. I will answer them one by one.

It is highly likely that we will require an extension to the contract, because can we no longer start the tendering process in the spring of this year; it will have to wait until the policy review is done. We are already talking to the provider, Serco, about a possible extension. I will ensure that Tavish Scott is kept up to date with those discussions.

I reassure the member about the work that we are doing to reduce ferry fares. The First Minister made a commitment on that, and it was a commitment in our manifesto. I have always been very clear that that issue is not tied to the next contract. In fact, if we can bring about ferry fare reductions before then, we will seek to do that. The position has not changed, and nor has the work of the working group. I will also keep Tavish Scott fully informed on the ferry fares reduction.

Tavish Scott is right that the policy review should take into account the possible implications of Brexit. He knows the Scottish Government's position on that, so I will not rehearse it. Notwithstanding that, the potential impact of Brexit will be part of the policy review discussion.

Jamie Greene (West Scotland) (Con): As the minister is aware, there are currently three services running out of Gourock: three different routes, three different operators and three different lines of accountability and governance. The

situation is described by one local user group as "a complete mess." I note with interest that the minister does not want to pre-empt the outcome of the review but at the same time expresses a preference for an in-house operator. Will the minister give a commitment on the long-term security of the Gourock to Kilcreggan route, which is very important in that triangle? The route is currently funded by Strathclyde partnership for transport. More important, will he reassure Parliament that the review outcome will not automatically favour Government-owned operators, at the expense of transparency and reliability for local users?

Humza Yousaf: I will try to give Jamie Greene some assurances. The Kilcreggan ferry issue is a separate one—I will write to him on that or speak to him offline. He knows that discussions between Transport Scotland and SPT on fair funding are on-going. In principle, we have an agreement to take over that service. However, that issue is separate from the contents of the policy review.

On Jamie Greene's wider question, I assure him that there will be continuity of service. I can also give him an assurance that the wishes of communities—I think I know which community group he meant—will be very much at the heart of what we are doing.

The Government's position is not inconsistent. I am not prejudging the outcome; I am simply saying that we have made known our preference. I look forward to hearing the Conservatives' input into the policy review.

Kenneth Gibson (Cunninghame North) (SNP): After years of extensive engagement and correspondence on the issue under this Government and previous Administrations, what the minister has announced today suggests that the Commission's view may have changed in the event of a direct award under the Teckal exemption. Although complex state-aid rules will still need to be satisfied, does the minister agree that the review will encourage many people to look forward to the strong possibility that ferry service contracts will be awarded to an in-house operator?

Humza Yousaf: I reiterate that I do not want to prejudge the outcome of the review. However, Kenneth Gibson is correct that advice that was received from the Commission by previous Executives and Governments—and not just by my predecessor, Keith Brown, or this Government—has been consistent in saying that the Teckal exemption could not apply. It would be correct to say that the Commission's view in that respect seems to have shifted. That does not mean that there are not still obstacles in the way; some serious issues have to be examined. State-aid rules still have to be complied with and there are legal, policy and financial questions that have to

be answered. The policy review will look at them in the fullest possible manner.

David Stewart (Highlands and Islands) (Lab): I warmly welcome this afternoon's statement from the minister. Nearly two years ago, following advice from the RMT, I met European Commission officials to discuss the Teckal exemption. They said that, in principle, it was acceptable and consistent with previous European Court of Justice cases. Will the minister verify the cost to the public purse of tendering the last Clyde and Hebrides, Gourrock to Dunoon and northern isles ferry services? In the future, there could be a substantial saving that could be reinvested in public services.

Humza Yousaf: I refer to what I said at the beginning and pay tribute to the hard work that David Stewart has done on that issue. We met to talk about it when I first became transport minister, and I thank him for the advice that he has given in that regard.

I will give him the figures and the facts, but I will write to him if he does not mind. I know that the CHFS contract tendering came at a cost of £1.1 million. I will give him a written response on the other contracts that he asked about.

I assure David Stewart that I will be looking to engage with him; in fact, we have emailed his office to seek an early meeting with him and the trade unions to have a discussion on the matter. I look forward to his views during the policy review.

Angus MacDonald (Falkirk East) (SNP): Hailing from the Hebrides, I welcome the latest advice from the European Commission on the Teckal exemption and look forward to the outcome of the policy review. What chance does the minister see for the policy review to result in a means of procuring ferry services other than by a public tender?

Humza Yousaf: I reiterate that I do not want to prejudice the outcome of the review. I have indicated where the Government is minded to go, but I reiterate the point that there are some very serious questions that will take time to delve into, from financial matters, to legal matters, to state-aid rules and the potential implications of Brexit. I have made my position and the Government's preference fairly clear.

Budget (Scotland) Bill: Stage 1

The Presiding Officer (Ken Macintosh): The next item of business is a debate on motion S5M-03768, in the name of Derek Mackay, on stage 1 of the Budget (Scotland) Bill.

14:31

The Cabinet Secretary for Finance and the Constitution (Derek Mackay): I am delighted to lead this debate on the principles of the Budget (Scotland) Bill for 2017-18. It is undoubtedly a bill of huge importance to Scotland and a test of the maturity of this Parliament. I seek Parliament's approval for spending plans that will have a positive impact on our economy, our public services, our communities and our environment—plans that will be supported, for the first time, by income tax proposals made under the powers devolved to us by the Scotland Act 2016.

I welcome the Finance and Constitution Committee's report on the draft budget. The Government will respond fully to the report before stage 3, but I can offer some initial reflections in this debate. I welcome the committee's recognition that the 2017-18 budget is fundamentally different and more complex, and I look forward to the work of the budget process review group. The review group will consider the impact of the chancellor's announcement to alter the timing of the United Kingdom budget and I share the committee's view that the United Kingdom Government should provide clarity on its autumn budget plans as soon as possible. I have raised this matter with the chancellor, with the full support of the finance ministers of the other devolved Administrations. The group will also reflect on the committee's comments on transparency with regard to the operation of the fiscal framework and the associated forecasts.

I turn to the principles of the bill and to my engagement with the other political parties. The Government's budget plans are focused on stabilising and growing our economy, empowering our communities, protecting our environment, promoting equality and improving our public services. Our plans have been framed by wider economic and political factors that have been emerging, such as the impact of the Brexit vote, and by our programme for government.

We remain totally committed to the programme for government—

Jackie Baillie (Dumbarton) (Lab): The minister says that he wants to grow the economy. Why then has he cut the budget of his main economic development agency by 48 per cent?

Derek Mackay: I will come to Scottish Enterprise.

We are operating with a chancellor who continues to apply restrictions and constraints to our public finances. We have acted positively, investing in our country, and we will use our taxation powers in a fair and balanced way that focuses on taxing in a way that is proportionate to the ability to pay. We propose to protect low and middle-income taxpayers, at a time of rising inflation, by freezing the basic rate of income tax.

However, I recognise that this is a Parliament of minorities, where compromise and finding consensus is a necessity. We know that there is now more of a link between Scotland's economic performance and the revenues that we have available to spend on our public services. That is why stability and stimulating economic growth is so important to this Government and it is why we will deliver measures such as the £500 million Scottish growth scheme, more investment in higher and further education, new investment in innovation and investment hubs, and of course £4 billion of investment in infrastructure across transport, public services, affordable housing and digital infrastructure.

We propose to reduce the business rates poundage and expand the small business bonus scheme, which will lift 100,000 properties out of rates altogether, and to expand rural and renewables reliefs. This budget will help us to tackle climate change, including through the national priority status that we will attach to energy efficiency.

At a time of significant challenge in our economy, this is a budget that will support jobs and lay the foundations for future growth—economic growth that must be inclusive and sustainable.

We have made it clear that education is this Government's number 1 priority. We propose to invest £1.6 billion in higher and further education, continuing the provision of free education and maintaining 116,000 full-time college places. We are maintaining investment in skills and training and increasing the number of modern apprenticeships, as well as creating our new skills fund.

We are maintaining the £50 million attainment Scotland fund and investing an additional £120 million to go directly to our schools to tackle the attainment gap in Scotland. We also plan to provide £60 million for the first phase of work to expand early learning and childcare to 1,140 hours by the end of this parliamentary session. Overall, this is a package of measures that places equality of opportunity at the heart of this Government's approach to Scotland's economy.

I have said before that I believe that this budget provides a strong settlement proposal for local government, including the additional funding for educational attainment, increased capital resources and increased revenues from council tax. The budget provides real-terms protection for front-line policing and a real-terms increase in total funding to the national health service, with increases to front-line NHS budgets being invested in primary care, community care, social care and mental health.

However, I have been listening very carefully to the other parties in this Parliament across the political spectrum on both tax and spend and I have entered into negotiations in good faith in order to build the consensus that this country needs. I particularly welcome the constructive approach that has been taken by the Green Party. It has asked me to consider changes to our income tax proposals and to provide additional funding for local government. My latest assessment of the financial position this year and our projections for 2017-18 has enabled me to identify an additional £100 million of resource funding and £30 million of capital funding that could be provided through central Government resources.

That will be funded through the use of the budget exchange mechanism, updated projections of the Scottish Government contribution that is required to bring the non-domestic rates pool into balance, and a reduction in the anticipated cost of borrowing repayments next year. In my discussions with the Green Party, I have made it clear that at a time of economic uncertainty, rising inflation and rising prices, this Government does not think that it would be right to increase tax rates.

No party in this Parliament has a majority, but the considerable mandate that we were given in the election means that I believe it would not be right to make a fundamental change to the proposals we put to the people of Scotland. However, having considered the proposals put to me, I can confirm that this Government will lodge a Scottish rate resolution that sets the same tax rates as originally proposed but which applies a cash freeze on the higher rate threshold.

Murdo Fraser (Mid Scotland and Fife) (Con): Yesterday, Scottish Chambers of Commerce warned that to create a tax differential income tax was "highly dangerous" for the Scottish economy. Why is the cabinet secretary listening to the Green Party before the voice of Scottish business?

Derek Mackay: Our proposals are fair and balanced. Some in the business community were concerned about the prospect of higher tax rates, but this Government is not proposing that. Our proposals protect basic rate taxpayers and ensure

that 99 per cent of taxpayers who are on the same income this financial year will not pay any more income tax in the next financial year. However, the proposals will generate an additional £29 million of revenues in 2017-18.

The proposals that I am putting before Parliament balance the need to raise additional revenues, while asking the highest earners—the top 10 per cent of earners—to forgo a significant tax cut at a time of UK Government austerity. For the people who are covered by that higher rate, the income forgone amounts to £7.70 a week, which is less than the cost of a single prescription in England.

However, in return for that contribution, Scottish taxpayers will continue to benefit from significant investment in our public services, including above-inflation investment in the NHS, free prescriptions, free personal care, free higher education, no business rates for 100,000 small businesses, new resources to tackle the inequality of the attainment gap, investment to support our efforts on the environment, and the doubling of free childcare. In other words, they will get the best deal for taxpayers in the whole of the UK.

The Presiding Officer: Patrick Harvie. *[Interruption.]*

Patrick Harvie (Glasgow) (Green): I have not said a word yet.

The cabinet secretary knows that the Greens believe that he can go further on taxation and that people who are on generous incomes such as ours can afford to pay more tax. Can the cabinet secretary confirm that the £29 million that he talked about generating by abandoning his inflation-based increase in the higher rate threshold will be added to the £130 million that he already spoke about, and will it result in an additional £160 million going into local government services up and down the country?

Derek Mackay: Let me be clear with Patrick Harvie and the Parliament that, with the support of the Scottish Green Party for all stages of the budget bill and for the local government finance order—together with agreement to allow the Scottish rate resolution to come into force—I propose to allocate those additional resources of £160 million to local government. The resources are to be allocated through the normal formula distribution and spent at the discretion of individual local authorities.

Willie Rennie (North East Fife) (LD): Will the finance secretary take an intervention?

Derek Mackay: Once again, this Government has listened and acted.

In line with this Government's commitments and priorities, I wish to make two further additions to

the budget. My proposals already protected the police resource budget in real terms and provided additional reform funding of £36 million to continue the process of transforming the police service and to meet the VAT costs that are imposed by UK Government ministers. The Scottish Police Authority and Police Scotland will shortly set out a long-term strategy for a flexible, modern and sustainable police service that is capable of meeting the changing nature of crime and society.

Today, I can announce further funding of £25 million within the police reform and change budget to support that new phase of transformation, funded through a combination of capital and resource headroom that I judge to be available in 2017-18. That is more support for the police in Scotland.

A range of measures to support our economy were outlined in the draft budget and I have engaged further with Scottish Enterprise.

Willie Rennie: Will the finance secretary take an intervention now?

Derek Mackay: I have 30 seconds left to speak. I have spoken to Willie Rennie quite enough—it did not amount to very much.

I propose to provide an additional £35 million to Scottish Enterprise to support our economy at this time.

Presiding Officer, this budget is putting the programme for government into effect, but I also believe that it responds to requests from all sides of this chamber in a reasonable and constructive way by protecting health budgets; delivering a living wage for social care workers; delivering free tuition; expanding early years provision; making efforts on energy efficiency; increasing house building; and supporting local services.

In my draft budget, I explained that supporting it would deliver £700 million of additional spending on public services. Today, I can say that, as a consequence of my proposal, that figure now increases to over £900 million in additional spending for Scotland's public services.

By any measure, this budget delivers for Scotland. For our economy, our communities and the wellbeing of our nation, I commend the principles of this bill and seek Parliament's agreement to them.

I move,

That the Parliament agrees to the general principles of the Budget (Scotland) Bill.

14:45

Kezia Dugdale (Lothian) (Lab): Today, this Parliament has an important decision to make—indeed, one of the most important that it has ever

made. We can deliver on the promises that the majority of us in the chamber made to the people of Scotland at last year's election, when all but one party represented in the chamber said that we would stop the cuts to valued public services and invest in our economy instead, or we can walk by on the other side as teachers struggle with fewer resources with which to educate our children; as more and more carers' visits to our elderly family members are reduced to 15 minutes; and as welfare advisers who support those who are most in need face even more cutbacks.

I listened to the First Minister very carefully at lunch time, and she said to Ruth Davidson:

"given the pressure on public services as a result of Tory austerity, it would be wrong to cut taxes for the top 10 per cent".

I agree. Equally, however, it would be wrong to take that Tory austerity and pass it on to the poorest Scots in the face of public service cuts—Labour is just not prepared to do that. I got into politics to stand up for the very people who will be hit the hardest by the Scottish National Party's cuts.

I also heard the First Minister refer to Labour's position on the budget as being somehow playground politics. I say to her that I met Derek Mackay several times throughout the budget process and spoke to him on the phone, too, and the conversations were cordial and constructive. I know that he knows that, and I know that he would agree with that. I therefore reject completely the suggestion that the Labour Party has been playing games. We have been very clear from the outset—*[Interruption.]* We have been very clear from the outset: we said that the price of our vote was no cuts to public services. The more that they try to bait me to say that Labour was never serious about engaging with this budget, the more inclined I might be to say exactly what we were talking about in those meetings.

The truth is that the finance secretary spent the first half of the meetings saying that there were no cuts and the rest saying, "How much do you need to get rid of the cuts? We won't do it after all." It was completely duplicitous. The finance secretary said to me—*[Interruption.]* The finance secretary said to me that he had no mandate in his manifesto to increase taxes, and I said to him that he had no mandate, either, for these cuts to public services.

With the concession that he has given the Green Party to move away from his manifesto commitment on the top rate of income tax, the cabinet secretary has abandoned the principle of sticking to his manifesto, and it leaves him open to accusations about why he did not use the 50p top rate of tax. If he has moved away from his

manifesto once, he can do it again in the name of protecting vital public services.

It has been Labour that, throughout this process, has been honest enough to say that if we want high-quality, universal public services, we have to talk about how we pay for them—and, crucially, who pays for them. That is why we have lodged an amendment saying that the tax powers of this Parliament should be used in order to stop the SNP's millions of pounds' worth of cuts to local schools and care for the elderly—services that are the very fabric of our communities across the country and which the Labour Party will always fight for.

However, Labour's amendment is not just about stopping the cuts; it is about growing the economy. For Scotland's economy to thrive, we need strong public services. That means good, well-funded schools giving young people the skills that they need to compete for the jobs of the future; and it means investing in the infrastructure projects that are essential to businesses across the country. In this globalised world, if we are to fight for our futures, we need to be able to attract investment into Scotland. We are competing with the world's major economies for investment and jobs. Nations such as China and India are investing to grow their economies and Scotland must and should do the same.

However, the SNP's budget does the opposite, and the employers looking for a high-skilled, well-educated workforce will go elsewhere if we do not invest in the greatest natural resource that this country has: its people. We know that the SNP's constant threat of another independence referendum is not good for our economy either and is certainly not good for our future prosperity. If Scotland were ever to leave the UK, we know that that would be devastating for the public services that we all value. That is why Labour will not and cannot back any SNP plan to impose another referendum on the people of Scotland.

John Mason (Glasgow Shettleston) (SNP): Will the member give way?

Kezia Dugdale: Not just now, thank you.

There is a different path available to us because of the new powers that the Scottish Parliament has—powers that so many of us fought for—and it is our responsibility to put them to good use, because this Parliament does not have to be a conveyor belt for Tory austerity. That is why we have come to the chamber with an alternative to the SNP's millions of pounds' worth of cuts; in fact, we are the only party to have lodged an amendment to the budget motion. I make no apologies for saying that Labour will not vote for an SNP budget that imposes millions of pounds' worth of cuts on local services such as schools

and care for the elderly—we just will not do it—because to do so would be a betrayal of the voters who sent us here in the first place.

Stuart McMillan (Greenock and Inverclyde) (SNP): Will the member take an intervention?

Kezia Dugdale: No, thank you.

I know about the impact of the SNP's cuts from my work in Edinburgh. I make a particular appeal to Patrick Harvie here. He has campaigned against austerity his entire political life and has spent the month since the Government published its draft budget warning about the impact of the SNP's cuts on communities across Scotland—I agree with him about that. All I ask is that he maintain his opposition to the cuts to local services such as schools and care of the elderly.

Patrick Harvie: Will Kezia Dugdale give way?

Kezia Dugdale: I will give way in a moment.

Here is what the Greens manifesto actually called for: a 60p top rate of tax and a 43p rate of income tax. Those were the lofty, progressive ambitions of the Greens, but today they have settled to be the fig leaf that the nationalists so desperately want and need.

Patrick Harvie: Kezia Dugdale knows fine well that if every party in what is a Parliament of minorities was just to say, "Our manifesto or nothing," we would be failing the people of Scotland. However, does she not recognise that what we have achieved, unlike what Labour has achieved, is an additional £12 million-plus for the City of Edinburgh Council—her city council—for public services that she is concerned about this very tax year?

Kezia Dugdale: No, I do not accept that. I say to Patrick Harvie very clearly that the tax changes announced—[*Interruption.*]

The Presiding Officer: Order, please.

Kezia Dugdale: The tax changes announced today constitute £29 million-worth of new money, which is one tenth of the money that we need to stop the cuts and one thirtieth of the amount of money that Mr Harvie's party's manifesto said was needed to stop the cuts. To accept anything less than bold use of this Parliament's tax powers amounts to an astonishing and deeply disappointing revelation from the Greens. However, we should not kid ourselves: it is not the Greens' responsibility to Parliament that is shining through, but the responsibility that they have put on themselves to do nothing that might jeopardise the prospect of another divisive independence referendum. The truth about the Greens is this: nationalism first; austerity second; and—somewhere down the list—their environmental credentials. If the Greens vote for this budget

tonight—a budget that passes Tory austerity on to Scots—in the face of a better way, it will be remembered as the day when the Greens abandoned any claim to be a party of the progressive left.

We all remember Nicola Sturgeon as the anti-austerity crusader in the 2015 general election; now, she has become the minister for cuts. The nationalists who claim to be stronger for Scotland now want to weaken our public services and rip the heart out of our communities.

Today, all parties have the chance to back up their previous commitments with action and to say to the people of Scotland that the policies that we put forward were not just to get us through an election but were promises to be delivered. It is make-your-mind-up time. Labour stands for stopping the cuts and investing in public services. There is a better way, and I ask members to join Labour in that fight.

I move amendment S5M-03768.1, to insert at end:

“, and, in so doing, believes that Scottish income tax rates should be set as follows for 2017-18 to invest in public services: basic rate at 21p above £11,500, higher rate at 41p above £42,385 and additional rate at 50p above £150,000.”

14:55

Bruce Crawford (Stirling) (SNP): The Finance and Constitution Committee recognises that this is an historic budget for Scotland. The new income tax powers, combined with the previously devolved taxes, mean that approximately 40 per cent of the money that the Scottish Government spends will now come from taxation that is raised in Scotland. The Scottish Government's borrowing powers have increased to a limit of £3 billion for capital spending and £1.75 billion for resource borrowing and cash management.

I will summarise briefly the committee's view on the Scottish Government's taxation and borrowing proposals. The committee recognises that there is a wide range of views on income tax, including on rates and bands, in the chamber and beyond. The members of the committee were likewise unable to come to a consensus on those matters.

On land and buildings transaction tax, the committee considers that it is too early to draw any definitive conclusions on the impact of the rates and bands from the available outturn data. On Scottish landfill tax, we noted that, as in previous years, the Government proposes to increase the rates in line with inflation. The approach is similar to that of the UK Government and is intended to address the possibility of waste tourism. On capital borrowing, the committee notes that the

Government intends to utilise the maximum amount of £450 million in 2017-18.

The committee notes that the total drawdown of £915 million in capital borrowing powers for 2015-16 to 2017-18 was a result of projects being brought on balance sheet as a consequence of the European system of accounts 2010 ruling. The committee notes the impact of that drawdown on other capital projects, and asks the Scottish Government to provide a full and comprehensive analysis of the use of its borrowing powers.

As the committee makes clear, those new powers provide both opportunities and risks; that is because the outlook for the public finances is now much more dependent on the performance of the Scottish economy. There is now a direct incentive for the Scottish Government to grow the economy in order to increase the amount of tax that is raised in Scotland. However, the way in which the fiscal framework works means that it is the performance of the Scottish economy relative to the performance of the UK economy that matters. Scotland will benefit only if there is higher growth in per capita tax revenues in Scotland than per capita performance of receipts from the equivalent taxes in the rest of the UK. If Scottish tax revenues per capita grow at the same rate as those in the rest of the UK, the Scottish budget will be no better or worse off than it would have been prior to the devolution of the relevant taxes.

Given the linkage between productivity levels and future tax revenues, one of the major challenges for the Scottish Government is to ensure that productivity growth performs at least as well as in the rest of the UK. The chairman of the Office for Budget Responsibility explained to us that the defining puzzle of the present economic recovery has been that productivity has grown much less quickly than has historically been the case. He suggests that, although that is not unique to the UK, it is probably more pronounced here. The committee has therefore asked the Scottish Government what analysis it has undertaken of its options for addressing the productivity puzzle in Scotland and what opportunities the new financial powers provide to improve productivity growth.

Implementing the new financial powers and the framework would have been challenging enough during a period of economic stability. The committee recognises that the added uncertainty arising from the Brexit vote significantly increases that challenge. A key question for the committee is whether the impact of Brexit in Scotland will differ from that in the rest of the UK. We did not hear any evidence at this stage to suggest a differential impact. However, the likelihood is that rising inflation will have an impact on the Scottish Government due to the declining real-terms value

of budgets and the increased costs of commitments to maintain spending in real terms. The committee has asked to what extent the Scottish Government has taken steps within the draft budget to address the potential disproportionate impact of inflationary pressures arising from Brexit on households on lower incomes and on public services.

A further significant challenge for the committee and colleagues across the Parliament is to develop our understanding of how the fiscal framework works. The Fraser of Allander institute describes it as “exceptionally complex and opaque” and “without precedent internationally”. It potentially introduces a much higher level of uncertainty and volatility to the budget process. Our report highlights three areas: how the annual adjustments to the block grant for each of the devolved taxes are calculated; forecasting tax revenues for each of the devolved taxes; and reconciling the differences between forecasts and outturn figures.

In essence, the annual budget is now dependent on the Barnett-determined block grant minus the adjustment for each devolved tax plus the tax revenues from each devolved tax—it is quite simple really, isn't it? The block grant adjustments and tax revenues are initially based on forecasts, which are reconciled with outturn figures once the data is available. Given the complexity of that arrangement, the committee emphasises that it is essential that there be complete transparency in how the fiscal framework operates. It is hoped that our report on the draft budget will provide some clarity on the process.

The committee also recognises that the operation of the fiscal framework is a responsibility that is shared between the Scottish Government and the UK Government. Therefore, the committee is disappointed that the Chief Secretary to the Treasury declined to give evidence as part of this year's budget process. It is vital that we have the opportunity to hear from a minister from Her Majesty's Treasury on the operation of the fiscal framework. We will continue to pursue the matter with HM Treasury.

The committee recognises that the new powers and the fiscal framework fundamentally change the budget process. Consequently, the committee and the cabinet secretary have established a budget process review group. The committee has asked the group to consider a number of issues that arose during this year's process, including: budget timing, multiyear budgeting, medium-term financial strategy, and transparency and accountability.

A number of subject committees raised timing issues. The impact of the proposal to move the UK budget to the autumn will also need to be

addressed, as the cabinet secretary described. The committee has also asked the review group to explore the options for a more strategic approach to financial planning.

The committee believes that consideration needs to be given to improving the transparency of the draft budget document, as the Fraser of Allander institute highlighted. For example, the committee agrees with the Local Government and Communities Committee that greater transparency is required in relation to the local government allocations in the draft budget. Due to the different presentation and sets of numbers relating to the local government settlement, some members were concerned about the level of financial resource available to local government in the settlement.

I am pleased to present to Parliament a unanimous report by the Finance and Constitution Committee for consideration. It was achieved by committee members coming to a consensus through a collective approach despite the obvious differences that existed. Therefore, I thank all members of the committee for making my job easier and the committee clerks for the professional and helpful way that they approached their task.

I commend the Finance and Constitution Committee's report on the Scottish Government's draft budget for 2017-18 to the Parliament for consideration.

15:04

Murdo Fraser (Mid Scotland and Fife) (Con): I start my remarks with an apology. In last week's budget debate, I referred to the leader of the Green Party as Patsy Harvie. I can only apologise to Mr Harvie for that gross calumny with regard to his character. We know today that it is not the Greens who are the patsies in the chamber but the entire SNP front bench, for they have swallowed hook, line and sinker the Green Party's hard-left, high-tax agenda. They have let Patrick Harvie pull all the strings, and it will be hard-working Scottish families that suffer as a consequence.

The Cabinet Secretary for Finance and the Constitution had a choice as he went into this debate. He could come with us, drop his plans to make Scotland the highest-taxed part of the United Kingdom and work with us to deliver an ambitious budget focused on growing the economy—

Willie Rennie: Will Murdo Fraser give way?

Murdo Fraser: Not just now.

Or he could turn sharp left and embrace the anti-growth, anti-business agenda of the Green Party. What a pity and what a tragedy for Scotland that he chose to throw in his lot with the lentil-

munching, sandal-wearing watermelons on that side of the chamber. [*Interruption.*]

Mr Mackay was well warned by the business community as to the consequences of going further on tax than he originally intended. [*Interruption.*]

The Deputy Presiding Officer (Christine Grahame): I am afraid that I cannot hear what Mr Fraser is saying, but I ask him to calm it down just a wee bit.

Murdo Fraser: Thank you, Presiding Officer. They do not like it when they hear the truth about their budget—

The Deputy Presiding Officer: No, Mr Fraser—I do not like it. That is the difference.

Murdo Fraser: Maybe they will like this more, Presiding Officer. Yesterday, Scottish Chambers of Commerce described a move to increase the tax differential between Scotland and the rest of the UK as "highly dangerous". Today, Mr Mackay and his Government have shown contempt for the views of the Scottish business community and have demonstrated that they have zero interest in trying to help to grow our underperforming economy. They might as well put up a sign at the border saying "Scotland is closed for business".

Willie Rennie: May I put into context what Murdo Fraser is talking about? As a result of the decision today, a person who earns £100,000 will pay £86 more than they would have paid under the SNP manifesto, but they will pay £2,080 less than they would have paid under the Green manifesto. I do not think that the Government has given way a hell of a lot.

Murdo Fraser: There we have it from the Liberal Democrats. The Greens are not hard left enough for Willie Rennie. He wants to go even further.

Derek Mackay had so many advantages with this budget. He is a lucky man, first because he has had more money to play with than ever before. By his own admission, his budget for the coming year is up on the current year, in real terms, by some £501 million. He has half a billion pounds more to spend than he had in the current year. In these budget debates, we hear a lot from members on the SNP benches about Tory cuts and Westminster austerity, but their own document tells us that, in both cash terms and real terms, their total budget for the coming year is up against the previous high point of 2010-11. When it comes to total managed expenditure, there is not a cut to be seen in the document.

However, it is not just because he has at his disposal money that his predecessors could only dream of that Mr Mackay is a lucky man. He is also lucky because he has a greater range of

powers over taxation than any previous finance minister had. He has a great opportunity to use those powers and resources to build an ambitious budget—a budget for growth, a budget to expand the tax base and a budget that is worthy of the extensive powers at his disposal.

Sadly, in place of that ambition, we have a weak, hesitant, dismal set of measures that, together, amount to a budget that tells us nothing about the type of Scotland that we want to see. It is a budget that will see local services cut while council taxes are being hiked; a budget that cuts funding to the enterprise networks, even after the extra money that has been put in today; a budget that reinforces reductions in college places when we should be doing the opposite; and a budget that will make Scotland the highest-taxed part of the United Kingdom, scaring away investment and sending out a message that the risk taker, the wealth creator, the entrepreneur and the successful are not welcome here.

Patrick Harvie: Will the member take an intervention?

Murdo Fraser: Not just now.

This should have been a budget to grow the economy. Our growth rates today are one third of the UK average. Our unemployment rates are higher, our employment rates are lower and our business confidence is well below the UK average. Those are the key issues that the budget should address, but instead it will simply make matters worse.

If we grow the economy, our tax revenues will grow with it. Our research has shown that, if Scottish growth had matched UK average figures since 2007—the year that the SNP came to power—our gross domestic product would have been £3.1 billion higher over the past ten years, which equates to nearly £1,300 for every Scottish household. If we simply raised to the UK average the proportion of higher and additional-rate taxpayers—the very people on whom Mr Mackay wants to impose an extra tax burden—the Scottish finances would stand to benefit to the tune of £600 million a year in extra revenue, and what a difference that would make to the finance secretary's spending power.

Once upon a time, the SNP used to believe that it could help grow the economy by cutting taxes. I think that the finance secretary is far too young to remember, first time round, the film genre that was the brat pack movies of the 1980s but, if he has time, I suggest that he takes a look at the 1986 John Hughes classic "Ferris Bueller's Day Off", in which a young Matthew Broderick sits in a class of bored teenagers listening to Ben Stein's economics teacher trying to explain to them the

principles of the Laffer curve. Has anyone seen that? Anyone?

Ivan McKee (Glasgow Provan) (SNP): Will the member take an intervention?

Murdo Fraser: Oh—Mr McKee has seen it. He can instruct the finance secretary about it.

Ivan McKee: Mr Fraser frequently mentions the Laffer curve in this place, so I just want to ask him about that. For a single peak Laffer curve with a point of inflection where the rate of change of revenues with respect to rates— dR/dt —equals zero, can he enlighten us whether he believes that we are currently in the range where dR/dt is greater than zero or less than zero and why, or does his understanding of Laffer curves extend only to soundbites and does he have no idea what he is actually talking about? [*Interruption.*]

The Deputy Presiding Officer: Well, Mr Fraser—

Murdo Fraser: Unfortunately, I could not hear Mr McKee's question, such was the hilarity generated. [*Interruption.*]

The Deputy Presiding Officer: Mr Fraser—

Murdo Fraser: But listen—

The Deputy Presiding Officer: Mr Fraser, sit down.

I want to hear the debate, and that goes for those on the front benches, too—not that I am looking at anybody in particular, Mr Swinney.

Murdo Fraser: Thank you, Presiding Officer.

If Mr McKee wants a lesson on the Laffer curve, all he needs to do is ask the former First Minister Alex Salmond, who was never done talking about the benefits of cutting taxes. Month after month, year after year in this very chamber, the former First Minister lectured us on the benefits of cutting corporation tax in order to grow the economy. For more than a decade, that was the central tenet of SNP economic theory. The question is: where was Derek Mackay when all the rest of us were being bored rigid by his former boss on those topics? Why was he not listening? The finance secretary might not want to remember but, in election after election, he and his colleagues stood on a tax-cutting platform. Alex Salmond at least understood how economics works. Who would have thought that we on these benches would be saying, "Bring back Alex"?

The budget represents a huge missed opportunity. It fails to address the problem of our underperforming economy; it cuts support to local government, which will mean that services are being cut at a time when the council tax is going up; and it sends out a message that Scotland will be the highest-taxed part of the United Kingdom.

We will vote against the budget. It is a dismal and unambitious budget that damages Scotland. There is now only one party that champions the Scottish economy and is on the side of Scottish business, taxpayers and hard-working families, and that is the Conservative Party. If we stand alone in this chamber on their side, we do so with no regrets.

15:13

Patrick Harvie (Glasgow) (Green): In between the name calling and the laughable curve, the one thing that we have learned is that the Conservatives want to slash taxes for the wealthy and are deeply against cuts to public services. They used to accuse us of believing in a magic money tree, but it is clear that they are in that position today.

In a period of minority government, it is the responsibility of all parties to exercise influence for the good and to make a meaningful difference. That is a healthy kind of Parliament. I even think that it is good for ministers to know that the votes are not in the bag when they turn up to work. They need to work for those votes and convince people by compromising.

Government needs to compromise, and today the Greens have achieved the biggest budget compromise in the history of devolution in Scotland—[*Interruption.*]

The Deputy Presiding Officer: I want to hear Mr Harvie, please.

Patrick Harvie: I am grateful, Presiding Officer, because I know that our Labour colleagues in particular are keen to hear what we have to say.

We began the discussion by recognising that there was a big gap between Green and SNP propositions. On tax, we had the most radical proposition in the election last year, which was to cut tax for low earners. Everybody who was on a low or average income would see their tax go down, and we would move to progressive taxation as well. We proposed investing in public services and giving local councils the financial flexibility that we believe they need. We had a long list of other measures, from social security changes to low-carbon infrastructure.

Even before the draft budget was published, Greens had been making progress. The Government had committed to rolling out the healthier, wealthier children initiative, which saves money for households that are hard pressed; to creating a young carers allowance; and to protecting people in Scotland from the UK Government's sanctions regime. That is the difference that the Green approach was making, even before the draft budget was published.

Neil Findlay (Lothian) (Lab): Will the member take an intervention?

Patrick Harvie: I will in a moment.

As for the package that the Scottish Government has proposed for local government, there is clearly a wide range of interpretations. The Government rolls in a lot of extra budgets that we do not think should be counted as part of the core local government settlement. Others compare the budget at the beginning of the financial year with the outturn of the previous year. We do not think that either approach is appropriate.

The Scottish Parliament information centre—our independent researchers—compared the budget this year with the budget at the beginning of last year and came up with a cut of £166 million. We have set out practical ways in which the Government could reverse that cut and invest in public services.

It is also clear, from what I have been told by the cabinet secretary, that the proposition today does not take away from normal in-year financial allocations.

As I said earlier today, the cuts that are under consideration around the country at local council level are things that none of us should be willing to impose on our councils. Greens regard the cuts as unacceptable, and the basis of the compromise is not £29 million, as Kezia Dugdale said, but the addition of £160 million to the un-ring-fenced local government allocation—the biggest single budget concession since devolution.

Kezia Dugdale rose—

Patrick Harvie: That will make meaningful differences in communities up and down the country. Maybe Kezia Dugdale would like to tell us how she thinks that the £12 million in Edinburgh ought to be spent to reverse dangerous cuts.

Kezia Dugdale: When Patrick Harvie has struck the deal that he has, it is important that he is very clear with the chamber about exactly how much of the money that he has secured will come from progressive taxation. Is it, or is it not, £29 million?

Patrick Harvie: I am very clear that the Scottish Government has given far less ground than I think it should, and far less ground than I think it could, on progressive taxation. However, the reality is that an additional £160 million is going into the un-ring-fenced local government allocation.

There is a strong and unanswerable case for more progressive taxation. The SNP cites its manifesto from 2016—a manifesto, by the way, that included no pledge on what the higher rate of income tax ought to be.

Neil Findlay: Will the member give way?

Patrick Harvie: I have allowed an intervention already.

The SNP gave a pledge on the basic rate, but it gave no pledge on the higher rate. Even a modest 1 per cent increase on the higher rate would generate £80 million. A small drop in the threshold for the higher rate would generate an additional £80 million.

The fact that the Scottish Government found that money in other ways is not what I would have wished. This is not a budget that I would have written. However, nobody who cares about protecting public services in Scotland can look at the £160 million of extra investment and say, "No, thanks. I would rather just keep ranting and make no difference in people's lives".

I ask Labour colleagues, with respect to their position, how much more we could have achieved if a constructive approach had been taken by all Opposition parties. We could have pressed the Scottish Government to go even further. As it happens, the Greens are the only political party that has managed to persuade the Government to make any changes at all.

As for Labour's amendment, Kez Dugdale wants to pretend that it is a budget amendment, but she knows well that the budget cannot be amended except by the Government. Even if we thought that low-income households should be paying more tax, as she wants, a basic-rate increase would affect everybody above the personal allowance level and she knows that well.

Even if we thought that low-income households should be footing the bill, there would clearly be no majority for Labour's reasoned amendment. It is a pretext for Labour to say to what remains of its fan base how much it hates the SNP. What has that approach achieved? Has Labour's posturing saved a single council service? Has it prevented a single cut?

Even worse, Labour is reduced to an act of desperation, with Labour activists today spending a grumpy afternoon online trolling the Greens and pretending that we voted for an aviation tax cut when that tax is not even devolved yet. I can be clear that, when the air passenger duty cut comes to a vote, the Government knows that the Greens will make the most consistent case against its policy and will continue to do so.

Greens have made more of a difference in the real world in this one budget debate than Labour has made in 10 years of opposition. It is a position that we should be proud of and—

The Deputy Presiding Officer: Mr Harvie, you are well over your last minute. Please conclude.

Patrick Harvie: I know that Green activists around the country will be putting in place the budget changes as soon as possible.

15:21

Willie Rennie (North East Fife) (LD): We have all listened to Patrick Harvie a lot over the years. We listened to him at the last election, when he promised us a greener and bolder Parliament. After today, it is not green and bold; it is grey and timorous. We should no longer listen to lectures from Patrick Harvie about austerity and compassion after today's concession.

I was going to begin with a compliment to the finance secretary. I know that he does not like it; he might feel uncomfortable. Everybody praises John Swinney for what he managed to achieve over his many years as finance secretary, but I thought that he had an easy time. In his first parliamentary session, he had the Conservatives, desperate to support him at every budget in order to do down the Labour Party. That was relatively simple.

Jackson Carlaw (Eastwood) (Con): It was successful, too.

Willie Rennie: It was quite successful, absolutely.

Then the SNP had a majority, so John Swinney did not have many hurdles to overcome. Now, in this session, the task is tougher. Derek Mackay has done pretty well. I have found him to be a very reasonable finance secretary. He works in partnership. We have had numerous meetings and telephone calls over many weeks and the discussions have been constructive. As a finance secretary, he has outshone John Swinney.

The problem is that the SNP, too, has lectured us about austerity. I remember the First Minister going to Westminster to lecture everybody about how Scotland was a more compassionate, open, generous country. If only we could follow Scotland's model. Today, the SNP has turned down an opportunity to invest £500 million in education and £200 million in mental health. Something that everybody in the chamber tells me that they support whole-heartedly has today been turned down.

The SNP has also turned down the opportunity to invest significantly in our colleges and schools and to clear up this Government's mess in the police service, which Alex Neil admitted was a significant problem of over £200 million. All that has been turned down today in the pursuit of an agenda that is contrary to what the SNP promised that it would deliver.

We put forward a costed and reasonable compromise package in the budget but the

Scottish Government could not even accept that. It could not accept a package that was going to be bold and that recognised that all parties in the Parliament are in the minority. The SNP could not accept that compromise and it has missed a big opportunity. Its promises are hollow. We will cast a harsher eye over those promises in future years. When the SNP promises to make a big change to Scottish society, or that it will revolutionise Scottish education, we will cast a harsher eye on that.

The situation has got worse in recent months. What has the Government's response to the Brexit vote been? It has carried on exactly as it said it would before the Brexit vote. There have been no changes whatsoever and no further investment in our economy by investing in the skills of the people. There has been no further investment in mental health and no further investment in the critical bits that will turn our economy around. None of that has changed. Despite all the lectures about Brexit and how harsh it will be, the Scottish Government has not lifted a finger to do anything about it at all. Any idea that the SNP is a party of the economy has been blown apart today.

Most of my incredulity is, however, for the Conservatives' claims. The Conservatives stand up here and lecture everybody else about the tax rates. Today's deal between the Government and the Green Party will deliver £86 more for somebody who earns £100,000 and the Conservatives think that that is outrageous.

Patrick Harvie: Will the member give way?

Willie Rennie: Not just now. Then they say in the same breath that they condemn any cuts to public services. If we believe in public services, we have to will the means. We have to make the difference to the tax rates. The reality is that the Conservatives will say one thing in one place and something else somewhere else. That is why they have no credibility on the economy whatsoever.

John Scott (Ayr) (Con): Will the member take an intervention?

Willie Rennie: Not just now. Today is a big missed opportunity to have a budget that will make this country more liberal and economically strong. It was an opportunity to meet the challenges of Brexit, to invest in our people, and to get the Scottish education system back up to being the best in the world. All those opportunities have been thrown away by this timorous and grey deal.

15:27

Kate Forbes (Skye, Lochaber and Badenoch) (SNP): I start by saying that I am the parliamentary liaison officer for the Cabinet Secretary for Finance and the Constitution.

Back in May, Ruth Davidson declared that being a strong Opposition does not mean

“shouting louder or emoting harder, or a more frenzied gnashing of teeth”—[*Official Report*, 25 May 2016; c 13.]

That was almost prophetic, because that is precisely what the Opposition has become in this debate.

To continue a theme of other members, this is a Parliament of minorities—although the SNP still has more MSPs than the Conservatives, the Liberal Democrats and the Labour Party put together, we are all minorities. We are parties that were elected by the people of Scotland on different manifestos, with differing policies, plans and priorities, but with one job to do, which is to govern at all times for the people of this country.

The single most important function of Parliament and Government is to pass a budget. How we do that is a measure of maturity, but maturity has been distinctly lacking from the debate so far. Our delivering the budget means that there is a responsibility on every party genuinely to suggest credible ideas, and an opportunity for every party to actually achieve something.

Labour has, for all its noise, not got a single thing to show on the budget. It was all just noise and politics—a bit like its amendment. Labour has a £2 billion wish list of budget demands and would make people who earn more than £11,500 pay for them. That is not fair: that would shift the burden of Tory austerity on to working-class people.

John Scott: Can Kate Forbes tell us—as she asks for suggestions—the form of words that health board recruiters should use to attract and recruit consultants and health workers from elsewhere in the United Kingdom, given that moving from England, Wales or Northern Ireland will cost them money under the Scottish Government's tax proposals?

Kate Forbes: My response to that is twofold. First, one of the unhelpful mistruths that have been spread is that people's taxes will rise under the proposals. In fact, 99 per cent of Scottish taxpayers will not pay a penny more. Secondly, anyone who moves to this country gets free childcare, free prescriptions, free education for their young people and free personal care for the elderly. If that is not an attractive proposition, I do not know what is. The Tories have spun a relentlessly narrow narrative about higher taxes, which I argue does more to scare off investors than the SNP Government does. The Tories are incredibly miserable about Scotland's future. They talk about tax because they have nothing else to talk about—except for the Brexit shambles.

We know how the Tories would balance the books: they would cut tax for the richest to cut

services for the most vulnerable. However, the books do not balance: under the Tories' plans, a person on the additional rate would save approximately £6 a week, but would spend more than £8 on a single prescription. That does not add up.

Back in May 2016, the First Minister said:

"We will work hard to build consensus and partnership."—[*Official Report*, 25 May 2016; c 5.]

She would not do that, however, at the cost of "inertia" in Parliament. Despite the apathy and lack of engagement among both the Labour Party and the Tories, we still come here today with a budget for the people of Scotland. The budget acknowledges that there is pressure on our public services, so it will not cut taxes for the top 10 per cent of earners at the cost of care for our elderly, education for our children and services for our society. The budget recognises that real people still face real tough financial times, so we will not raise income tax.

Daniel Johnson (Edinburgh Southern) (Lab):

Would Kate Forbes please explain to me why it is so unthinkable to use income tax while her party is more than happy to force councils to put up council tax, and why that is perfectly justifiable?

Kate Forbes: My response to that is simple. The newsflash is that real people out in the real world, who are not interested in our political rhetoric, are struggling to make ends meet. Labour's plans would mean that all people who earn more than £11,500 would start paying income tax. That would shift tax so that working-class people would pay more. We have not increased taxes.

I close with a reminder of what other parties may find themselves voting against—

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

The Deputy Presiding Officer: The member is in the last minute of her speech.

Kate Forbes: I have only 30 seconds left.

I will close with a reminder of what other parties may find themselves voting against tonight. In saying no to the budget, they will be saying no to more than £100 million in digital infrastructure and delivery of superfast broadband. They will be saying no to more than £470 million of direct capital investment to deliver 50,000 affordable homes, and they will be saying no to £47 million to mitigate the effects of the bedroom tax. They will be saying no to continued dualling of the A9 and improvements to the A82, and they will be saying no to spending £1 billion on mental health. If they can tell the people of Scotland that they have said no to those things, they are braver than I am.

15:34

Liz Smith (Mid Scotland and Fife) (Con): I will set the points that I wish to make in the debate in the context of the three conclusions that were drawn on page 11 of the Education and Skills Committee's draft budget report, which relate to higher education. The conclusions not only reflect the concerns that were raised by Audit Scotland in its 2016 report into higher education, the evidence that was submitted to the Parliament's Public Audit and Post-legislative Scrutiny Committee and recent statements by Universities Scotland; they also raise serious questions about the criteria by which the Scottish Government is making its judgment call on higher education policy.

In the first of those conclusions, on page 11 of its report, the committee says that it is

"unclear how a cash funding reduction of 1.3% in higher education resource matches with a commitment to protect core research and teaching grants."

That concern was dismissed by the Cabinet Secretary for Education and Skills, who said that the Scottish Government is protecting teaching and research in cash terms because the capital budget is increasing by £20 million. Furthermore, he claimed that recent changes had allowed universities to increase their revenues, which, in turn, had helped them to increase their reserves and their profitability. However, it is not right at all for the cabinet secretary to argue that he is protecting budgets on the basis that it is possible for universities to make up the financial shortfalls by raising more money of their own via private means. The irony is, of course, that the Scottish Government's changes have been made because Scottish universities can now charge students from the rest of the UK higher fees.

That lays bare the fact that the percentage share of the sector's total income that is provided by the Government via the Scottish Further and Higher Education Funding Council is constantly falling. It fell from 41 per cent of the sector's total income in the 2005-06 academic year to 34 per cent in the 2014-15 academic year. That is what has led Alastair Sim and, indeed, Audit Scotland to make the point that, for publicly funded activity, universities are being funded below cost, at around the 90 per cent mark.

When the Scottish Government claims that it is protecting the core teaching grant and the research grant, and that it is securing funds for widening access and providing free higher education, it is doing so without explaining the true context for the sector. That is the main point of the committee's second conclusion on page 11, where it says that although

"it is a legitimate expectation of private bodies to augment core provision of services with its own income generation,"

the Scottish Government has not produced a satisfactory rationale to explain its budget choices. That is simply not good enough.

The Deputy First Minister and Cabinet Secretary for Education and Skills (John Swinney): The long and the short of the point that Ms Smith is making is that she believes that the universities should be given more money by the Government. The Conservatives have argued for a reduction in tax that would come into effect on 1 April. I know that they argue that that would be a device to grow the economy. However, on 1 April, we must give a budget to the universities. How would we fund Liz Smith's proposed increased contribution to the universities if we were to reduce the money that was available by cutting tax on 1 April?

Liz Smith: The Government would do so by virtue of the simple reason that it has £0.5 billion extra. It knows exactly what our policy reaction to that would be.

John Swinney *rose—*

The Deputy Presiding Officer: Please sit down just now, Mr Swinney.

Liz Smith: If the cabinet secretary allows me to make my point, I will let him in again. Why is it that Universities Scotland, the Auditor General for Scotland and several other experts in the field all maintain that the sector is not sustainably funded?

John Swinney: This morning, I spent two and half hours explaining to the Public Audit and Post-legislative Scrutiny Committee why I believe that the university sector is sustainably funded, so I have dealt with that question.

I come back to Liz Smith's response to my intervention. She said that we have £500 million, but it has been allocated to other areas of expenditure. She wants to spend more money on the universities but she also wants to cut taxes. Where would the money come from to fund the universities?

Liz Smith: Mr Swinney knows that, over a long period of time, we have supported additional money coming in from—*[Interruption.]* Let me finish. Mr Swinney knows very well that we have a policy that would bring in additional money without increasing tax and without cutting college budgets—which has been a policy of the SNP. We aspire to having a graduate contribution.

Members: Aha!

Liz Smith: Mr Swinney knows that. *[Interruption.]* We are very happy indeed—

The Deputy Presiding Officer: I ask members not to debate across the chamber and to make their points through interventions.

I will give you extra time, Ms Smith.

Liz Smith: I think that I heard Mr Swinney say from a sedentary position that a graduate contribution would put people off. I do not think that it would. He knows well that, down south, when it comes to bursary support, the fees issue has not put people off going into higher education. At this morning's meeting of the Public Audit and Post-legislative Scrutiny Committee, Mr Swinney found it extremely difficult to rebut the charge from the university sector on sustainable funding.

The Cabinet Secretary for Health and Sport (Shona Robison): Will Ms Smith give way on that point?

Liz Smith: No, I will not, if Ms Robison does not mind. I want to make some progress.

Mr Swinney has to answer this key point—the sector feels badly underfunded just now because of the policy developments that the Scottish Government has set out for it. Unless the Scottish Government recognises that fact, our competitive ability and our ability to retain academic excellence will take a bad hit. Mr Swinney's Government has to answer the point, but at the moment it has no answer at all. I leave it at that.

15:40

Ash Denham (Edinburgh Eastern) (SNP): Over the past few weeks, in considering the draft budget Parliament has been challenged to think about the kind of country that we want Scotland to be. As we have heard today, budget decision making rarely breeds harmony, but I suggest that the majority of us in Parliament should find some common ground in a document that charters a fair Scotland within the challenging context of Westminster austerity.

The budget will invest £60 million to expand free early learning and childcare while exempting 100,000 small businesses from business rates. It will deliver record investment in the NHS, while limiting the large business supplement to fewer than 10 per cent of properties. The budget will provide £120 million for schools while ensuring that 99 per cent of adults pay no more income tax. Those elements illustrate what the SNP Government has set out to do—which is to invest in our vital social services and in growing our economy.

Protecting and expanding our social infrastructure is so important because it demonstrates our priority of addressing the real problems that are faced by real people. That is why we are investing to increase free childcare to 30 hours a week by 2020. That leap forward in hours will benefit children, working parents and parents who need to access education or training

in order to return to work. It might also benefit entrepreneurial parents who are setting up a business. Such investment is critical in the UK, where childcare costs are among the most expensive in Europe.

The Government is also maintaining education as a top priority. The £120 million that is going to schools is £20 million more than was previously announced by the Government. Schools will have discretion and creativity of approach in using those funds beneficially in the classroom.

The budget also delivers on what every party in the Scottish Parliament has called for: protection of and investment in our NHS. The SNP has put forth the boldest NHS investments yet: an increase of £304 million, elevating the total health revenue budget to £12.7 billion.

Jackie Baillie: How does Ash Denham square the boast about the biggest amount of health spending in all time with the fact that NHS Greater Glasgow and Clyde is saying that it will have to cut £333 million from its budget? I would be grateful to know.

Ash Denham: As Jackie Baillie is well aware, the budget will increase spending for local services, and announcements have been made today about additional funding. Perhaps Labour should consider engaging more constructively in the process. At this point, its voters must be wondering why there has been no constructive comment from the Labour Party. What is the relevance of Scottish Labour?

I think of my constituents in Edinburgh Eastern and how much the NHS investments will serve them. Edinburgh will benefit from a new elective care centre, a national trauma centre, a sick children's hospital and a department of clinical neurosciences, as well as redevelopment of the Royal Edinburgh hospital. In fact, NHS Lothian will see £1.3 billion of investment.

That is precisely the kind of care that Scots deserve and expect under the SNP Government. That is why, with 47 per cent of the vote, they sent the SNP to Holyrood with a mandate to pass those policies. That is a directive that we cannot ignore. I am proud to defend the budget, knowing that not only my constituents in Edinburgh Eastern will get the best in health and social services—so will all of Scotland.

As such, now is not the time to give a tax cut to our highest earners, as the Tories would have us do.

Douglas Ross (Highlands and Islands) (Con): Ash Denham said that she is proud to support the budget. Is she more proud to support the budget that is propped up by the Green Party than the budget that Derek Mackay proposed in

December? [*Interruption.*] I am just wondering. Which one is it?

Ash Denham: A minority Government clearly has to make compromises. I had assumed that even the Conservatives would understand that. We will take no lessons from the Tories on the economy, given that they are about to drag us off the Brexit cliff edge.

The Tories' tax policy would shred Scotland's social fabric and impede investment to grow our economy. The Tories might not see the societal damage that their policies would inflict, but voters in Scotland are well aware of it, and they expect a budget that includes the manifesto commitments for which they voted—commitments to help people to prosper in their lives, not to fall behind.

That is why members of this Parliament would do well to think of the working parent who can never manage to get ahead because they do not have access to free childcare, of the bright young student who cannot afford to go to university, and of the pensioner who needs personal care to allow them a dignified retirement in their own home.

We have a democratic and moral mandate. There is an expectation that the parties whose members are elected to this Parliament will respect Parliament and its processes. There is a presumption that we will engage constructively and responsibly. That approach has been lacking. However, the SNP will not let our democratic and moral commitments falter.

I see that I am running out of time, so I will skip ahead to the end of my speech. In reflecting on the kind of country we want to be, those are the tenets for which we should strive. I think that many members, across different parties, can agree on that, which is why I ask them to join me today in voting for the budget.

15:46

Colin Smyth (South Scotland) (Lab): I refer members to my entry in the register of members' interests. I am a local councillor.

At the end of last week's Labour debate on the budget, the Cabinet Secretary for Finance and the Constitution made a telling comment when he said:

"we are in a Parliament, not a council chamber. Maybe the debate should have been conducted in that way."— [*Official Report*, 25 January 2017; c 78.]

It seems that the more than 1,200 men and women across Scotland who serve their communities as local councillors, more than 360 of whom are SNP councillors, are not capable of the level of debate of which Mr Mackay is capable.

Those men and women, of all political persuasions and none, are currently wrestling with tough and painful decisions about which services in the community should be cut and which of their neighbours' jobs should be axed.

The Minister for Local Government and Housing (Kevin Stewart): Does Mr Smyth welcome the fact that, between them, Mr Harvie and the Cabinet Secretary for Finance and the Constitution have come up with an extra £5.114 million for Dumfries and Galloway today? Surely that is to be welcomed. Surely Mr Smyth will tell his constituents that that is the case.

Colin Smyth: I will be quite happy to come to the maths on Dumfries and Galloway in a second. I have done the maths and I can tell Mr Stewart exactly what that figure means in the context of the cuts in Dumfries and Galloway.

Men and women across Scotland will still have to wrestle with cuts as a result of the budget. The cabinet secretary was dismissive of debates in council chambers. I have been a council finance spokesperson and I have seen a fair few budget debates, some in the context of a minority administration, and some in the context of coalition with colleagues in the SNP. However, in all that time, I have never seen the smoke and mirrors and dodgy double counting that I witnessed when the cabinet secretary delivered his statement on the draft budget in this Parliament in December.

In that statement, he said:

"we will invest an additional £300 million in NHS resource budgets".

That included £107 million for social care, which is part of the health budget. The problem is that the cabinet secretary went on to claim that the £107 million was also part of the local government budget, when he said:

"additional investment in social care means that, in the coming year, there will be no overall reduction in the funding that is provided by the Scottish Government to support local government services."—[*Official Report*, 15 December 2016; c 49.]

Not only did the cabinet secretary double count the funding to try to claim that health spending is higher and cuts to councils are lower, but he failed to acknowledge that the £107 million is ring fenced for the living wage and a small number of specific new requirements. There was not a penny more in his draft budget to meet growing demand for existing social care services.

I support the living wage. I have campaigned for it for most of my political life and I am proud to have been instrumental in ensuring that my council became the first living wage-accredited council in Scotland. I also proposed that my council should pay the living wage to care workers in organisations that the council commissioned,

but my proposal was voted down by the then Tory-SNP coalition. I welcome the partial U-turn by the SNP, but Labour will continue to campaign to ensure that all care workers, including those who carry out sleepover shifts, who are currently excluded by this Government, receive the living wage.

However, because the £107 million in social care funding is taken up by the living wage, tens of millions of pounds of cuts will still need to be made to existing social care services as a result of the draft budget. Those cuts are sanctioned by the cabinet secretary. In his letter to council leaders on 15 December 2016, he wrote that local councils can cut

"their allocations to Integration Authorities in 2017-18 by up to their share of £80m below the level of budget agreed with their Integration Authority for 2016-17".

That is £80 million of cuts to existing social care services for our most vulnerable, at a time when demand is growing.

Never before have we seen such contempt shown towards local government and services; never before have we seen such a systematic breakdown in the relationship between local and central Government as the one we are witnessing under this Scottish Government. Local government is seen not as a partner of the Scottish Government but as an enemy. When it comes to properly funding local services, there is no meaningful negotiation—just imposition. If local government dares to call for a fair settlement, the threat of sanctions is waved in its face.

The consequence is that, right across Scotland, communities are now facing up to the prospect of losing local services and jobs. After £1.4 billion of cuts to local government in the past five years, the debate in council chambers, for which Mr Mackay has such contempt, is no longer about which services to trim; it is about which services communities will have to scrap altogether.

It seems that the Government will get its cuts budget through, thanks to the Green Party. Keeping the Yes coalition together, it seems, is more important than keeping council jobs and services.

Patrick Harvie: I appreciate the member giving way, and I agree with a great deal of what he said about the relationship between central and local government and the need for more investment as well as more local control. However, the Green approach has brought his local council £5 million more than it would not have had otherwise. How much difference has the Labour approach made?

Colin Smyth: I say to Mr Harvie that I have done the maths on my local council in Dumfries and Galloway. It means that, instead of having to plug a £20 million funding gap, because of the

cuts it will have a £16 million revenue funding gap. Perhaps Mr Harvie will tell me, along with the SNP, exactly where that £16 million-worth of cuts will come from.

I also say this to the Greens and to Mr Harvie: as I have shown, the deal that they have done will still mean millions of pounds of cuts to council services, and members on this side of the chamber will not rest until every single voter in every single ward with a Green candidate at the council elections in May knows exactly who has voted with the SNP to cut their local jobs and services. It says a lot about the Green Party that, in his speech, Patrick Harvie spent more time attacking Labour for opposing the cuts than he did opposing the SNP for proposing the cuts.

We on this side of the chamber know that all those cuts can be avoided—all of them, not just some of them. This Parliament has the power to make different choices, to be genuinely progressive and to say that if we want decent public services, we need to fund them properly. That is what Labour's amendment does.

Members have a choice. They can vote through a draft budget that still includes £169 million-worth of cuts to council services and jobs, or they can send a clear message to this Government to come back with a new or amended budget that says, "No ifs, no buts, no more cuts".

15:53

Ivan McKee (Glasgow Provan) (SNP): I am delighted to be taking part in this debate on Scotland's budget at this historic time.

This Parliament is being tasked with putting together not only a spending budget but one to raise revenue. That is part of the process of moving more and more responsibility to the Scottish people and the Scottish Parliament—a process that, we believe, will only continue and accelerate over time.

Today, we will take decisions that are central to the future prosperity of the people of Scotland and of our economy. We have a heavy responsibility to get that right—to balance the need to stimulate growth with the need to provide quality public services both in the short term and in the long term.

In the elections last year, the people of Scotland made their views clear. They want this SNP Government to continue in office. They trust us to govern responsibly and competently in the interests of the country. However, no party secured a majority, and the voters expect all parties to work together, constructively, to deliver a consensus budget in the interests of the country.

The people will watch this process, and they will judge us on how we conduct ourselves. They expect maturity and an appreciation of the responsibilities that we now hold. They will reward those who step up to the plate, who understand those responsibilities, and who work with others in this Parliament to move forward.

Anas Sarwar: Ivan McKee is right that the first responsibility of any local member is to their constituents. Will he, as a representative of the city of Glasgow, condemn the £324 million of cuts since 2007 and—despite the Greens' deal today—the £130 million of cuts that will come to the city in the next two years? Who is he going to stand up for, Glasgow or the SNP?

Ivan McKee: An extra £17 million has been given by Derek Mackay, the finance secretary, to Glasgow City Council today—extra money that is going to every school in the Glasgow Provan constituency as a result of the Government's £120 million to close the attainment gap.

The people of Scotland will reward those who understand that responsibility and work with us, in this Parliament, to move forward, and they will punish those who do not and who use the platform that they have in this place and beyond to disengage from the process and shout from the sidelines. They will look on as the Tory party trashes its reputation for fiscal responsibility. Not a day goes by without a Tory member demanding more spending in one portfolio or another; yet, at the same time, we see the alternative truth narrative that the Tories peddle on Scottish tax.

The reality is that, for 100,000 small businesses, the small business bonus means lower taxes than in England; for council tax payers the length and breadth of Scotland, the council tax freeze means lower taxes than in England; and for lower earners, our manifesto commitment to a higher starting threshold will mean lower taxes than in England. In addition, the whole package of superior public services that are provided in Scotland includes no tuition fees and free prescriptions.

The Tory narrative on Scottish tax is tired and untrue, and it is counterproductive to the task that we should all be engaged in, which is encouraging businesses to invest in Scotland's economy. It demonstrates their skin-deep commitment to devolution and their belief that Scotland should mirror the policies of the Tory Westminster Government, and the people of Scotland will recognise it for what it is. The Tories' focus on the top 10 per cent of earners, to the exclusion of the 90 per cent, will limit their support in this country, as it always does, against a backdrop of the economic vandalism of Brexit, which will further trash their reputation for economic competence.

Neil Findlay: Mr McKee talks about the trashing of reputations. I have sat in this chamber for six years, listening to Patrick Harvie's moralising, sanctimonious speeches. Have Mr Harvie and the fist-clenching Ross Greer not just done the impossible and made Nick Clegg look like someone who is principled?

Ivan McKee: What the Greens have done, by engaging constructively in this process, is release another £160 million for local government, which should be welcomed.

If the Tories have trashed their reputation for fiscal competence, Labour has enhanced its reputation for irrelevance. Labour today presents a package of tax increases with the vast majority of the money that they would raise coming from a 1 per cent increase in the basic rate of income tax—a 21 per cent tax starting with those earning £11,500. How on earth does Labour expect to be taken seriously when it proposes to punish the very lowest earners in our society with a tax increase to pay for Tory austerity? Such economic and political ineptitude demonstrates why Labour is not only unfit to govern but unfit to oppose, and it shows why the people of Scotland will continue to reject Labour at the ballot box. Labour's failure to engage in the process demonstrates that its interest is not in delivering an agenda but only in opposing for opposition's sake.

The budget provides an extra £300 million of investment in the Scottish national health service, which is above the rate of inflation, as part of our SNP manifesto commitment to increase NHS spending by £500 million more than the rate of inflation over the course of this parliamentary session—a full £0.5 billion more than the Labour Party committed to the NHS in its election manifesto last year. The budget also delivers a £120 million attainment fund, which is essential to closing the attainment gap in our schools; it delivers an extra £4 billion of investment in infrastructure to support growth in the Scottish economy; and it delivers an extra £160 million to local government through the changes that have been announced by the finance secretary today. The budget delivers for the people of Scotland, and I look forward to voting for it.

The process of reaching a compromise in the interests of the people of Scotland has been the most instructive part of these activities over the past few days. A clear line has been drawn between those who understand their roles and responsibilities in this Parliament and those who do not, who use the Parliament as a platform for politicking and, as a consequence, achieve nothing.

15:59

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

The people of Scotland deserve a budget for jobs, a budget to increase their take-home pay and a budget to grow the economy. Instead, the SNP is delivering a budget that increases the tax burden for hard-working people in Scotland compared with the rest of the UK, slashes investment in the economy and makes Scotland the highest taxed part of the UK. That is precisely why we will vote against the budget today.

This budget fails to recognise the new fiscal and economic framework that now applies. As the Fraser of Allander institute has explained, how Scotland's economy performs relative to the rest of the UK is now crucial for future budgets in Scotland; that point was made very well by Bruce Crawford earlier. Given the new fiscal framework, what we really need is a budget that will stimulate economic growth. We simply cannot continue with an economic scenario in which Scotland grows by only 0.7 per cent when the rest of the UK is expanding at above 2 per cent.

We need a budget that will create new jobs and boost wage growth in Scotland. Last year, workers in Scotland had the lowest rise in annual pay of any region in the UK. We need a budget that will help to create the 120,000 new businesses identified by Scottish Enterprise as being required to reach productivity, export and employment targets. Unfortunately, this budget does none of that; instead, it contains a number of measures that will negatively impact economic growth in Scotland.

Take, for example, the enterprise budget. Despite Mr Mackay's last-minute U-turn today, the budget for Scottish Enterprise has been cut yet again. That means that for each year that the SNP has been in power, the budget for Scottish Enterprise has been cut, and it is now 40 per cent below the budget levels of 2009. It is difficult to understand the rationale behind that cutting of the enterprise budget at a time when the economy is close to recession. According to Scottish Enterprise, its investments have contributed to the creation of 55,000 new jobs over the past four years, and for every pound that it invests in the economy, it generates about £9 in return.

John Swinney: Will the member take an intervention?

Dean Lockhart: I will in a second.

In other words, the multiplier effect of reducing the Scottish Enterprise budget will lead to the loss of hundreds of millions of pounds to the Scottish economy. We need to recognise that cutting the enterprise budget will reduce levels of new business and job creation, result in lower

productivity and innovation levels, and ultimately lead to lower Government revenues.

John Swinney: I ask Mr Lockhart the same question that I asked Liz Smith. The Conservatives want to cut taxes on 1 April, but Mr Lockhart is making the argument for an increase in the enterprise budget. Where is that money to come from?

Dean Lockhart: You have to start some time. I would identify—[*Interruption*] I am coming to that. I would identify the close to £500 million that the SNP's maladministration has lost over the years. If you were more efficient in government, you would have more money to spend. [*Interruption*] We have identified cost overruns close to £1 billion.

This budget presents a unique opportunity to send out a clear message that Scotland is open for business. Unfortunately, the SNP is sending out another message—that individuals and businesses will be taxed higher in Scotland than elsewhere in the UK. Take, for example, the SNP's large business supplement, which is basically a penalty on business expansion. At a time when we need to encourage small businesses to scale up and employ more people, that SNP expansion tax will penalise businesses that want to expand. Even after taking into account the increased threshold for that tax, more than 20,000 businesses in Scotland will be taxed higher than their counterparts in the rest of the UK. It should come, therefore, as no surprise that the Scottish economy continues to badly underperform that of the rest of the UK.

It is not only expanding businesses that will be penalised by the budget. At a time when the Scottish economy desperately needs more job creators, technology leaders, entrepreneurs, risk takers and highly skilled workers, all of whom would expand the tax base and contribute to higher Government revenues, those individuals now face higher tax in Scotland than in other parts of the UK. There is nothing progressive about increasing tax for hard-working people.

Gail Ross (Caithness, Sutherland and Ross) (SNP): Will the member take an intervention?

Dean Lockhart: I need to make progress.

Ultimately, increasing tax will result in lower spending for vital public services—there is nothing progressive about that. As Scottish Chambers of Commerce has said,

“The sooner our politicians realise that supporting economic growth”

not hiking taxes will increase revenues, the sooner Scotland will prosper.

Derek Mackay: Dean Lockhart refers to Scottish Chambers of Commerce. Liz Cameron of Scottish Chambers of Commerce said:

“We very much welcome the Scottish Government's decision to match the basic business rates poundage to that south of the border, resulting in an overall decrease in rates revenues.”

Does he also agree with that comment?

Dean Lockhart: Scottish Chambers of Commerce and many other business organisations have expressed real concern about the revaluations of business rates coming up. For every quote that Mr Mackay has from business, I can give him 10 that are negative on the budget.

The finance secretary is indeed lucky. This budget benefits from £0.5 billion extra funding from the UK Government at a time when the SNP is running a £15 billion budget deficit—the largest Government deficit in western Europe.

Derek Mackay: What?

Dean Lockhart: They are your “Government Expenditure and Revenue Scotland” numbers.

It is somewhat ironic, although not surprising, that the SNP budget is being supported by the pro-independence Green Party. I say that it is ironic because, if the SNP and the Greens get their wish for an independent Scotland, Parliament will not be debating how to spend £0.5 billion extra: it will be debating how to strip out £15 billion from vital public services across Scotland. Ash Denham talked about damaging our social fabric, but the decimation of public services in Scotland is precisely what will happen if the SNP continues to pursue its single-minded obsession with independence.

The Deputy Presiding Officer (Linda Fabiani): I remind all members to speak through the chair, please, and not to each other.

16:08

Maree Todd (Highlands and Islands) (SNP): This is indeed a historic budget that is published against a backdrop of economic and political uncertainty. More than ever, the people of Scotland need a budget and this Parliament needs to deliver it. A Conservative minister, Michael Fallon, came to Scotland today to tell us, in essence, to leave Brexit to the Tories, forget about independence and get on with the day job. I think that it is high time that he told his Conservative colleagues in this chamber that getting on with the day job involves negotiating and passing a budget on behalf of the people of Scotland.

The Tory party's internal war over Europe is wreaking havoc on the UK economy and on our social fabric, with the pound falling, inflation rising

and the horrific prospect of our EU citizens being used as a bargaining chip in negotiations. At this moment, the people of Scotland do not want brinkmanship and posturing: they want us to get on with running the country—doing the day job, it might be said.

The harm caused by the Tories' infamous and failed deficit reduction programme, followed by Brexit, has wrecked their reputation as a sound pair of hands on the economy. In this chamber, hearing the Tories demand both tax cuts and increased spend is just the latest manifestation of their fiscal incompetence. The Conservatives in Scotland may well try to distance themselves from their colleagues down south, but the people of Scotland are not daft. We can hear the demands for tax cuts for the richest 10 per cent and we know where the money is coming from: no more free prescriptions, no more free education and less money for public services.

We heard this week that the UK Government's policy on tax and benefits will succeed only in delivering the biggest increase in inequality since the time when Margaret Thatcher was in Downing Street. Having last night seen the one remaining Tory MP in Scotland vote against the expressed view of the people of Scotland, we do indeed seem to be right back in the 1980s this week. We did not need Murdo Fraser to mention brat pack movies to remind us of that, because it feels like it.

It seems that the Labour Party, too, is stuck in the 1980s, confirming its irrelevance by not even coming to the table to negotiate. Although its plan to increase everyone's taxes, even for the poorest in society, was something that we could not agree with, I am sure that we could have worked together on areas in which we have common interests.

The Lib Dems are keen to appear entirely reasonable in public, but behind closed doors they are entirely uncompromising and say that they will never support the budget put forward by the party of independence, regardless of what it might offer to the people of Scotland.

I firmly believe that this budget is filled with things worth supporting. It protects public services, safeguards household incomes, supports economic growth and empowers local communities and people across the country. There is much in the budget of which to be proud and much that members of all parties can get behind. As I said last week, it is a budget that delivers record investment for health—substantially more than any other party in the chamber offered in its manifesto.

Jamie Greene (West Scotland) (Con): Does Maree Todd accept that, in the last quarter of 2016, growth in the UK was at 2.2 per cent while

growth in Scotland was at 0.7 per cent, and that unemployment in Scotland was up whereas it was at an all-time 10-year low in the rest of the UK? Which bit of the budget fills members with any confidence that growth in Scotland will improve under the deal that Maree Todd's party has just done?

Maree Todd: Given that we are still part of the United Kingdom, that is a damning indictment of the UK Government's management of the finances of Scotland.

As someone who worked in mental health for 20 years, I am well aware that mental health has often been the poor relation of general medical services. I am therefore delighted to see a budget that will deliver record investment that is set to exceed more than £5 billion in the current session of Parliament.

I draw everyone's attention to the commitment in the budget to protect the environment. Climate change is one of the defining issues of our age, and it is significant that the Scottish Government's budget sets out its commitment to deliver our climate change ambitions of reducing greenhouse emissions; investing in energy efficiency; supporting the renewable energy sector; and creating a vibrant climate for innovation. The budget will tackle fuel poverty, provide high-quality jobs and ensure that Scotland continues to lead the world in developing new technologies and addressing climate change. I cannot believe that the other parties in the chamber do not support that.

Johann Lamont: Will the member take an intervention?

Maree Todd: I am in my last minute.

The budget has made closing the poverty-related attainment gap our number 1 priority, and the new £120 million pupil equity fund shows our commitment to doing just that. It will give teachers and school leaders the ability to decide on the best way of using the extra funding to close the poverty-related attainment gap and improve standards in their schools. My old school, Ullapool primary, is set to receive more than £14,400 in funding from the scheme.

There is much for members on all sides of the chamber to support in the budget. It is time for us all to do our day jobs, find consensus and deliver the budget for which the people of Scotland voted.

16:12

Daniel Johnson (Edinburgh Southern) (Lab): The SNP was returned to government on a promise that it would make education its top priority, and I agree with that. Nicola Sturgeon said that closing the attainment gap would be her

overarching mission as First Minister, and we on the Labour side of the chamber, who have long championed the issue, agree with that too. However, rhetoric must be matched with resource. In the words of former Vice President Joe Biden,

“Don’t tell me what you value. Show me your budget and I’ll tell you what you value.”

When we look at the budget, we see that the values are only too clear. Words and promises are not backed by investment, and intent and objectives have no new money behind them. On education, the Government refuses to consider using the new powers that this place now has. If anyone wants a sign that the draft budget was one of cuts, they should ask themselves why the Government is now conceding a compromise with the Greens to mitigate the cuts that just a few days ago it claimed did not exist.

It may not be obvious where education appears in the budget, because the reality is that education is delivered primarily by local councils. Spending on schools comprises approximately half of everything that local government spends. There were £327 million-worth of cuts in the draft budget that Derek Mackay put before us. The Government cannot make cuts on that scale without undermining the ability of our schools to deliver education.

Today, we have compromise. Whether the mitigation equates to 10 per cent, a quarter or a half, there are still cuts, and when those cuts fall on local government, it is our schools that will suffer.

It may be unsurprising that the SNP is unwilling to use tax powers, but it is deeply disappointing that the Greens, who have said time and again that they stand for the principle of progressive taxation, have compromised and rolled over in the way that they have. The compromise that the Greens make today will not be accepted by parents or teachers, and anyone who believes in the future of children should not accept it. It is telling that Patrick Harvie, in his speech, spent so much time attacking Labour, rather than dealing with the cuts that the Government has proposed.

Alison Johnstone (Lothian) (Green): Will the member give way?

John Mason (Glasgow Shettleston) (SNP): Will the member give way?

Daniel Johnson: I will take an intervention from Alison Johnstone.

Alison Johnstone: Daniel Johnson will be aware that, as a result of the commitment that the Greens secured for local government today, we will be able to save libraries in Edinburgh from a £2.54 million cut, restore £1 million to welfare advice, head off a cut of £400,000 to Edinburgh

Leisure and stop £300,000 being cut from the budget for support teachers. That is in his constituency.

Daniel Johnson: Alison Johnstone knows fine well that, in the draft budget, £38 million of cuts were being handed down to the City of Edinburgh Council. That is the reality of the cuts, which are being only partly mitigated, that her party is supporting.

We have only to look at the numbers to see what is happening in education in this budget, and what has happened to it in the nine previous budgets that the Government has passed. We have £1.4 billion of cuts in revenue. Teacher numbers are down by 4,000. Support staff numbers are down by 1,000. Spend per primary pupil has fallen by £561—that is 10 per cent—since 2010. Those cuts are equivalent to more than £400,000 for every school day since 2010.

Members might not like our numbers or want to accept the damning survey results that the Education and Skills Committee has been receiving from teachers, but they should listen to the Organisation for Economic Co-operation and Development. Its survey results from headteachers make the story clear: 45 per cent of headteachers say that their schools are hindered by lack of teaching staff, 32 per cent say that the schools are hindered by lack of assisting staff and 31 per cent that they are hindered by a lack of educational materials.

However, it is not just about the numbers. Anyone who has spent any time with staff from our schools will hear the same stories. Indeed, the Unison survey was interesting. I will repeat some of the stories from it. On textbooks, someone said:

“Maths resources are woeful, every book has either no front cover, no back cover and pages missing, not because of damage to the resource but because the school has not been able to purchase new books.”

Derek Mackay: Will Daniel Johnson give way?

Daniel Johnson: I will in a moment. The same is true for our science subjects. Another contribution to the survey said:

“we have less money every year to provide the basic material for teaching—chemicals, apparatus, glassware and text books”.

One primary school headteacher in my constituency put it to me that she did not want more control over her budget—she has enough control already—she just wants enough budget so that she has janitorial cover so that she is not the one unblocking the loos at lunchtime.

I will give way to Mr Mackay.

The Deputy Presiding Officer: Time is tight. You must be quick, Mr Mackay.

Derek Mackay: It is a timely point and intervention. In light of what he says about resource issues, will Mr Johnson explain why he will vote against £120 million of additional resource for attainment to go direct to schools in Scotland?

Daniel Johnson: My answer to that is simple: he should look to our reasoned amendment. We say that we should stick up for local services, use the powers of the Parliament and stop the cuts. It is really very simple.

Neil Findlay: Does John Swinney find the cuts funny?

Daniel Johnson: The importance of education must be matched in the budget.

Neil Findlay: Education is John Swinney's department.

The Deputy Presiding Officer: Mr Findlay, will you stop shouting from the back benches?

Daniel Johnson: It is simply not good enough for the SNP to talk up education while making cuts year after year and hiding behind the smokescreen of local government as it does so. The Labour Party believes in progressive taxation. We value public services, which is why we make the argument that we should use the Parliament's powers to put a penny on income tax. That way, we would not have to see the damage that will be done to local services by the budget that the SNP has proposed.

That is the difference between the Labour Party and the SNP. We believe in progressive taxation, progressive policies and the powers of the Parliament. I am sorry that the SNP does not.

The Deputy Presiding Officer: Time is tight. Speeches must be no more than six minutes including interventions.

16:18

Kenneth Gibson (Cunninghame North) (SNP): The Labour Party didnae believe in progressive taxation when Tony Blair and Gordon Brown were Prime Ministers: for all but one month in 13 years, the higher rate of tax was lower than it currently is under the Conservatives.

All that we have heard today from the three Opposition parties is sour grapes. Kezia Dugdale was marginalised. The Tories' Murdo Fraser was unhinged and Dean Lockhart was incoherent. Willie Rennie was outmanoeuvred. Patrick Harvie is the man of the moment, along with Derek Mackay. It is a tribute to both of those individuals, who have worked hard to deliver a budget for Scotland.

Kezia Dugdale talked about engagement and how Labour genuinely engaged with the cabinet secretary. I remember when Andy Kerr genuinely engaged with a former cabinet secretary. He came to the SNP Government with a shopping list and said, "Labour would like this, this and this." The cabinet secretary agreed to every single one of Labour's demands, but Labour could not get its own group to agree to its demands. The reality is that, whatever the SNP proposes, Labour will oppose it. As my colleague Mike Russell said in this Parliament a decade ago, if the SNP invented the light bulb, Labour would denounce it as a dangerous anti-candle device.

What we actually have today is over £900 million for public services, but the increases were met with grim faces on the Labour benches. We should remember that, in the autumn last year, Labour members were talking about £500 million or £700 million of cuts to local government services, which of course have not actually arisen in any shape or form. [*Interruption.*] They are greetin fae the sidelines.

If they want to talk about cuts, I remind them that I was a councillor in Glasgow City Council when Tony Blair cut £168 million—more than 10 per cent—from the city's budget in two years, and I was an MSP when Gordon Brown, as Prime Minister, cut £500 million from this Parliament's budget. Also, it is only two years since Labour MPs walked through the lobby with the Tories and voted for £30 billion of cuts, which is why Labour has one MP in Scotland and not 41.

Jackie Baillie: Will the member take an intervention?

Kenneth Gibson: As I like to do, I am happy to give way to Jackie Baillie.

Jackie Baillie: I am very grateful to the member for taking an intervention. Perhaps he will recall that, during the period from 2007 to 2011, every single budget that the SNP put through was supported by the Tories.

Kenneth Gibson: The reality is that a budget had to go through. We negotiated with the Tories. Sometimes we had to change our budget by 0.5 or even 1 per cent, but the core SNP budget went through. I am really delighted that the Tories supported those budgets. It allowed us to show that we were a competent Government and to kick Labour into touch in the 2011 election. Thanks to the Tories helping us with those budgets, we could get an overall majority and have a referendum.

Let us talk about taxation, which the Tories have been droning on about. In Scotland, the average band D council tax is £1,152. In England, it is £1,530. I say to John Scott that I do not see a huge number of people coming to Scotland from England to escape an increase in council tax. It

does not say much for his view of doctors if he thinks that a £300 or £400 increase in their taxation might deter them from coming to our beautiful country, the appeal of which he clearly underestimates, just as he underestimates the chaos in the English health service.

I turn to North Ayrshire Council and the alleged devastating cuts. In 2016-17, its budget was £279.443 million in revenue and capital. In the coming year, it will be £303.89 million in capital and revenue, which represents an increase of £24.447 million, or 8.8 per cent. As I represent North Ayrshire, I am pleased to say that that represents the highest percentage increase in Scotland. That includes £2.925 million in health and social care integration funds and £4.392 million of additional money to help to close the attainment gap—something that I thought Daniel Johnson might welcome, but it appears that he is not going to do so. Labour tries to ignore those additional resources with its fantasy figures.

Let us talk about some other areas where the SNP Government is delivering. No one has talked about the £3 billion for affordable housing or the delivery of 50,000 new affordable homes. On the small business bonus scheme, Andy Willox said:

“By giving full ... relief to 100,000 Scottish firms, the government has lifted the prospects of smaller businesses”

that otherwise face

“a tough 2017.”

The Scottish Government continues to invest in rural and island housing, and we are significantly increasing—because many MSPs from across the party divide have asked for it—the funds that are available for mental health spending, from £39.45 million to £52.2 million, which represents an increase of 32 per cent.

We are also delivering on skills, with Andy Willox saying:

“We called for a new flexible fund to help firms develop their skills—especially the ones they need to tap the power of the digital economy. So what was announced ... fits the bill perfectly.”

On productivity, David Lonsdale, director of the Scottish Retail Consortium, said:

“It is also welcome to hear that the Scottish Government has listened to our calls to invest in improving productivity. The investments in digital and transport infrastructure will assist this.”

Hugh Aitken, director of the Confederation of British Industry Scotland, said:

“The commitments in this budget, on housing, and digital and transport connectivity, will lay the foundations to allow firms to get on with growing our economy and creating jobs for the long term.”

The Deputy Presiding Officer: Mr Gibson, will you close now, please?

Kenneth Gibson: I say to colleagues that this is an excellent budget and I urge every member to support it.

16:25

Adam Tomkins (Glasgow) (Con): Scotland needs a budget for growth, but it is getting a budget that will make us the highest-taxed part of the United Kingdom, and that will not stimulate growth; it will stymie it. In Scotland, we have only 17,000 additional-rate income tax payers. What should we do about that? We should double that number and double it again. But what are we doing about it? We are going out of our way to make them the highest-taxed citizens anywhere in the United Kingdom. The top 1 per cent of earners in the UK pay 28 per cent of the income tax that is received by Governments in the UK.

We are told that those with the broadest shoulders should carry the heaviest burden, and I fully agree, but they already do. More than a quarter of all income tax is paid by the top 1 per cent of earners. In a rational and fair Scotland, we would not seek to penalise those taxpayers; we would seek to double, triple or quadruple their number. Even if we raised their number to the UK average, that would yield an additional £600 million in tax receipts, all of which would come to the Scottish Government.

John Mason: Will the member give way?

Adam Tomkins: Not at the moment.

The tragedy of the budget is that, despite all Derek Mackay's earnest appearances to the contrary, he in fact understands that point, or at least his officials do, some of the time. Just yesterday, the Finance and Constitution Committee took extensive evidence at stage 1 of the Air Departure Tax (Scotland) Bill. It is Scottish Government policy to cut air passenger duty—or air departure tax—by 50 per cent over the lifetime of this Parliament. Why? Because it knows that cutting taxation stimulates growth.

To quote the Scottish Government's policy memorandum, air departure tax is to be cut to boost

“Scotland's air connectivity and economic competitiveness, encouraging the establishment of new routes which will enhance business connectivity and tourism.”

It states that that

“not only creates new routes but creates new jobs”.

All that by cutting tax—cutting tax, but not cutting the revenues accruing to the Scottish exchequer, because the new jobs will come with new wages, and wages are taxed. Yesterday, the Finance and Constitution Committee heard that cutting APD could generate fresh economic activity in Scotland

worth £200 million per year. Cut tax; grow the economy—I point out to Mr Mackay that that is the Laffer curve. He should not need Murdo Fraser to remind him of it.

Why is it that the SNP gets that when it comes to air departure tax but has introduced a budget that fails to reflect those core economic truths anywhere? It is not as if we can somehow afford not to grow the Scottish economy. GDP growth in Scotland is lower than in the UK as a whole; our employment rate is lower than the UK's; our employment growth rate is lower than the UK's; our inactivity rate is higher than the UK's; our claimant count is higher than the UK's; our skills gap is higher than in the UK as a whole; we have fewer apprenticeships per head than in the UK generally; and the proportion of our workforce lacking digital skills is greater than in the UK as a whole. I say to Maree Todd and others on the SNP benches that none of that can be blamed on Brexit—none of it at all. All of it is the responsibility of the Government that has been running the Scottish economy for a decade—this SNP Government.

Scotland's productivity is likewise poor. We are in the third quartile of Organisation for Economic Co-operation and Development countries—not the third decile, as the Cabinet Secretary for Economy, Jobs and Fair Work said earlier—when the Scottish Government aims to be in the top quartile. The chief executive of Scottish Enterprise recently told the Parliament's Economy, Jobs and Fair Work Committee that, to achieve that would require a 200 per cent hike in innovation levels, at a time when Scottish Enterprise's budget is being slashed.

How on earth Derek Mackay taking his axe to the enterprise agencies is going to deliver economic growth for Scotland is something that neither the Economy, Jobs and Fair Work Committee nor the Finance and Constitution Committee has been able to understand. Perhaps the cabinet secretary will explain it to Parliament this afternoon.

Yet this is the budget for which comparisons between Scotland and the rest of the UK have mattered as never before. As Bruce Crawford said earlier this afternoon and as the Finance and Constitution Committee pointed out in its report, Scotland's economic performance relative to that of the UK as a whole is now a key factor in determining Scotland's budget. Do well relative to the rest of the UK, and Scotland will reap the rewards. Do poorly, as we are doing now, and Scotland will suffer. "Stronger for Scotland", they say. If only that were true.

The one virtue of the SNP's budgetary policies for the Scottish economy is that they are, at least, comparatively clear. That is to say, they are clearly

bad for the economy—bad for business, bad for taxpayers, bad for skills and bad for public services.

That much may be clear, but there is, alas, a great deal about this budget that is anything but transparent. Indeed, parts of it seem to have been presented in a manner that is positively designed to mislead. Figures do not compare like with like and comparisons of spend over time do not correspond. There is an urgent need for greater transparency in the Government's budget documents, as the Finance and Constitution Committee unanimously agreed.

This is not the budget that Scotland needs, it is not a budget that deserves our support and it is not a budget that we can support. I will join my colleagues tonight in voting against it.

16:31

John Mason (Glasgow Shettleston) (SNP): I am delighted that there now seems to be a majority in Parliament for approving this budget at stage 1. I think that we all have to accept that there is a lot of good in the budget, and I particularly welcome the continuing commitment to build 50,000 affordable homes, the £1 billion investment in mental health, the increase in spending on primary healthcare to 11 per cent and, of course, the £120 million to tackle the attainment gap.

I understand that £21 million of that £120 million is coming to Glasgow. That reflects the challenges and needs in the city, perhaps especially in my Shettleston constituency, where the cabinet secretary was yesterday. I believe that it is absolutely right that the emphasis should be on where the need is greatest.

Johann Lamont: Will the member give way?

John Mason: Let me go a wee bit further.

It is all very well that some councils have argued recently that they are receiving less funding per head than other councils. Surely the stronger argument is that funding follows need. In that regard, I thank the Government for recognising the position of Glasgow.

Johann Lamont: Does John Mason, as a fellow Glasgow MSP, accept that the removal by this Government of £324 million to Glasgow since 2007 will have had a massive impact on the life chances of our young people? Our suggestion for this budget is not just to accept what is already in it but to give greater resources to the Scottish Government to direct towards needs and towards tackling equality.

John Mason: First, we have to live within our means. If Johann Lamont is arguing for more for

local government and for cuts to the health service, I would oppose that, I am afraid. I would also oppose her suggestion of taxing people on £11,000 more—that is ridiculous. I will come on to that later.

It goes without saying that we would all like to do more, if we had more money. I think that the Government has been realistic in balancing up what we can raise with what we need to spend.

In one briefing, I saw the phrase “cash limited” being used as if that were a bad thing. The reality is that we are all cash limited, whether as individuals, as organisations or as Governments. We might be able to increase our income, but there is still a cash limit on what we can spend on any one sector. It is all very well listing what we would like to spend on the NHS or whatever, but there has to be a realism about what we can afford.

I look at the positions of the individual parties, starting with the Conservatives. At least the other three parties—Labour, the Lib Dems and the Greens—have been honest enough to say that they want to spend more on services and they need more tax to fund it. By contrast, the Conservatives ask for more spending in several areas—just this afternoon, they have been asking for more money for colleges, local government, universities and Scottish Enterprise—but they also either want tax cuts or want us to at least match tax rates in the UK. How can that be? They now have two chartered accountants on the team, so I would have expected much better than that from the Conservatives. They seem not to have understood so far that, if you want more spending in one sector, you have to either cut in another sector or raise taxes, and if you want to cut taxes, you have to cut some of the expenditure.

Liz Smith: Is a third option not to grow the economy so that there is more money?

John Mason: It has already been well pointed out by John Swinney that there is a time element to that, as we are looking at the budget for next year and I do not think that there is a lot that you can do in that time. Nor is growing the economy entirely clear cut; we have all tried it and have been toiling since about 1707.

I argue that tax is a good thing. If we believe in a healthy society with good public services and improved health and cohesiveness, sensible levels of taxation are an important part of the mix. I accept that taxes can be too high, as when Labour raised them to 98p in my lifetime. That discourages people who are living here and does not encourage businesses either.

If we want to attract businesses, and people for that matter, we need a good education system, a strong health system and good roads, railways,

and other infrastructure. This is where the Conservatives and, I fear, Scottish Chambers of Commerce get it wrong. It is not as simple as saying that low tax rates make us more attractive. In its briefing, Scottish Chambers of Commerce admits that our income tax differentials

“may seem modest in year 1”.

That is fair comment, but it warns against

“even more punitive Scottish tax rises”.

There have not been any punitive Scottish tax rises, so that is not very credible.

I agree that Labour’s proposal of going 5p higher than the UK represents too big a jump in one go. We do not know what the reaction to that might be. If it led to behaviour change and people leaving Scotland, that would not be healthy. Scottish Chambers of Commerce, however, says that we are making modest changes this year and I agree with it.

At least we have some clarity this week about Labour’s amendment. Alex Rowley told us in the debate last Wednesday that no one earning under £21,000 would pay more. However, today the Labour Party’s position is different and everyone earning over £11,500 would pay more. A marginal rate of 20 per cent tax and 12 per cent national insurance contribution is far too much for people on £11,000 or £12,000.

The budget process should be that Westminster sets its budget first, we set our budget and then local government does so after that. Westminster needs to get its act together over how it does the budget. The process can certainly be improved.

Overall, it reflects well on this Parliament that deals can be done. No one gets exactly what they want. Perhaps the public likes that and prefers a bit of give and take.

16:37

Jackie Baillie (Dumbarton) (Lab): From the start, Labour has made clear our opposition to the cuts to public services. Kezia Dugdale has met and written to the finance minister on several occasions and, as other members have said, we had a debate in Parliament last week. There is no doubt about our position. The truth is that the SNP does not want to do a deal with Labour. Remember that for four years SNP was joined at the hip with the Tories to get its budget through.

The SNP’s idea of consensus is simply that we need to agree with it. Our clear approach from the start has been to use the new powers of the Parliament to stop the cuts in full, not in part, to invest in public services and to grow the economy. That stands in stark contrast with the SNP, which is content to operate simply as a conveyor belt for

Tory austerity. We have the power to do things differently, but it comes down to political choice.

In the face of austerity, a post-war Labour Government invested: it created the NHS. In the face of austerity, the SNP Government cuts. It is a Government that boasts about the money that it is giving to health, but that deception was laid bare yesterday with the report from NHS Greater Glasgow and Clyde that talks of cuts of £333 million on top of the cut of £69 million this year, which is causing sweeping centralisation of services.

Despite today's sleight of hand from the finance secretary, local services including schools and care of the elderly still face millions of pounds of cuts. That is even before we consider the SNP's fundamentally dishonest approach of double counting, with the Scottish Parliament information centre and the highly respected Fraser of Allander institute showing that the same funds for social care were in both the health and council budget lines. Rather than cutting, Labour would invest in our public services and our people. There is no greater investment that a country can make for the economy than to invest in its people.

Scotland's economy has many strengths, but that cannot mask the major problems that we face. Across virtually every economic measure, we are underperforming when compared with the rest of the UK. Unemployment is up, economic inactivity is up, growth is stagnating and business confidence is plummeting. In the face of all that, the SNP is in denial and is pretending that everything is okay.

Most worrying of all for our debate today is the fact that employment is down. I said in the chamber last week that the fall in employment has serious consequences for our country. Fewer people paying tax and a lower tax yield means less money for our public services. It is therefore self-evident that growing the economy is a key priority.

The cabinet secretary tells us that Scottish Enterprise should be overjoyed because he cut it by a staggering 48 per cent but now it is to get back £35 million. He failed to tell us that, despite his apparent largesse, there is still a cut of £50 million in real terms to the Scottish Enterprise budget. So much for growing the economy. As for the £35 million, it is financial transaction money. I invite members to explore what that means. It is allocated by the Treasury, is only used for loans or equity and needs to be repaid. Money is given with one hand and then, through sleight of hand, is taken away with the other.

Derek Mackay: Will the member take an intervention?

Jackie Baillie: No; I have heard enough from the cabinet secretary already.

Let me put it in the simplest of terms so that the SNP understands. I was taught that if I took £100 away and returned £40, I would still be £60 short. The Government should not expect congratulations for making huge cuts and then putting a little back, when it is not real money.

I turn to the Greens, who have settled for a small change in the threshold, which will deliver £29 million. That is really the only new money on the table. The other £130 million is smoke and mirrors, shifting budget lines, accounting trickery, and relying on underspends that might be needed for other things and cannot therefore be guaranteed. We are pulling apart the deal that the Greens arrived at; they have settled for very little indeed. What we have seen today are lofty progressive principles being abandoned for low politics and the illusion of influence. The Greens are fooling no one but themselves. They are certainly not fooling the SNP, which has played the Greens like a fiddle.

I pay tribute to the cabinet secretary's guile. Kenneth Gibson gave the game away. There was a marriage of convenience with the Tories, whom the SNP then abandoned. The Greens await a similar fate. Let us not pretend that this is anything other than a grubby back-room deal among parties with more interest in forcing another independence referendum on the people of Scotland than in protecting local services such as schools and care of the elderly. Shame on them.

16:43

Douglas Ross (Highlands and Islands) (Con): Today's stage 1 proceedings have reinforced what the Scottish Conservatives have been saying for weeks: the budget is not fit for purpose. My colleagues have comprehensively addressed why that is the case, but it bears repeating.

The SNP, aided by the Greens, have chosen to hike taxes on families and firms, making Scotland the most expensive part of the UK in which to live, work and do business. The SNP is asking Scots to pay more while it continues to deliver the same shambles on education, the NHS, and our justice system. While Derek Mackay is raiding the pockets of hard-working Scots, he has conveniently failed to mention that he has £0.5 billion pounds more to spend this year.

The SNP likes to claim that it is competent at running the country, but the budget has shown that to be fantasy. I see the First Minister sitting on the front bench; I wonder whether she will do a report card on her cabinet secretaries after the debate. I would not like to see the grades that

would be given to Messrs Mackay, Brown and Matheson.

In Mr Mackay, we have a finance secretary who had to ask my colleague Murdo Fraser to explain the Laffer curve. From his reaction to Mr McKee's essay, I am pretty sure that there is no way that he wrote what Mr McKee read out.

Dean Lockhart was quite right to outline that, despite the last-minute changes, there is still a cut to the enterprise networks. We might think that Mr Brown would have spoken up against that at Cabinet, but perhaps that is expecting too much. Earlier this week we found out through a freedom of information request that Mr Brown had "little awareness" of the role of Highlands and Islands Enterprise—two months after he had set up a review on HIE. That is hardly competent government.

Ivan McKee: Will the member take an intervention?

Douglas Ross: Hold on.

On justice, Mr Matheson, who has been dubbed by some "the invisible minister", would probably have preferred not to have been seen when he appeared before the Justice Committee. We were considering the Crown Office and Procurator Fiscal Service budget, and we had already heard from the Crown Office that it would have to lose jobs as a result of the real-terms cuts from the SNP Government, but the justice secretary said, in response to my question about his Government's cuts and job losses:

"I am not expecting any at present."—[*Official Report, Justice Committee, 10 January 2017; c 8.*]

A week later, the Crown Agent told the same Justice Committee that 30 jobs would be lost because of the SNP's cuts to the budget.

I would dearly love to tell SNP ministers to go back to school and learn their briefs, but given the shambolic nature of education under the nationalists, I am not sure that they would learn very much.

We have heard some great quotations in the debate, which I have enjoyed greatly. Ash Denham confirmed to me that she prefers the budget as amended by the Greens to the one that Derek Mackay proposed in December. Maree Todd told us that this, our Scottish Parliament, with its powers over finance, the economy, enterprise, education, policing and the NHS, does not have the powers to improve things. I tell that SNP member that we have the powers; we just do not have the right Government to use them.

Kenneth Gibson stood up and called Patrick Harvie the man of the hour—words that spread fear through many of us, myself included. So, what

about the man of the hour? How tough a negotiator is Patrick Harvie? What was his negotiation for the vital six Green votes to get the budget passed tonight? How much ground did he get the SNP to concede? The answer is "far less" ground than they should have conceded. Those are not my words; they are Mr Harvie's own words. He said in response to Kezia Dugdale that he had got "far less" from the Scottish Government than he should have. It is hardly the amazing deal that the Green MSPs say they got.

Patrick Harvie: Will the member take an intervention?

Douglas Ross: I will give way to the man of the hour.

Patrick Harvie: I am grateful to Douglas Ross for giving way, because it allows me to ask him the same question that I would have asked Jackie Baillie. Both of them have said that we should have got more. Can the member tell me of any occasion when any budget has been debated in Parliament when either the Conservatives or the Labour Party have achieved anything like the scale of the impact that the Greens have managed today?

Douglas Ross: We achieved business rates cuts, 1,000 extra police officers on the beat and a town centre regeneration fund. If members want to learn how to negotiate, they should listen to the Conservatives, rather than saying that they did not get enough from the SNP and then complaining when members criticise them for it.

I will also mention business rates. I have been contacted by countless businesses in Moray that have been affected by the proposed rises that the SNP Government is overseeing.

Kenneth Gibson: No, you haven't. [*Laughter.*]

Douglas Ross: It is not a laughing matter. Hotels in Forres and entertainment venues in Elgin have told me that the increases will harm their businesses. We know from today's First Minister's question time that even SNP members cannot swallow the increases that those businesses would have to apply to their fees to meet the hike in business rates. Those businesses are right to expect more from the SNP and from their Scottish Government.

I will say more about the deal that has been done to secure tonight's budget. We now know the price of dealing with the Greens. The nationalist alliance between the two parties represented in the chamber that want to separate Scotland from the rest of the UK also wants Scottish taxpayers to pay more. The SNP—I am sorry. I mean the SNP and the Greens have lurched far further to the left than any—[*Interruption.*—]of us feared they would. I stopped for a moment when the First Minister

spoke from a sedentary position. Does she wish to intervene? No. Okay. The First Minister does not wish to intervene. That is very telling about her Government's budget.

As Murdo Fraser has said, Scottish businesses will suffer because of the budget. Hard-working families will suffer because of the budget. The SNP would love to paint our opposition to the tax hikes as protecting the rich, but it is about protecting many public servants, including teachers, nurses and policemen and policewomen. Those are the people who will suffer under the SNP plans.

The Scottish Conservatives have outlined an alternative approach that would increase the tax base and provide an environment that is ripe for growth at a time when the performance of Scotland's economy has never been more pivotal in providing cash for public services.

Because we have ambition for Scotland, we cannot support the Government's budget while it proposes to make Scotland the highest-taxed part of the UK. For those reasons, the Scottish Conservatives will vote against the budget at decision time.

16:50

Derek Mackay: I was thoroughly disappointed by Douglas Ross's comments and the content of his speech. He showed that the Tory party, as well as not being fit for government, is not fit for opposition. We had remarkably disappointing contributions from a number of Conservative members. [*Interruption.*] I was turning my attention to the Tories, but that seems to have upset the Labour Party. Better together is back together for the budget, which may be a sign of things to come. They are not just back together for the budget; from what I have seen this afternoon, they are bitter together. What a woeful contribution to what was meant to be a mature debate on the public services of our country.

This has been quite a lively debate in which members have taken a number of different positions, as is to be expected. Throughout the process, I have tried to find the common ground—the consensus—that exists in the Parliament to deliver a budget for Scotland that we can all agree to.

The comment by Douglas Ross that most disappointed me was his appalling attack on the education service of Scotland in referring to what he described as the "shambles" in Scottish education. That is symptomatic of how the Conservatives have reverted to type in constantly—regardless of the subject—talking Scotland down. If people are scared away from investing or living in Scotland, it will be because of

the messages that they hear from the Scottish Tory party, whose day job seems to be standing up for Westminster and the hard-right Tory Government.

I now regret not taking an intervention from Willie Rennie, especially if he was to start by saying, "I think Derek Mackay has done a good job." I say to the Liberal Democrats that there is much in the budget that they can support.

As for the Labour Party, we know that its amendment is totally meaningless. It is not proposing to end austerity; with its proposition on the basic rate of income tax, it would simply pass austerity on to households across Scotland. It has not considered the risks that that would pose to the Scottish economy and it has taken no cognisance of the advice that its proposal on the additional rate might lose money for Scotland's public services. What the Government proposes now is not the investment of an extra £700 million in our public services but the investment of an extra £900 million in our public services, yet the Labour Party will not support that.

Anas Sarwar: Will the minister take an intervention?

Derek Mackay: In a moment.

On the subject of support, I have a number of quotes that demonstrate support for our budget from sector after sector. Colleges Scotland says:

"The increased investment in Scotland's colleges is very welcome indeed, particularly in these tough financial times."

We have discussed the Scottish Chambers of Commerce's welcoming of our business rates position as it relates to the small business bonus and the poundage, as well as its welcoming of our infrastructure spend. The Educational Institute of Scotland has welcomed the additional funds to tackle the attainment gap and inequality, while the Federation of Small Businesses has spoken about how we are giving hope to small businesses in difficult times. I could go on reciting quotes in support of our budget, but it is only right that we hear from Anas Sarwar.

Anas Sarwar: The SNP used to support the 50p tax band. At the Finance and Constitution Committee, the cabinet secretary said that if that band were introduced in other parts of the UK, he would consider introducing it in Scotland. Why is he only a unionist when it comes to Tory tax policy?

Derek Mackay: The problem is that the Labour Party believes its own rhetoric. I did not say what Anas Sarwar suggested. I tried to explain the block grant adjustment to the Labour Party members on the committee, but it is clear that I failed to do so. I explained the difference in what happens to the outturn for our resources under the

new fiscal framework. I will happily arrange a full briefing for members of the Labour Party who want to understand how that works.

Our proposition was that the additional rate should remain under review. We would want to be certain that such a rate would actually generate resources for public services, rather than jeopardising them, which is what the Labour Party suggests.

The Labour Party has criticised my position on local services. It is true to say that the potential spending power for local services is not £240 million. After the budget, with the co-operation and engagement of the Greens, the totality of spending power for local services will increase to more than £400 million.

Different members have mentioned different council areas. Colin Smyth mentioned his council area, which will see an increase of £12 million for local services. Kezia Dugdale mentioned Edinburgh, which will see an increase of more than £30 million—3.92 per cent. Ivan McKee mentioned Glasgow, as did other members—its increase is £45 million. Kenny Gibson mentioned North Ayrshire, which will see an increase of £26 million.

We are investing in our public services and infrastructure, whether that is housing, digital, water, roads, rail—that would be opposed by the Labour Party, too—or new community facilities. There is fantastic investment that will increase the number of houses that we are building. We are delivering stability for our economy and stimulating growth with further investment in innovation and internationalisation.

The Conservatives kept referring to the extra resources that we have to spend. As I have said repeatedly—this is backed up by the Fraser of Allander institute—the figures that they are using do not refer to full discretionary spend. I might need to do another briefing to educate many of the Conservatives on the actual discretionary spend that the Parliament has at its disposal.

Murdo Fraser: Will the minister take an intervention?

Derek Mackay: I will not take an intervention because I have only two minutes left.

I want to make an important point about what the Conservatives propose. They were elected to be a strong Opposition, but I would like to see them tell those they represent that they are opposing a generous package on business rates and the relief that the SNP Government will provide. The Conservatives will be opposing investment in education, our trade strategy and a range of other infrastructure projects. Scotland remains an attractive place to live, work and invest

in. It is the Tories who have been talking Scotland down, and we will not pass on the Tory tax cuts.

If there is divergence in our tax proposition, it is because the SNP believes in the social contract, which includes free education, rather than tuition fees; free prescriptions; free personal care for the elderly; the abolition of bridge tolls; the council tax freeze during those difficult times; no compulsory redundancies for the Scottish Government and health service workforce; and massive investment in the NHS. The Tory party is actually in favour of tax rises, but only for people who are poor, who are seeking education or who happen to live south of the border, where council tax has rocketed under the UK Tory Government.

We believe in a budget that delivers stability, stimulates our economy, invests in education, tackles inequality, focuses on attainment, supports every part of the country, invests in our infrastructure and listens and responds to the voices in Parliament. It is a good budget. I am proud of the budget and I look forward to taking it to the country. I believe that the Parliament can unite, even at this late stage, to recognise that the extra spending of £900 million is good for Scotland in building a better and fairer society, of which we can all be proud.

Business Motion

17:00

The Presiding Officer (Ken Macintosh): The next item of business is consideration of business motion S5M-03839, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, which sets out a revised business programme.

Motion moved,

That the Parliament agrees to the following revisions to the programme of business for—

(a) Tuesday 7 February 2017—

delete

followed by Scottish Government Debate: The Future of the Jobcentre Plus Network in Scotland

and insert

followed by Scottish Government Debate: Article 50

(b) Wednesday 8 February 2017—

delete

followed by Scottish Government Debate: Scotland's Social Enterprise Strategy: 2016-2026

and insert

followed by Scottish Government Debate: The Future of the Jobcentre Plus Network in Scotland

(c) Thursday 9 February 2017—

delete

2.30 pm Scottish Government Debate: The Scottish Patient Safety Programme

and insert

2.30 pm Scottish Government Debate: Scotland's Social Enterprise Strategy: 2016-2026—
[*Joe FitzPatrick.*]

Motion agreed to.

Decision Time

17:00

The Presiding Officer: There are two questions to be put as a result of today's business. The first question is, that amendment S5M-03768.1, in the name of Kezia Dugdale, on the Budget (Scotland) Bill, 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)
Dugdale, Kezia (Lothian) (Lab)
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)
McNeill, Pauline (Glasgow) (Lab)
Rowley, Alex (Mid Scotland and Fife) (Lab)
Sarwar, Anas (Glasgow) (Lab)
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)
Bowman, Bill (North East Scotland) (Con)
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)
Cole-Hamilton, Alex (Edinburgh Western) (LD)
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)
 McArthur, Liam (Orkney Islands) (LD)
 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)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Rennie, Willie (North East Fife) (LD)
 Robison, Shona (Dundee City East) (SNP)
 Ross, Douglas (Highlands and Islands) (Con)
 Ross, Gail (Caithness, Sutherland and Ross) (SNP)
 Rumbles, Mike (North East Scotland) (LD)
 Ruskell, Mark (Mid Scotland and Fife) (Green)
 Russell, Michael (Argyll and Bute) (SNP)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland Islands) (LD)
 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)
 White, Sandra (Glasgow Kelvin) (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 23, Against 103, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The final question is, that motion S5M-03768, in the name of Derek Mackay, on the Budget (Scotland) Bill, 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)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 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 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)
 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)
 Greer, Ross (West Scotland) (Green)
 Harper, Emma (South Scotland) (SNP)
 Harvie, Patrick (Glasgow) (Green)
 Haughey, Clare (Rutherglen) (SNP)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hyslop, Fiona (Linlithgow) (SNP)
 Johnstone, Alison (Lothian) (Green)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lochhead, Richard (Moray) (SNP)
 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)
 McKee, Ivan (Glasgow Provan) (SNP)

McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McMillan, Stuart (Greenock and Inverclyde) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Ross, Gail (Caithness, Sutherland and Ross) (SNP)
 Ruskell, Mark (Mid Scotland and Fife) (Green)
 Russell, Michael (Argyll and Bute) (SNP)
 Somerville, Shirley-Anne (Dunfermline) (SNP)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 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)
 White, Sandra (Glasgow Kelvin) (SNP)
 Wightman, Andy (Lothian) (Green)
 Yousaf, Humza (Glasgow Pollok) (SNP)

Against

Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Balfour, Jeremy (Lothian) (Con)
 Beamish, Claudia (South Scotland) (Lab)
 Bibby, Neil (West Scotland) (Lab)
 Bowman, Bill (North East Scotland) (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)
 Dugdale, Kezia (Lothian) (Lab)
 Fee, Mary (West Scotland) (Lab)
 Findlay, Neil (Lothian) (Lab)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Golden, Maurice (West Scotland) (Con)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Greene, Jamie (West Scotland) (Con)
 Griffin, Mark (Central Scotland) (Lab)
 Hamilton, Rachael (South Scotland) (Con)
 Harris, Alison (Central Scotland) (Con)
 Johnson, Daniel (Edinburgh Southern) (Lab)
 Kelly, James (Glasgow) (Lab)
 Kerr, Liam (North East Scotland) (Con)
 Lamont, Johann (Glasgow) (Lab)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 Lennon, Monica (Central Scotland) (Lab)
 Leonard, Richard (Central Scotland) (Lab)
 Lindhurst, Gordon (Lothian) (Con)
 Lockhart, Dean (Mid Scotland and Fife) (Con)
 Macdonald, Lewis (North East Scotland) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 McArthur, Liam (Orkney Islands) (LD)
 McNeill, Pauline (Glasgow) (Lab)
 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)
 Rowley, Alex (Mid Scotland and Fife) (Lab)
 Rumbles, Mike (North East Scotland) (LD)
 Sarwar, Anas (Glasgow) (Lab)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland Islands) (LD)

Simpson, Graham (Central Scotland) (Con)
 Smith, Elaine (Central Scotland) (Lab)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Smyth, Colin (South Scotland) (Lab)
 Stewart, Alexander (Mid Scotland and Fife) (Con)
 Stewart, David (Highlands and Islands) (Lab)
 Thomson, Ross (North East Scotland) (Con)
 Tomkins, Adam (Glasgow) (Con)
 Wells, Annie (Glasgow) (Con)
 Whittle, Brian (South Scotland) (Con)

The Presiding Officer: The result of the division is: For 67, Against 59, Abstentions 0.

Motion agreed to,

That the Parliament agrees to the general principles of the Budget (Scotland) Bill.

The Presiding Officer: That concludes decision time.

Meeting closed at 17:03.

This is the final edition of the *Official Report* for this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

All documents are available on
the Scottish Parliament website at:

www.parliament.scot

Information on non-endorsed print suppliers
is available here:

www.parliament.scot/documents

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000

Textphone: 0800 092 7100

Email: sp.info@parliament.scot



The Scottish Parliament
Pàrlamaid na h-Alba