



OFFICIAL REPORT
AITHISG OIFIGEIL

DRAFT

Meeting of the Parliament

Tuesday 29 October 2024

Session 6



The Scottish Parliament
Pàrlamaid na h-Alba

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Tuesday 29 October 2024

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Scottish Parliament

Tuesday 29 October 2024

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

Time for Reflection

The Presiding Officer (Alison Johnstone):
Good afternoon. On this 25th anniversary of time for reflection, our time for reflection leader is Jim Wallace, the Rt Hon Lord Wallace of Tankerness KC.

The Rt Hon Lord Wallace of Tankerness KC:
Presiding Officer, it is a very much appreciated privilege to have been asked to deliver this time for reflection on the 25th anniversary of the first-ever time for reflection, which was given by Scottish churches parliamentary officer the Rev Dr Graham Blount on 27 October 1999.

I am also conscious that today's plenary session is the first since the death of the former First Minister Alex Salmond. As a contemporary of Alex Salmond in the House of Commons and in this Parliament, and as a respective party leader, I can testify to his formidable skills as a politician and I recognise the service that he gave to his constituents and to Scotland as an MP, MSP and First Minister. My sympathy goes out to Moira and Alex's family, not least today, as he is laid to rest.

Indeed, it is timely to recall with appreciation the service given by all those who have been elected to this Parliament over the past 25 years and, whatever their politics, the contributions that they have made to their communities and to the common weal.

There is a passage in Mark's gospel that is etched in my memory and which—hopefully—taught me something about service. The reason why I remember it is that, when I took my confirmation vows over 50 years ago, the minister, referencing my baptismal name, James, referred to the exchange between Jesus and James and his brother John. The brothers James and John asked Jesus whether he would appoint them to sit on his left hand and on his right hand when he came in glory. Clearly, they entertained notions of earthly or political grandeur. The other disciples remonstrated with them for getting a bit above themselves, but Jesus did not scold them. Rather, he set out the exacting demands of discipleship.

Jesus continued:

“whoever wishes to be great among you must be your servant ... For the Son of Man came not to be served but to serve and to give his life as a ransom for many.”

At a time when politics can be so polarising, surely a common commitment to service, whatever our faith or creed, is something that can unite us.

I conclude with some words from Graham Blount's prayer 25 years ago, which are still apposite today.

“God of grace ... we pray for our Parliament, offering our faith and our vision, that this may be a place where folk can come when they have no one else to turn to, a place of listening and of healing and of hope. We pray for one another, for folk we see as friends, rivals, colleagues and opponents, aware of the pressures and the failings and the possibilities we share.”—[*Official Report*, 27 October 1999; c 1.]

Amen.

Business Motion

14:04

The Presiding Officer (Alison Johnstone):

The next item of business is consideration of business motion S6M-15071, in the name of Jamie Hepburn, on behalf of the Parliamentary Bureau, on changes to the business programme.

Motion moved,

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

(a) Tuesday 29 October 2024

after

followed by Topical Questions (if selected)

insert

followed by Ministerial Statement: Legal Advice
Relating to Scottish Information
Commissioner Decision

delete

5.00 pm Decision Time

and insert

5.30 pm Decision Time

(b) Wednesday 30 October 2024—

delete

2.00 pm Portfolio Questions:
Deputy First Minister Responsibilities,
Economy and Gaelic;
Finance and Local Government

and insert

2.00 pm Motion of Condolence

2.30 pm Portfolio Questions:
Deputy First Minister Responsibilities,
Economy and Gaelic;
Finance and Local Government

delete

5.10 pm Decision Time

followed by Members' Business

and insert

5.55 pm Decision Time

(c) Thursday 31 October 2024—

delete

2.30 pm Parliamentary Bureau Motions

2.30 pm Portfolio Questions:
Net Zero and Energy, and Transport

and insert

2.00 pm Parliamentary Bureau Motions

2.00 pm Portfolio Questions:
Net Zero and Energy, and Transport

followed by Ministerial Statement: Housing
(Scotland) Bill

after

followed by Finance and Public Administration
Committee Debate: Scotland's
Commissioner Landscape

insert

followed by Legislative Consent Motion: Passenger
Railway Services (Public Ownership)
Bill—[*Jamie Hepburn*]

Motion agreed to.

Topical Question Time

14:04

Scottish Information Commissioner (Appeal against Ruling)

1. Liam Kerr (North East Scotland) (Con): To ask the Scottish Government for what reason it launched a court appeal against a ruling by the Scottish Information Commissioner, in light of that costing tens of thousands of pounds and it reportedly receiving legal advice that it was likely to fail. (S6T-02150)

The Minister for Parliamentary Business (Jamie Hepburn): The Scottish Government considered that an important issue of principle in that case required to be tested. The court agreed that the case raised a sharp and important question of statutory interpretation.

The documents that were recently released by the Scottish Government in relation to the case show that ministers discussed the legal advice with the Lord Advocate—the most senior Government legal adviser—who was content that there were proper grounds for appealing and who agreed with ministers that the decision should be appealed.

It should be noted that the release of legal advice in this instance does not set a precedent for future cases.

As we have just agreed, the First Minister will shortly make a statement in the chamber about this matter.

Liam Kerr: Whatever the reason for proceeding despite the Scottish Government's own director of legal services and counsel encouraging ministers not to do so, the Government appears in that decision once again to have displayed a staggering arrogance and a disregard for taxpayer money. Given that the minister now knows that the facts will always come out in the end, will he tell the chamber exactly how much taxpayer money in total was spent on or by all relevant agencies, from the original court decision to today?

Jamie Hepburn: The amount that has been disbursed on the cost of defending the judicial review is already in the public domain: it is around £118,000.

I find it interesting that the member describes as a matter of "arrogance" the decision to take forward an appeal based on the long-standing principle that, in such matters, legal privilege is normally reserved. I have already made the point that the decision was made on the basis of legal advice. We determined that as being important, which is why we took the case forward.

Liam Kerr: The publication of the documents reveals that the group that was set up to support the independent inquiry into Nicola Sturgeon's conduct as First Minister was headed by a Scottish Government civil servant. It has been suggested that the civil servants who advised Mr Hamilton in 2021 may have had, let us say, a conflict of interest. In order to clear that up, and accepting that all will come out sooner or later, will the minister tell us the name of the seconded civil servant? If not, will he tell us whether they still work for the Scottish Government and from what role they were seconded?

Jamie Hepburn: It would not be appropriate to reveal that name. The support was provided by a career civil servant of a seniority below that of the senior civil service grade—that is, by a junior Scottish Government official. We need to bear that in mind in providing any information, because we have to adhere to data protection principles. That is why the individual's name rightly will not be made public.

Young Enterprise Scotland

2. Daniel Johnson (Edinburgh Southern) (Lab): To ask the Scottish Government what its response is to reports that Young Enterprise Scotland faces closure due to it withdrawing its support. (S6T-02160)

The Deputy First Minister and Cabinet Secretary for Economy and Gaelic (Kate Forbes): I will be very clear: funding for Young Enterprise Scotland has not been withdrawn.

Since 2022, the Scottish Government has advised Young Enterprise Scotland, along with other stakeholders, that all future entrepreneurial education programmes will move to competitive funding. That approach is consistent with other entrepreneurial funds and is in the DNA of entrepreneurship.

Although Young Enterprise Scotland was not successful in bidding for entrepreneurial education funding because of the strength of other applications, many of which had not previously received Government support, I met the chair and chief executive of Young Enterprise Scotland this morning to update them on the conversations about additional support that had already taken place with officials, and I have approved the requested £285,000 to run into this year the two programmes that were previously funded by the Scottish Government. That will cover expenditure to date for the financial year from April 2024 to March 2025. Young Enterprise Scotland has confirmed that that will ensure the organisation's on-going viability.

Daniel Johnson: It is vital that we encourage young people to think about entrepreneurialism as

a career option, because Scotland has only 653 businesses per 10,000 people compared with the United Kingdom average of more than 1,000.

Given the long-standing success of Young Enterprise Scotland—I cannot be the only one in the chamber to have benefited from Young Enterprise Scotland, given its long-standing success—is it wise to have programmes that put that success in jeopardy, such as the one that seems to have put Young Enterprise Scotland's future in doubt?

Kate Forbes: We have moved to a competitive process so that all organisations have an equal opportunity to access public funding. We do not want to be in a position in which some organisations are essentially guaranteed funding and some are guaranteed to never receive funding.

All of the applications to the entrepreneurial education pathways fund were assessed by a panel. We will shortly announce the winners of the fund, but the applications should give us all confidence and inspiration about the quality of entrepreneurial education that is currently being delivered across Scotland. I am excited that many organisations that have never received funding before will receive it now.

Daniel Johnson: If we are to believe that the decision is being made on the basis of effectiveness and outcomes, given that Young Enterprise Scotland reaches 18,000 young people a year and that more than 1,000 people gain qualifications through Young Enterprise Scotland every year, can the cabinet secretary say how many young people will be in contact with the future programmes and how many qualifications will be achieved by young people through the future programmes of work that she has so much confidence in?

Kate Forbes: I can go much further. I am not in a position to announce all the winners, because that is rightly for another date. However, for the first time ever, we will be in a position to deliver programmes from primary 1 through to secondary 6, providing an end-to-end pathway for developing an entrepreneurial mindset. The Government is extremely proud of the changes that we have made to entrepreneurship in Scotland to ensure that there is a pathway for entrepreneurial activity. We moved to a competitive bid to ensure that the provision is effective, efficient, impactful and fair to organisations that previously felt excluded because of the way in which the funding was set up.

Colin Beattie (Midlothian North and Musselburgh) (SNP): Will the cabinet secretary outline how the entrepreneurial education pathways fund will help to encourage more young

people from a wide range of backgrounds to choose business ownership as a career path and to establish a culture in Scotland that encourages, promotes and celebrates entrepreneurial learning from an early age?

Kate Forbes: Including the fund that Colin Beattie referenced, we are investing £1.7 million in entrepreneurial education this year to support highly innovative organisations, many of which have not received Government funding in the past. In my view, that approach is fair, it drives impact for public investment and it reflects our ambition to support the next generation of business leaders with the best possible tools and resources. I hope that, when we announce the winners of the fund, colleagues from across different parties will be equally enthused and inspired by what some of the organisations, many of which have been behind the scenes for a number of years, have done.

Scottish Information Commissioner

The Presiding Officer (Alison Johnstone):

The next item of business is a statement by John Swinney on legal advice relating to a Scottish Information Commissioner decision. The First Minister will take questions at the end of his statement, so there should be no interventions or interruptions.

14:13

The First Minister (John Swinney): As this is the first occasion on which I have addressed Parliament since the death of Alex Salmond, I wish to record my sadness at his passing and express my sympathy to his wife, Moira, and his family. I will move a motion of condolence in Parliament tomorrow.

I am providing this statement to Parliament in response to requests from other parties. On 3 August 2020, acting as Deputy First Minister, I set out the remit for James Hamilton to examine the self-referral of the then First Minister under the Scottish ministerial code. I did that as the minister who was delegated to sponsor the process, given that it would not have been appropriate for the First Minister at that time—who is the usual sponsor of investigations under the ministerial code—to be the sponsor for issues that related to allegations against her.

I formally initiated the process, and I sponsored the process in the Government. In setting out that factual information, which the Parliament has known since 2020, I make one point crystal clear—the first time that I learned of any of the contents of James Hamilton’s report was when he sent it to ministers on 22 March 2021.

Concerns about the process have been raised in recent days because the Scottish Government has published legal advice on the handling of freedom of information issues, including the handling of a court challenge to an FOI commissioner ruling that related to Mr Hamilton’s report. The material centres on a decision notice issued by the Scottish Information Commissioner that required the Scottish ministers to disclose legal advice—specifically, it required us to release legal advice in relation to a previous Court of Session case that the Scottish ministers took against the commissioner himself.

Despite the rather convoluted detail, the key principles that are at question are straightforward. It has been the long-established position that everyone, including the Government—any Government—should be able to receive legal advice in confidence under legal professional

privilege. In the case of the Government, the long-standing position is that it is only in exceptional circumstances that the public interest in maintaining that privilege is outweighed by the public interest in the disclosure of legal advice.

The importance of that fundamental legal principle is reflected in the FOI legislation that the Parliament passed in 2002 under the Labour-Liberal Democrat Scottish Executive. As I understand it, exactly the same position is taken by every Government in the United Kingdom, including the devolved Governments and the UK Government. As a result, it is incredibly rare for legal advice to be disclosed.

However, in responding to an appeal from an FOI request, the commissioner took a different view. His written reasons for his ruling in this case set out an argument that rests on his view of the public interest favouring release and outweighing the public interest in maintaining legal professional privilege. The commissioner’s position was carefully considered by the Scottish Government and, although it would have been possible to appeal, I decided—after consulting the Lord Advocate, which I am obliged to do under the ministerial code—to release the information. It was published on Saturday.

I turn to the substance of the legal advice. It shows that, when the decision to go to court was made, it was taken on the advice of King’s counsel. I will quote directly from the conclusions of that advice, which said:

“I consider that there are reasonable prospects of success”.

In the decision to challenge the commissioner’s decision, the view of the Lord Advocate, as the most senior legal adviser to ministers, was sought. It was equally robust. I will now quote from the published minute of her advice, which says that

“there were 3 sound arguments”

and that the commissioner’s decision “should be tested” in court. The legal advice was unambiguous. It supported challenging the commissioner’s decision, and I took that decision.

I left the Scottish Government shortly after that point, but work continued in the Government to prepare for the case. The material that was published on Saturday shows that, during that time, the legal advice on the prospects of the case became less positive. Crucially, however, the advice to ministers of 30 May 2023 remained crystal clear. It concluded:

“Our view ... is that, despite the slightly more pessimistic note from counsel, the rationale for appealing the decision is unchanged. There remain reasonable arguments to make in support of Ministers’ position”.

When the case came to court, the court stated in its judgment that the issue was

“a sharp ... question of statutory interpretation.”

Ministers were presented with legal advice that supported a court challenge and the court took the view that the matter was

“a sharp ... question of statutory interpretation.”

In short, it was a perfectly rational decision by ministers to go to court.

Therefore, the original accusation that was made in the case, which was that ministers acted against legal advice in deciding to challenge in court the original decision of the Scottish Information Commissioner, has been disproved by the legal advice that was published at the weekend.

That having been the case, concern has now shifted to the arrangements for the secretariat that provided support to James Hamilton as he carried out his work. As is normal in circumstances where the Government establishes short-term inquiries, that secretariat was drawn from the civil service. It should be noted that that was known at the time when Mr Hamilton began his work.

I wish to be clear at this point that the individual who was chosen to undertake that work was not a special adviser but a non-political career civil servant of impeccable record and repute. Despite that being known at the time, concerns have now been raised that a civil servant provided the secretariat function. Those concerns stem from the comments that are contained in the material that has been published, where the King’s counsel expresses regret that arrangements had not been put in place to ensure even greater distance between the civil servant performing the secretariat role and ministers. However, the KC stated:

“it does not appear that there was any briefing about the contents of evidence gathered by Mr Hamilton; the tenor of his investigations; or the potential contents of his report.”

The KC narrated that the secretariat engaged on such issues as paying for legal advice. Those practical issues came—rightly—to me, as the sponsoring minister, for agreement, because that was my role.

It may help Parliament if I provide some examples of the type of contact between the secretariat and my office during the life of Mr Hamilton’s work. On 6 October 2020, the secretariat informed my office via email of correspondence from the parliamentary committee’s clerking team to the secretariat, telling it that Mr Hamilton’s written evidence to the committee would be published the next day. That email was duly acknowledged.

On 9 October 2020, a submission from the secretariat to me and the then Lord Advocate was received regarding sourcing and paying for legal advice for the independent adviser’s work. I agreed to fund the legal advice.

On 11 January 2021, the secretariat sent a letter from James Hamilton to me, advising that Mr Hamilton had received correspondence from MSPs, including Alex Cole-Hamilton, concerning his remit. I replied to Mr Hamilton a few days later.

On one occasion I was required to clear parliamentary answers in my name. They were submitted by the secretariat on 3 November 2020 in a formal submission, and they set out that Mr Hamilton could investigate any aspects of the ministerial code that arose within his remit. That submission included a draft letter to Mr Hamilton to draw his attention to the answers to the parliamentary questions. Again, I duly answered the parliamentary question and issued the letter.

On two occasions—7 December 2020 and 13 February 2021—I was either informed of, or cleared as appropriate, freedom of information responses that were to be issued to requests that were submitted to my office by the secretariat.

After Mr Hamilton’s report had been received into Government on 22 March 2021, there were emails between my office and the secretariat to arrange a meeting between me and Mr Hamilton—it took place some days later—and I issued a letter to Mr Hamilton via the secretariat to thank him for undertaking his work.

James Hamilton is an independent commissioner of impeccable reputation and integrity. The person who supported him as the secretariat was a non-political career civil servant. Questioning the independence and integrity of James Hamilton and of a civil servant who cannot publicly defend themselves is unwarranted, unfair and unsupported by the facts.

I reiterate what I said at the beginning of this statement, which is that the first that I knew of any of the contents of James Hamilton’s report was when he delivered his report to us on 22 March 2021. Those are the facts, and nothing in Saturday’s publication changes them.

The Presiding Officer: The First Minister will now take questions on the issues raised in his statement. I intend to allow around 20 minutes for questions.

Russell Findlay (West Scotland) (Con): Presiding Officer, I begin by apologising to you and to colleagues for my lateness.

We are here because, yet again, the Scottish National Party has wasted taxpayers’ money by keeping secrets from the paying public. Even worse than that arrogant disregard for

transparency and public money is more evidence of the Government's culture of cover-up. Who is at the heart of that? Again, it is John Swinney, whose statement is little more than a master-class in spin.

Here are the facts. A Scottish Government official was transferred to work for James Hamilton while he investigated allegations that Nicola Sturgeon had breached the ministerial code. We are discovering only now that, during that time, the official was directly exchanging information with Mr Swinney. She even drafted letters from Mr Swinney to Mr Hamilton, for whom she was working, which means that she was hopelessly and fatally conflicted.

The Government then spent huge sums of money trying to keep all of that, and more, secret from the public and, despite his protests today, the First Minister's fingerprints are all over that cover-up.

I therefore ask: did Mr Swinney communicate with the seconded official behind Mr Hamilton's back? Mr Swinney has today admitted some of the contact that he had with the seconded official, so will he publish details of all contact? Finally, given that all that we have heard today has been spin, will Mr Swinney agree to a judge-led inquiry to uncover the true extent of his actions?

The First Minister: Russell Findlay makes a number of points about the transparency of Government information, but 101 pages of legally sensitive material that should, in my view, be covered by legal professional privilege were published, on my watch, on Saturday. Mr Findlay is skirting past that fact.

On the roles of the civil servant and of Mr Hamilton, I simply say that Mr Hamilton, as an independent commissioner, was in full control of the entire process and that he operated in line with the remit that I published for him. All the issues that Mr Findlay put to me were in the public domain at the time of the institution of the inquiry.

I say to Mr Findlay that I have absolutely no intention of commissioning a judge-led inquiry into the whole business, for the simple reason that I have disclosed the information that the commissioner requested and that there are 101 pages of legally privileged information that Mr Findlay could look at, at his leisure, if he wished to, in order to inform the contribution that he makes to Parliament. I have absolutely no intention of commissioning a judge-led inquiry.

Jackie Baillie (Dumbarton) (Lab): The First Minister has form. He was the human shield for Nicola Sturgeon during the parliamentary inquiry into the Scottish Government's handling of harassment complaints. He was the one who did everything that he could to withhold information from the committee and he operated a culture of

secrecy and spin. It took the threat of a no confidence vote in this chamber before the committee saw any of that legal advice.

History now repeats itself and John Swinney is at the centre of this debacle, too. There is more spin and secrecy, and there is now a new low. The suggestion that the civil servant seconded to James Hamilton's inquiry provided information, directly or indirectly, to the Scottish Government raises huge questions about the independence of the process. That doubt about independence could now apply to other public inquiries in which civil servants are seconded to be the secretariat.

Given the need for integrity and good governance, I echo the call for a judge-led inquiry. The First Minister should really agree to that—unless, of course, he has something to hide.

The First Minister: On Jackie Baillie's first point, the Government has just published 101 pages of legally privileged information. *[Interruption.]*

The Presiding Officer: Let us hear the First Minister.

The First Minister: To go back to the parliamentary inquiry—I will put this as delicately as possible—I took some time to be persuaded about disclosing legally privileged information, because of the principle that Jackie Baillie and I put into statute in 2002 that protects the legal professional privilege of the Government. I wanted to protect that position, and that was the issue that I had difficulties with, as I made clear. I reluctantly agreed to the release of those documents.

In trying to help the committee in its deliberations, the Lord Advocate at the time went to the committee and briefed its members, one of whom was Jackie Baillie, about the substance of the legal advice that was put forward. The Lord Advocate gave that advice in good candour.

When the legal advice was published, it demonstrated that what the Lord Advocate had told the committee was absolutely what was in the legal advice, so it is beyond me to understand why Jackie Baillie has to sully people's character and reputation on an on-going basis.

Yesterday, her leader criticised my public reputation. Where is he today to say to my face what he was prepared to say to cameras? He will not come here and say it to my face. That is appalling.

Rona Mackay (Strathkelvin and Bearsden) (SNP): Can the First Minister reiterate to the Parliament that the publication of the material in this case is highly unusual and does not set a precedent, either legally or within the Scottish Government, for releasing information that is subject to legal privilege?

The First Minister: I confirm that position. As the Minister for Parliamentary Business said in his answer to Liam Kerr a moment ago, the Government's agreement to the direction from the freedom of information commissioner, which we responded to at the weekend, does not set a precedent for our approach. We maintain our position that legal advice should be the subject of legal professional privilege for the Government in the same way that it is for every other organisation and citizen in the land. That is a fundamental part of our legal system. In addition to that, it is specifically recognised in the FOI legislation that was passed in 2002 that that should be the case.

Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): The First Minister confirmed that he had contact with an unnamed Scottish Government official who was seconded to work for the independent adviser on the ministerial code, but he has failed to reveal what Scottish Government role that anonymous official had when she was on secondment to work for James Hamilton, who was investigating Nicola Sturgeon's conduct.

Can the First Minister confirm whether that unnamed official had any form of contact with Nicola Sturgeon in any of her roles while she was under investigation by James Hamilton? Do you not believe that there was an obvious conflict of interest? As Deputy First Minister, you were signing off responses from the said civil servant, which decided the fate of Nicola Sturgeon.

The Presiding Officer: Always speak through the chair, please.

The First Minister: The point that I have tried to make to Parliament is that I had no alternative but to interact with the inquiry secretariat, because I was the sponsoring minister who was responsible for the conduct of the Government's participation in that inquiry. It would simply be an impossibility for the inquiry to operate and communicate with Government if it had not had a minister who was a ministerial sponsor. Public expenditure could not have been allocated without the agreement of a relevant minister, and that minister, as was openly shared with Parliament, was me.

Those arrangements were put in place to make sure that the inquiry could function and take the necessary decisions that it took. As I have said to Parliament, I had no knowledge of the contents of the proceedings of the inquiry until I saw Mr Hamilton's report on 22 March 2021.

Audrey Nicoll (Aberdeen South and North Kincardine) (SNP): The First Minister has stated that he did not see the contents of James Hamilton's report until Mr Hamilton sent it to ministers on 22 March 2021. Can the First Minister

clarify that that was also the case for special advisers?

The First Minister: Yes, I can confirm that point.

Katy Clark (West Scotland) (Lab): As I understand it, the original request from a member of the public was to release all the evidence that was considered by James Hamilton, and the substance of the statement today relates to the legal arguments surrounding that. When will all the evidence that was requested in the original freedom of information request be released?

The First Minister: All that material has been released, and the Scottish Information Commissioner has indicated his satisfaction with the Government's response to any request that he has received to date on that question. That has been addressed.

Fulton MacGregor (Coatbridge and Chryston) (SNP): Will the First Minister confirm that the release of legal advice has always been viewed as being exceptional? The author of the Scottish ministerial code, who was Scotland's first First Minister, Donald Dewar, made it an explicit breach of the code if any minister did that without the Lord Advocate's permission.

The First Minister: I am certain that that provision has always been in the ministerial code—it has certainly been in the code throughout my term in office as a minister. The ministerial code says that the fact and content of opinions or advice given by the law officers, either individually or collectively, must not be disclosed publicly without their authority. In taking the step that I took at the weekend, I had first to seek the Lord Advocate's agreement before I could proceed.

Lorna Slater (Lothian) (Green): I welcome the First Minister coming to the Parliament to give this statement. My main frustration with the discussion today is that we appear to have completely lost sight of the original issue, which was about creating a process and culture in the Scottish Government that allows people to confidently and confidentially report harassment and bullying in the workplace.

It is now seven years since the Scottish Government instigated a new policy that was intended to hold ministers and former ministers to account when they were accused of bullying and harassment of staff. However, instead of focusing on improvements in workplace culture and staff wellbeing and safety, we are still debating the outcomes of inquiries, legal advice and FOI requests. What steps is the Scottish Government taking to ensure that we finally have in place a robust procedure that ensures that people who are making complaints against ministers and former ministers feel confident in doing so?

The Presiding Officer: First Minister, before you answer, I note that that question is quite wide of the issues that were raised in your statement. I would be grateful if you would focus on those issues when responding.

The First Minister: I assure Lorna Slater that the development of procedures to deal with the very issues that she has raised—which are legitimate issues of substance—has been addressed by the Government. Subsequent to that, I gave a series of updates to the Finance and Public Administration Committee as Deputy First Minister before I left office to assure the committee that that was happening in practical effect. My recollection is that that process was concluded to the satisfaction of the committee, but, if I need to change the record on that point, I will do so in writing to Lorna Slater. My recollection is that the committee was satisfied with the progress that had been made to address the substantial points that Lorna Slater put to me.

Collette Stevenson (East Kilbride) (SNP): Will the First Minister clarify whether it is the case that, in cases such as the James Hamilton inquiry, civil servants are not authorised to spend public funds without ministerial authority? It is therefore essential that the sponsoring minister—John Swinney was that minister at the time—needs to agree and sign off the payment of costs. To not do so would have hamstrung James Hamilton's work.

The First Minister: That is one of the practical issues that I had to handle in my role of sponsoring the inquiry. That was carried out and the nature of my role at that time was fully reported to Parliament.

Willie Rennie (North East Fife) (LD): John Swinney had been a senior minister for 12 years when he took on responsibility for the inquiry, which makes the decision questionable not to ensure not only that the secretariat was fully independent but that it was seen to be fully independent, especially as he was warned about that by senior counsel and the legal department. At least in hindsight, does the First Minister regret not ensuring that the secretariat was seen to be fully independent?

The First Minister: Mr Rennie has his dates muddled up, because I was not warned by legal advisers or civil servants about the arrangements for supporting the inquiry prior to it being established. All that came after the event, so we are in the area of hindsight. At the time, I was given no advice that indicated that we were proceeding in a fashion that was not the normal approach to take.

Mr Rennie raises a significant point, which I am mindful of and which I am giving consideration to in my revisions to the ministerial code that I

announced in the programme for government statement in September. I want to make sure that ministers are held to the highest standards of probity and that we have the strongest and most robust arrangements in place for handling these matters. I might reflect on the issues that Mr Rennie raises with me, because I recognise them to be substantial issues that have to be assured and command public confidence on an on-going basis.

Murdo Fraser (Mid Scotland and Fife) (Con): Have all the communications between James Hamilton and Mr Swinney's office now been published?

The First Minister: No. I have narrated those contacts to Parliament today. I do not know whether they form the entire collection of all those contacts, but they are all of an operational and practical nature, to ensure that the proper conduct of the inquiry could be established on a practical basis.

Keith Brown (Clackmannanshire and Dunblane) (SNP): Will the First Minister confirm that, without ministerial sign-off by the sponsoring minister, who is Mr Swinney, as well as costs not being paid, which has been covered by Collette Stevenson, it is also the case that even parliamentary questions would have gone unanswered, because only ministers are able to answer parliamentary questions? Does the First Minister agree that refusing to answer parliamentary questions would have elicited the same howls of protest from the same Opposition members who are now criticising him for doing his job?

The First Minister: Mr Brown makes a fair point. [*Interruption.*]

Members might make the noises that they are making about that, but parliamentary questions can be answered only by a minister. If a minister receives a question, they have to be able to answer it, or there will be parliamentary criticism of that minister. There are roles that have to be undertaken in good faith. What troubles me about so much of the debate is the constant implication that, somehow, individuals were not properly exercising their functions, which some of us take deadly seriously.

Liam Kerr (North East Scotland) (Con): A Scottish Government spokesperson is on the record as saying:

"Scottish Ministers took decisions informed by appropriate analysis of the legal considerations"

and that that included discussions with the Lord Advocate, who

"agreed with Ministers that the decision should be appealed."

Does the First Minister consider it appropriate or consistent with the Lord Advocate's independence that the Lord Advocate should help to decide whether the appeal should go ahead, rather than simply advising that it could?

The First Minister: Liam Kerr is confused about the role of the Lord Advocate. The Lord Advocate is there to provide legal advice to ministers and, ultimately, ministers take the decisions. I am absolutely—

Liam Kerr: Could or should?

The Presiding Officer: Let us hear the First Minister.

The First Minister: I am absolutely crystal clear with Parliament. Let me just read to Parliament an extract from the minute of the meeting of 13 March 2023, paragraph 7:

"DFM decided that the Commissioner's Decision should be appealed to the Court of Session."

I am owning that decision. It was my decision—nobody else's. I took the decision, which was narrated on 13 March, because I was advised that I had a legal basis for exercising that judgment. That is a matter of public record.

Martin Whitfield (South Scotland) (Lab): Much of the discussion after the statement, for which I thank the First Minister, has raised the tension that exists in the ministerial statement. I welcome the First Minister's commitment to considering that for the updated code that is due in the near future. Will the First Minister confirm whether the process of investigating under the ministerial code will form part of that update, or will it be a separate document that the Parliament will also have the opportunity to discuss?

The First Minister: Some of those issues will be affected by the decisions taken by the independent commissioners to determine how an inquiry should be proceeded with.

Given the fact that I set out in my statement to Parliament in September that I want the commissioners to be able to exercise that judgment independently of ministers, it would feel to me to be inconsistent for ministers to specify the basis on which commissioners should act. I want to keep that as open as possible in order to give commissioners the judgment, but I will reflect further on the point that Mr Whitfield has put to me.

Douglas Ross (Highlands and Islands) (Con): Did the seconded Scottish Government official have any contact with Nicola Sturgeon while the former First Minister was under investigation by James Hamilton?

The First Minister: Not to my knowledge.

The Presiding Officer: That concludes the ministerial statement. I will allow a moment or two for members on the front benches to organise for the next item of business.

Fiscal Sustainability

The Presiding Officer (Alison Johnstone):

The next item of business is a debate on motion S6M-15048, in the name of Shona Robison, on fiscal sustainability. I invite members who wish to speak in the debate to press their request-to-speak buttons. I call Shona Robison to speak to and move the motion.

14:46

The Cabinet Secretary for Finance and Local Government (Shona Robison):

Today's debate comes at a timely moment, as we await the first budget of the new United Kingdom Government tomorrow. All eyes will be on the Chancellor of the Exchequer as she sets out the steps that she will take to address the economic and fiscal challenges ahead, and on whether those will be sufficient to properly tackle fiscal sustainability. The Scottish Government has been clear about its expectations, and I reiterate those calls on the UK Government today. However, I am also clear that we need to take action here in Scotland over the short, medium and longer term, and it is vital that all members of the Parliament have the opportunity to engage in the debate.

The challenges that we face are significant and systemic and will stretch well beyond the current parliamentary session. In the immediate term, the latest medium-term financial strategy was clear that we face a significant and growing gap between funding and spending, as do the other devolved nations. Just last month, we took difficult steps to deliver further necessary savings to reach a balanced position in 2024-25—of course, we have reached such a position in every year of the 17 years for which we have been in government.

As we look ahead over the longer term, we will face broader strategic challenges. In March last year, the Scottish Fiscal Commission published its report on the Scottish Government's long-term fiscal sustainability. I am very grateful for the SFC's work. By bringing independent forecasts, insight and analysis to the Scottish Parliament, the commission plays an important role in ensuring that the public finances are fiscally sustainable.

Through a combination of low birth rates and a rapidly ageing population, Scotland's demographic outlook is likely to change significantly over the coming decades. The population of Scotland is expected to fall by approximately 400,000 over the next 50 years, driven by the low birth rate. Recent birth rates in Scotland have been historically low, and it is assumed that they will remain at that level for the next 50 years. Those changes in the age structure have implications for the demand for public services, as there will be more demand for

services that are used more by older people, such as health, and less demand for services that are used by younger people, such as education.

There are now also more deaths than births each year in Scotland, and the gap is expected to get wider each year. That reduced labour supply has a direct impact on our nation's productivity and, through reduced tax revenues and lower economic growth, on our fiscal sustainability. The implications of that are stark under the devolution settlement. As the Fraser of Allander Institute has noted,

"the increased spending on public services will run ahead of the likely increases in the funding available to the Scottish Government",

including from the block grant and devolved revenues.

However, those challenges are not unique; all four nations face the challenges of an ageing population and declining productivity. I hope that members would accept that while some of the tools to address those challenges sit with the Scottish Government, not all of them do.

In that context, it should be noted that there is some positive data regarding migration into Scotland. The latest figures from National Records of Scotland show that,

"In the year to mid 2023, Scotland's population rose faster than at any time since the 1940s".

NRS said that

"The main driver of population growth over the year was people moving to Scotland from abroad and other parts of the UK",

with inward migration being highest for young adults. That demonstrates how control over migration policy could work to improve the fiscal outlook in the medium to longer term.

Daniel Johnson (Edinburgh Southern) (Lab):

It is absolutely right that, in the short term, we have to look at net inward migration. In the longer term, however, global population growth is slowing and will meet an inflection point in the 2080s. That means that there will be a global race for talent, and we need to think about how we deal with that through skills policy, not just through inward migration. Would the cabinet secretary agree with that?

Shona Robison: Yes, I would. I will shortly come on to outline what we need to do to bring all that together in one place so that we can look at it collectively across all parts of Government, because we cannot look at it in just one part.

With the powers that we have, we have already taken meaningful steps in order to improve the financial outlook. We have made difficult choices on spending for the budget for 2024-25 and, as

the year has progressed, we have taken further steps, including those that were announced in the recent fiscal statement, along with other measures that we have had to take.

Increased additional scrutiny has also been applied to expenditure via emergency controls. Through those emergency controls and the savings that have been announced, we will seek to minimise the use of ScotWind in 2024-25 to achieve a balanced budget, because we recognise the importance of that for investment.

We have also improved sustainability through our tax choices, and we estimate that our income tax policy choices will raise an additional £1.5 billion in 2024-25. We will announce our tax policy decisions during the annual budget process.

Liz Smith (Mid Scotland and Fife) (Con): The cabinet secretary is quite right to say that she has had to take emergency decisions. Does she now regret the fact that this debate did not take place much earlier, more than a year ago, when the Finance and Public Administration Committee asked for it?

Shona Robison: That would not have made any difference to the fact that emergency controls had to be put in place because of the additional pressures from pay as a result of the UK Government's accepting the pay review body recommendations. That added another £800 million of pressure to the 2024-25 financial year, so we could not wait to take action. Having a debate about long-term financial sustainability at that time, whenever that was, would not have had an impact on the decisions that we had to make in-year. Those decisions had to be made, difficult though they were.

However, actions in the short term will not be enough. The Scottish Government has already taken decisions to improve financial sustainability and, through the medium-term financial strategy, has set out the areas that need to be tackled over the medium term. Those include demand-led challenges in health and social care as a result of an ageing population; pressures on public sector pay and the public sector workforce; and social security expenditure. That is why we have put in place a three-pillar strategy that focuses efforts on addressing the drivers of public spending growth; taking a strategic approach to taxation; and increasing tax revenues by delivering economic growth.

On public spending, Audit Scotland, in its report on "The Scottish Government's workforce challenges" last October, noted that significant reform to the public sector workforce will be needed to ensure fiscal sustainability while protecting front-line services. I am clear that our public sector workforce will need to change size

and shape. Members will be aware of the emergency spending controls that we have enacted this year, including a freeze on recruitment. I will set out more detail on our approach to the public sector workforce in the 2025-26 budget.

Alongside the budget, I will publish our tax strategy, which will set out our ambitions for the tax system over the medium term, providing strategic direction on the role of tax in supporting the delivery of our Government priorities in a fiscally sustainable way.

The strategy will also outline how the economic priorities that were set out in the programme for government will support growth in the tax base and revenues. Boosting economic growth remains a top priority for this Government. We will continue to support businesses and increase productivity in order to achieve national prosperity with a strong, green wellbeing economy and to attract the global talent that was mentioned earlier.

However, it is my intention to go further. Today, I am pleased to announce the Scottish Government's intention to publish a five-year sustainability delivery plan in 2025. That document will set out the Government's plan to achieve and deliver sustainable public finances within the overall approach that is set out in the medium-term financial strategy. It will bring together and present, in one place, the action that the Scottish Government is taking to put our public finances on an ever more sustainable path. Such work has been going on for some time in areas such as workforce, pay, public service reform, growing the population, and economic growth. We will bring the various strands together, in one central document, to give further clarity and transparency to that work.

The delivery plan will build on the opportunity that we have in the upcoming UK spending review to move to a multiyear approach, and it will support a future Scottish Government spending review. I look forward to engaging with Parliament on the delivery plan and would be happy to discuss it further with members across the chamber in due course.

However, our actions will only go so far. As I said earlier, many levers continue to sit with the UK Government.

I have already referred to migration. Scotland's distinct demographic and economic needs require a tailored approach to migration. Scotland needs to have access to international talent and skills at all levels of the economy, including in our tourism and hospitality sectors, to name just two. The Scottish ministers are committed to working closely with the UK Government to deliver an

immigration system that supports the prosperity of Scotland's economy and communities.

Furthermore, it is simply a statement of fact that the vast majority of revenue-raising powers, from taxation to borrowing, are not available for the Scottish Government to explore. That significantly limits our options for funding capital spending projects and makes the goal of achieving greater financial sustainability that much harder.

As the First Minister set out last week, part of the solution to our sustainability challenges must come from the UK Government's committing to increase public sector investment. Greater investment would improve productivity, which in turn would both support our public services to run more efficiently and generate more revenue from taxation.

Sustainability must also come from stability. Our public finances will be more sustainable if they are predictable, so that we can plan on a reasonable medium-term basis. Shifting the dialogue from considering Scotland's future public finances on a routine, year-by-year basis to instead looking to the medium to long term will therefore need a greater level of financial certainty to come from the UK Government.

In advance of the outcome of the UK budget and the spending review for 2024-25 and 2025-26, there is considerable uncertainty on the level of block grant that the Scottish Government will receive. It is also unclear how UK funding decisions for 2024-25 will feed through into 2025-26. Such uncertainty only contributes to the challenges that the Scottish Government faces on our path to fiscal sustainability. That is why we have called on the UK Government to set out three-year spending plans, to allow the devolved Administrations to invest with certainty over the funding position.

I welcome the chancellor's intention to move to multiyear spending reviews. If the UK Government follows through on that in tomorrow's budget and in the spending review in the spring, the conditions might be in place for the Scottish Government to perform a spending review next year. I will update Parliament on that at an appropriate point.

We understand that the chancellor also intends to revise the UK Government's fiscal rules. With that in mind, I repeat our call for the UK Government to immediately grant the Scottish Government increased capital, alongside further borrowing and investment powers that are commensurate with those in the rest of the UK. That would allow for greater investment to renew and enhance public infrastructure and to deliver projects that support the transition to net zero.

Alongside greater funding certainty, devolved Governments also require greater fiscal flexibility

in order to manage and respond to changes in circumstances. I will continue to work with my counterparts in Wales and Northern Ireland, and with the Chief Secretary to the Treasury, to secure changes that strengthen devolved financial management powers.

As has previously been noted in the chamber, I will present the Scottish budget on 4 December. I have been clear that the budget will be challenging. Unless we receive increased capital borrowing powers or a higher level of funding from the new UK Government, the Scottish Government will have to continue to make tough decisions to reprioritise our infrastructure projects pipeline to ensure that we spend within our means. In modernising and reforming public services, the importance of capital investment to transformation, particularly in areas such as digital, cannot be overestimated.

The Scottish Government recognises the significant challenges to the medium and long-term sustainability of Scotland's public finances. Fiscal sustainability will continue to be an integral focus of the Scottish Government, and it will act as the bedrock for achieving the First Minister's key priorities of eradicating child poverty, improving our public services, raising living standards by growing the economy and tackling the climate emergency through infrastructure delivery.

We do not deny for a moment the scale of the challenges that we face. Therefore, in order to address those challenges as far as is possible, we ask for cross-party collaboration, both between the Scottish Government and other members in the chamber and between Holyrood and Westminster. In the spirit of that consensus and what I hope will be a constructive debate, I urge all members to support the motion.

I move,

That the Parliament recognises that continued and further action is needed to address the sustainability of Scotland's public finances; supports the creation of a five-year Fiscal Sustainable Delivery Plan, to be delivered alongside the forthcoming Medium-Term Financial Strategy; believes that tackling the social, economic and environmental challenges that Scotland faces is only possible through the delivery of sustainable funding for public services; supports the exploration of all avenues to deliver fiscal sustainability to ensure delivery of the core missions of tackling child poverty and the climate emergency, and agrees that the UK Government's revision of fiscal rules means that it should immediately grant the Scottish Government increased capital, alongside additional borrowing and investment powers, to allow for greater investment to renew and enhance public infrastructure and deliver projects that support the transition to net zero.

The Deputy Presiding Officer (Liam McArthur): I call Michael Marra to speak on behalf of the Finance and Public Administration Committee.

15:01

Michael Marra (North East Scotland) (Lab): I am pleased to have the opportunity to speak on behalf of the Finance and Public Administration Committee, in my role as deputy convener, in this very important debate on fiscal sustainability, which has been an issue of long-standing interest to the committee.

A key recommendation following our pre-budget scrutiny last year was that the Scottish Government should schedule this very debate. We felt that a constructive discussion was needed about the fiscal impact of the demographic challenges that the Scottish Fiscal Commission projected in its first “Fiscal Sustainability Report”, which was published in March last year. Given the magnitude of the challenges ahead, we felt that it was important for the Parliament to debate those ideas across the political divide and to set out how we should respond to the long-term issues in an honest and constructive way. After all, any political party could be governing during the 50-year horizon that the Scottish Fiscal Commission’s projections cover.

However, unfortunately, the motion that has been lodged appears to limit somewhat the ability to build consensus, so I hope that the debate rises above it. Indeed, the political approach that it signals could be said to be illustrative of part of the problem.

The Scottish Fiscal Commission projected that Scotland’s population is expected to fall by roughly 400,000 over the next 50 years, driven principally by a low birth rate. The number of people aged 65 and over is projected to increase from 22 per cent in 2026-27 to 31 per cent by 2072-73. In contrast, the sizes of the working-age and under-16 populations are projected to fall.

Those changes in the population’s structure will have wide-ranging impacts. The size of the productive tax base that is needed to grow the economy and pay for public services will shrink. At the same time, demand for public services among a growing elderly population will increase, and additional pressures on health services will not be offset by fewer young people reducing the demand for school education. Spending on new Scottish social security payments that do not receive funding through the block grant adjustment, including the Scottish child payment, is expected—based on current policies—to increase from £600 million in 2027-28 to £1 billion 50 years later. Continuing with those different policy choices will mean that funding must be found from other portfolio areas in the Scottish budget.

The Scottish Fiscal Commission highlighted that, if public services in Scotland are to continue to be delivered as they are being delivered today,

Scottish Government spending over the next 50 years will exceed the estimated funding that will be available by an average of 1.7 per cent a year, which is equivalent of £1.5 billion, at today’s prices. The Scottish Fiscal Commission has suggested that, to address that funding gap, the Scottish Government would have to consistently reduce spending or raise devolved taxes throughout the next 50 years.

In responding to the report, the Scottish Government said:

“A key element in ensuring future fiscal sustainability and that public services are appropriate to support the needs of Scotland’s changing population is our work on public service reform.”

It also pointed to the launch of a talent attraction and migration service and a new addressing depopulation action plan

“with a focus on resilience for local communities”.

It said that it would continue to press the UK Government to put in place

“immigration reforms ... to meet Scotland’s needs”,

as has been laid out by the cabinet secretary. The committee would certainly appreciate an update on those two schemes in the cabinet secretary’s closing remarks and as the debate progresses.

The SFC report was invaluable in informing our pre-budget scrutiny last year, and it continues to inform much of the work that the committee does on sustainability of public finances in Scotland. It gives a longer-term perspective to much of our committee work.

Last year, as part of our pre-budget scrutiny, we sought to establish how the Scottish Government balances its short and long-term financial planning and to identify any improvements that could be made in that area. The evidence that we gathered from businesses, academics, the public and voluntary sectors, think tanks and local government suggested that the Scottish Government is not carrying out enough strategic long-term financial planning and that it appears to be

“firefighting on a number of fronts”.

There is little evidence to suggest a shift away from a short-term approach to financial planning.

The committee notes from the Scottish Government’s motion that the Government plans to publish a five-year fiscal sustainable delivery plan. The cabinet secretary has said a little more about that, but I ask that she engage with the committee so that we understand the scope of what the delivery plan will contain and, crucially, how it will differ from the five-year medium-term financial strategy, given that the MTFS is,

according to the budget process review group, intended to provide

“a means of focusing on the longer-term sustainability of Scotland’s public finances”.

Shona Robison: I will set this out in a lot more detail later but, in short, I mean to go from addressing the horizon that the MTFs looks at to addressing the “how”. The delivery plan will be about how change is going to happen. It will bring everything on that, from across Government, together in one place, which will provide clarity and transparency on progress on delivery against the objectives that are set out in the MTFs.

The Deputy Presiding Officer: You can have your time back.

Michael Marra: It will certainly be welcome to see those details from the Government, and to hear how they apply to its broader policy agenda.

I mentioned earlier that public service reform is seen by the Scottish Government as being a key element of fiscal sustainability. However, in the latest update to the committee on its reform programme, the Government recognised that public services are under considerable financial pressure now and that, if nothing changes, public services will become unsustainable in the longer term. It went on to confirm that there is a pressing requirement for reform to ensure fiscal sustainability. Any update that we can have on progress on public service reforms would also be welcome.

In September, we heard from David Bell, who is a professor of economics at the University of Stirling, who said that we

“should not waste a crisis”.—[*Official Report, Finance and Public Administration Committee*, 10 September 2024, c 25.]

Looking ahead 50 years can be challenging when there are immediate pressures to deal with, but it is vital that we find within our politics the ability to have an honest debate about how we will put Scotland’s finances and public services on a more sustainable footing in the longer term. That is essential. If Scotland is to meet the fiscal challenges that are projected by the SFC, it is essential that we break out of a cycle of emergency budgets and fiscal chaos.

I look forward to the contributions from across the chamber in what is a very important debate.

I move amendment S6M-15408.1, to leave out from “, and agrees” to end, and insert:

“; notes the Scottish Fiscal Commission’s Fiscal Sustainability Report and the specific challenges that Scotland will face in the next 50 years, including those posed by an ageing population, and required health spending forecast to increase from 35% to 50% of devolved spending, and calls on the Scottish Government to set out

an approach to deal with the long-term fiscal challenges presented by demographic, climate and technological change.”

The Deputy Presiding Officer: Thank you, Mr Marra. Before I call the next speaker, I encourage all members who are pushing to participate in the debate to check that they have pressed their request-to-speak buttons.

I call Craig Hoy to speak to and move amendment S6M-15048.2.

15:08

Craig Hoy (South Scotland) (Con): There is a ticking time bomb at the heart of Scotland’s finances. In fact, there are four: the tax system, public sector pay, the Scottish welfare system and the parlous state of the Scottish economy—and that is without mentioning the well-documented demographic challenges that have been outlined by the minister. If we do not act soon, those four bombs could blow Scotland’s public finances apart and shatter any hope of achieving fiscal sustainability.

As our amendment makes clear, a significant change in political direction is now required to deliver sustainability in Scotland’s public finances. It is clear to every commentator, except some MSPs who live in the Holyrood bubble, that sustained economic growth is essential for future financial sustainability. That is why we are deeply concerned that the Scottish National Party has failed to deliver the growth and the pro-business policies that would drive growth and which are needed to achieve it now and in the future.

Michelle Thomson (Falkirk East) (SNP): On that, will the member give way?

Craig Hoy: I will make some progress, then come back to the member, in a moment.

If the SNP had done that, the minister would, this year alone, have had £600 million of additional revenues to spend to tackle some of the challenges that she mentioned.

Sadly, however, the SNP has time and again adopted a “Cross your fingers and hope for the best” approach to the public finances. As a result, we now see both the Scottish Government’s budget and the medium-term fiscal position unravelling before the minister’s eyes.

The Government has repeatedly been warned to change course. It has been warned by the Auditor General for Scotland, the Scottish Fiscal Commission, the Fraser of Allander Institute, the City of London Corporation and many other groups, and it has repeatedly been warned by my Scottish Conservative colleagues. However, ministers have ignored some simple truths. We cannot increase tax on medium and higher

earners and expect no behavioural change. We cannot deliver on ambitious net zero policies without setting aside the billions that are required to pay for them.

Michelle Thomson: Will the member give way on that point?

Craig Hoy: We cannot grow the Scottish economy if we increase regulation or abruptly turn off the taps on North Sea oil and gas. We cannot dramatically expand the footprint of the welfare state without finding sustainable tax revenues to pay for it. We cannot expand the public sector workforce and increase its pay in real terms without fundamentally reforming working practices.

Michelle Thomson: I thank the member for giving way.

In some respects, his having carried on speaking has added weight to my point. I wonder what he thinks of Mark Logan's recent comments. He said:

"I fear the Conservative Party is at risk of becoming a bad episode of *The Walking Dead*, where members are aimlessly shuffling around with no purpose except to attack any signs of life that might come past them."

Those are the words of the very Mark Logan, chief entrepreneur, who the Conservative Party had a hand in getting rid of.

The Deputy Presiding Officer: I can give you the time back for the intervention, Mr Hoy.

Craig Hoy: If members saw the response of members on the Government's front bench, they will have realised that they dealt with that intervention with the same level of disregard as I do. Fundamentally, we are here to talk about people's jobs, livelihoods and mortgages—not to throw around cheap insults.

Fundamentally, fiscal sustainability is inextricably linked to fiscal responsibility. All too often, however, the SNP talks about how it wants to spend money, but not about how it will raise it or save it. It talks about how to raise tax, but not about how to simplify it, and I am yet to hear an SNP minister talk credibly of the case for cutting tax in Scotland. The SNP repeatedly puts barriers to investment in the way of business, rather than deregulating the landscape in which business needs to operate.

At its heart, the Government's motion pays only lip service to the need for public sector reform and how it will deliver sustainable growth. It reveals that the Government would prefer to talk about short-term fixes and about increasing borrowing capacity to talking about long-term strategic and structural reforms.

Only a few weeks ago, Shona Robison came to Parliament to reluctantly reveal a near £1 billion in-

year budget black hole. I would like to remind the cabinet secretary of what she said in May 2023 in "Scotland's Fiscal Outlook: The Scottish Government's Medium-Term Financial Strategy". She said:

"I am setting out how this Government will maintain a sustainable financial position over the medium-term",

and that she would be

"open and honest with the public".

If she was serious about maintaining sustainable finances, how on earth did she find herself coming back to Parliament to reveal such a large in-year overspend? Why did the Government neglect to publish a clear public sector pay policy last year? Why did the cabinet secretary allow assumptions to be made for a certain rise in public sector pay when, in the end, she signed up to a far higher inflation-busting increase? Why did she not realise that, in agreeing to a settlement of that scale, she was, in effect, setting fire to her budget? She has done that not only for this year, but for future years, when there will be no ScotWind coffers to raid.

I want to delve deeper into tax, because that could well be one of the dividing lines in the months and years ahead. On the future of Scottish tax, we could do worse than look back to reforming Chancellor of the Exchequer Nigel Lawson, because he did not just cut tax—he also simplified it. I agree with Kenny Gibson. Does Scotland really need six tax bands? Only yesterday, my colleague Russell Findlay opened up a discussion on removal of the 21p rate, and I welcome that discussion. Under Nigel Lawson, Britain had just two bands. His approach was simple and efficient.

The SNP likes to compare Scotland with other nations around the world, so let us do that. Estonia has a flat rate of 20 per cent.

Shona Robison: rose—

Craig Hoy: I will not take an intervention, at the moment.

Ireland has just two tax bands—20 per cent and 40 per cent. I accept that there are countries where the tax bands are more complex, but they are often where tax is lowest. Singapore has 13 tax bands, but the top rate of tax is only 24 per cent and it is paid only on earnings of over 1 million Singapore dollars. It is clear that there are significant savings to be achieved by making tax simpler.

Daniel Johnson: Will the member take an intervention?

Craig Hoy: I will, in a second.

However, ministers might not want to do that, because a simplified tax system is also a transparent one, because the smoke and mirrors are removed. Reducing tax over time would reduce the administrative burden on both our Governments and on His Majesty's Revenue and Customs. It is basic economics that, if we reduce tax over time, we could still increase the tax take over time.

I give way to Mr Johnson.

The Deputy Presiding Officer: I encourage members to press their intervention buttons.

Daniel Johnson: Noted, Deputy Presiding Officer.

The problem with what Mr Hoy has just set out is that he invokes countries with not just simpler tax systems but lower tax bases. Given that, what area of the public sector does he seek to cut? Is it social security or is it health?

Craig Hoy: Given that year-on-year increases in the social security budget have accompanied a reduction in the number of people who are available for work, and given that, post-Covid, there has been a significant increase in people on health-related benefits in Scotland and the UK but no similar rise in equivalent nations, we have to question what the underlying causes are. I put it to the Scottish Government that its inability to deal with chronic disease over 17 years and its inability to bring down national health service waiting lists are surely factors in people moving from being available as part of the labour force to being on long-term disability benefits. That is busting the Scottish Government's budget over time.

On welfare, the SNP has made a political virtue of the way in which it has used devolved powers over benefits to meet political goals. That is a decision by the Government. However, as was referenced earlier, the Government will soon be spending £1 billion more on social security than Barnett consequential allowances allow for. The minister dresses that up in the language of investment. If it is an investment, what economic return does she see?

Shona Robison: The return on the investment in the Scottish child payment is fewer children being in poverty, fewer who grow up into poverty and fewer who have their life chances dented. If that is a "political" objective, I support it 100 per cent. Is Craig Hoy saying that he would cut the Scottish child payment?

Craig Hoy: No. I am saying that we would grow the economy to a position in which, through time, those benefits would not be as necessary as they now are. We have to ask why, in real terms, child poverty has not fallen over the 17 years for which the SNP has been in government.

Shona Robison: Will Craig Hoy give way on that point?

Craig Hoy: No, I will not.

The SNP is not learning the lessons. It commits billions to the consequences of poverty, but not to the causes. It simply now has to find a way of re-engaging the many people who are no longer active in the labour market in Scotland. The SNP's decision to slash the budgets on employability, addiction services and affordable housing will, ultimately, undermine efforts to grow the economy. We need a strategy to boost productivity, drive wage growth, increase skills and labour market participation and, in short, through time and as best we can, get many people off benefits and back into work.

Ben Macpherson (Edinburgh Northern and Leith) (SNP): Will Craig Hoy give way on that point?

Craig Hoy: No, I will not. I am short of time.

Before I close, I will explore one more area. When we talk about the public sector in Scotland, the Scottish Government wants us to think of nurses and teachers, but not of the army of overly superannuated spin doctors. Only this week, we found out that the number of staff employed by the Scottish Government has almost doubled in the past decade. Public sector pay now absorbs more than half the entire Scottish budget. By boasting that it will avoid strikes at pretty much all costs, the SNP has given public sector unions the whip hand in future negotiations.

We are now way beyond the point of asking whether the size of the public sector workforce in Scotland is truly fiscally sustainable. Scotland has more public sector workers per head of population than the rest of the UK. On average, they are paid more than £2,000 more than their UK counterparts. Even if the Scottish Government receives significant Barnett consequential allowances as a result of public sector pay rises in England in tomorrow's budget, it will still face a significant funding shortfall because of the structure of the public sector in Scotland.

Shona Robison: Will Craig Hoy give way on that point?

Craig Hoy: No. I do not have time.

The Scottish Conservatives will welcome a credible medium-term fiscal strategy to achieve long-term fiscal sustainability, but we have serious doubts about the SNP's capacity to deliver that. As the Finance and Public Administration Committee has made clear, the Government talks in terms of long-term planning, but is all too often distracted by having to fight short-term fires that it has ignited.

Simplifying tax, boosting growth, overhauling public sector delivery and reversing the rise in welfare spending will not be easy. Making Scotland a better and simpler place in which to do business should be non-negotiable. However, to avoid Scotland's finances crashing to the ground in years to come, the Government now has to rise to the challenge of changing the engine while the aircraft is in flight. However difficult that may be, the SNP must now firmly take control and take the necessary action to urgently deliver widespread structural reform. Only by doing that will the Government be able to deliver the long-term financial sustainability that is so urgently needed by the Scottish public, Scottish business and Scottish public services.

I move amendment S6M-15048.2, to leave out from "recognises" to end and insert:

"realises that a significant change of approach is needed to deliver sustainability in Scotland's public finances; recognises that sustained strong economic growth is essential to this; is deeply concerned that the Scottish National Party administration has failed to deliver the growth- and business-friendly policies needed to realise sustained economic growth; notes with alarm the absence of reform and the growing inefficiency of government and its agencies, and the impact that this has on fiscal sustainability; reiterates the need to prioritise productivity and government efficiency, and to keep social security costs and public sector pay under close review; stresses the importance of proper investment and infrastructure development, and calls on the Scottish Government to use its fiscal discretion to ensure that this investment is not jeopardised for any reason."

The Deputy Presiding Officer: I encourage those on the front benches to follow the impeccable lead of those on the back benches by pressing their intervention button when they seek to make an intervention.

15:20

Daniel Johnson (Edinburgh Southern) (Lab): I may just not like my name flashing up in lights at the front of the chamber, Deputy Presiding Officer, but there we go.

It has been an interesting debate so far, but let me contrast the approach that we have had from the Government with what we have had from those on the Conservative benches, as that will be instructive.

When I saw the Government's motion, I was somewhat fearful that it would not address the fundamental issues. There are some deep-seated, long-term, structural and strategic issues that we have to face up to, and the issue for the Government is marrying that up with day-to-day decision making and the medium-term context in which many policies are being made. We have to address that issue, and I do not think that we have

heard enough about that from the Government today.

I agree with Michael Marra. I, too, am somewhat confused as to what a new five-year fiscal strategy will look like, given that much of what it will deal with should have been contained in the medium-term financial strategy. What is the point of a strategy if it does not tell us what to do?

However, that contrasts a great deal with what we have just heard from Craig Hoy, who failed to deal with those strategic issues. What he said was all about short-term tax rates. The mask has slipped somewhat—Ruth Davidson's Conservatives have well and truly left the building. A sort of Christian democratic social conservatism has been replaced by something that wants to replace our income tax rates with a single rate of 20 per cent. Undoubtedly, the slashing of the public sector would ensue. Indeed, you did not have the honesty to follow through the implications of your own assumptions. We need a bit of honesty.

The Deputy Presiding Officer: Speak through the chair.

Daniel Johnson: Mr Hoy is, though, correct in saying that we have to look at the consequences of the policies that are being formed and whether they fit within the fiscal envelope that we have in front of us. Before going any further, I must thank the Fiscal Commission, without which this debate would not be possible. It is, without doubt, making an extremely valuable contribution to our public discourse and debate, not just through its fiscal forecasts, which give us a level of clarity and a common baseline that we can all discuss, but through its three reports on fiscal sustainability, which have given us a great deal to work with.

Let me speak further on the long-term issues before going through the medium-term points. Critically, there are some shortcomings in the way that the Government has translated those issues into day-to-day decision making. The cabinet secretary was absolutely right to highlight demography. Our population will fall by 400,000 during the next 50 years, which will have profound consequences. I challenge her that we need to go into a lot more detail about what that means for day-to-day life, the economy and public services. It is about not just the impact on the health service, profound though that is, but what it means for the workforce.

We need to think about how we will retain knowledge and skills beyond retirement age. That is not to say that we want to delay retirement, but we will reach a point at which we simply cannot afford to lose those skills and contributions to the economy. It requires a degree of profound thinking, and we need to do that urgently.

There should be no doubt that it is not just Scotland or Europe that faces those demographic changes—the challenge is global. The world's population is predicted to start falling from the 2080s onwards. The idea that we will be able to import talent to replace people who move beyond working age will cease to be sustainable—and in quite short order—over the coming two or three decades.

We also need to think about climate change. We have a significant coastline that we need to protect, and there are opportunities. We are protected from the ravages of climate change that are faced by people who live closer to the equator, and we have opportunities through renewables. Both of those insights must form an essential part of our fiscal strategy.

I am sorry that no other speaker in the debate has raised this point, but, above all else, technology change will have a massive disruptive effect on our patterns of work, how we organise the economy and, most critically, how we deliver public services.

In the medium term, we have to look at the fact that the health budget has now reached 40 per cent of our public expenditure, and the proportion is forecast by the Fiscal Commission to continue rising into the 2070s. I make this point from the standpoint that our health service is absolutely fundamental to the civilised society that we all seek to have in Scotland. We are not being honest with ourselves if we do not face up to the fact that an ageing population will put huge and on-going pressure on the health service.

On a similar note, we have to look at the commitments that we have made on social security. We simply have to address the fact that, between the money that is received through block grant adjustments and the expenditure that is committed to in our social security plans, there is a shortfall of just short of £400 million, rising to £694 million in 2028-29. Where will that money come from, or how will social security policies be designed to reduce that bill?

We have two options. In the former case, where will the money come from? The health budget looks an unlikely source, based on the other dynamics, and we would not want it to come from the education budget. Alternatively, will the issue be addressed through policy design? Do we need to rethink social security to ensure that welfare is genuinely a hand up and not just a handout? We will have to confront those very challenging issues, otherwise social security will become unsustainable. That is the one point on which I agree with Mr Hoy.

Let us be clear: it would be the cruellest thing of all to make promises of this sort only to have to

withdraw them for future generations. That would be cruel and it would be unjust.

Ben Macpherson: Does Daniel Johnson agree that it is important that the Parliament remembers and recognises that most people on disability benefits get those benefits in a way that is not means tested, because of their disability, whereas a large number of people who get income-related benefits get them while still being in work, through the universal credit system? We need to look at the matter in a holistic way.

Daniel Johnson: We absolutely need to look at it in the round. We also need to look at it in the round of the economy. We must ensure that as many people as possible can enter the workforce and that our welfare systems support people in the way that they need to be supported, such as through disability benefits. We must work in a complementary way with the economy, so that we maximise the talents of our people and their opportunities. We need to have a fundamental think about what that means and ensure that our social security policies are sustainable.

In the short term, we need to have a serious look at how our finances are being managed. It has become an annual occurrence that we have an emergency budget revision, and that cannot be sustainable, to use the language of this debate. The reality is that the resource spending that is available to the Scottish Government has increased by 1 per cent in real terms. It is now at approximately the level that it was at during Covid—yet, if we listen to the Government we would not know that, because it mismanages the public finances year after year.

Shona Robison: Will Daniel Johnson give way?

Daniel Johnson: I will give way in a moment if Shona Robison will answer this point, which is critical.

The cabinet secretary has alluded to public sector pay. The reason why the Scottish Government had an issue is that it had baked in the same assumption of a 2 per cent increase as the Conservative Government had. That is an absolutely scandalous position for the Government to have found itself in. We should be upholding the decisions of the pay review bodies, because that is how we have good workforce relations.

Shona Robison: I do not disagree with that in principle, but the UK Government has to fund the pay deals that are recommended by the UK pay review bodies rather than partly fund them. That is one of the issues.

I want to go back to the gap in funding. The chancellor laid bare the reason for that. The 2021 spending review financial outlook was never reset to take account of inflation, removing £15 billion

from public services, whether in Scotland, Wales, Northern Ireland or the UK more generally. That is where the shortfall comes from. It has affected Wales, which has had emergency budgets, and Northern Ireland has had to make claims for a reserve two years in a row. Surely Daniel Johnson can recognise that point.

The Deputy Presiding Officer: I will give you the time back, Mr Johnson.

Daniel Johnson: Those Administrations did not have to make emergency adjustments of the scale of those that the Scottish Government has had to make. That also flies in the face of the facts that the Scottish Government has had more generous allocations because of the Barnett formula and that the total funding this year is £52.5 billion compared with £50.2 billion in 2020, which is a significant and substantial increase. Part of what the Government needs to do is bake the right assumptions into its financial plans at the start of the financial year. It is not a question of constantly pointing the finger at UK Governments.

We need a clear and unflinching view of the challenges, not one that simply seeks to blame mechanisms. Ultimately, it is a matter of making policy that is sustainable within the fiscal envelope that we know we have. We also need a commitment on reform of our public services—because we will need to reform them to meet the challenges—and a commitment to sustainability. Above all else, we need a commitment to and a focus on growing jobs and wages, because that is the route to financial sustainability for this country.

I move amendment S6M-15048.1, to leave out from “, and agrees” to end and insert:

“; notes the Scottish Fiscal Commission’s Fiscal Sustainability Report and the specific challenges that Scotland will face in the next 50 years, including those posed by an ageing population, and required health spending forecast to increase from 35% to 50% of devolved spending, and calls on the Scottish Government to set out an approach to deal with the long-term fiscal challenges presented by demographic, climate and technological change.”

15:30

Ross Greer (West Scotland) (Green): I am glad that we are here and that we have the opportunity for this debate, long overdue as it is—as was pointed out by Liz Smith. This is the first debate of quite a finance-heavy week, so a few of us will be seeing quite a lot of each other in the chamber between now and Thursday afternoon.

It is helpful that the debates are taking place in this sequence. We all recognise that Scotland’s public finances are unsustainable. We clearly disagree—in some cases quite profoundly—about the solutions, which is why bringing the debate to the chamber is so important. It allows us to thrash

out the issues and identify some of the areas where there is at least a majority—in a few cases perhaps even consensus—on the solutions.

One of the fundamental questions that we need to address when we are talking about fiscal sustainability is that of the role and size of the state. I have said before in debates on public sector reform that, as a socialist, I am a fan of a big state. I think that government should be the expression of the popular will of society. It is where we share power and resources to do transformational things—in particular, to protect our most vulnerable neighbours and the planet that we live on. Big challenges such as the inequality that is deeply embedded in the UK and the climate crisis require a big, co-ordinated response of the kind that I think only the Government can lead in delivering. I want to see a bigger state in Scotland that is doing more to meet the needs of people and planet, but I do not want just what we have now on a larger scale. We need far more efficient and accountable service provision—and that is key to the sustainability question. As Daniel Johnson pointed out towards the end of his speech, we are trying to achieve some really big goals and shared visions in areas such as the climate and child poverty and within a very tight spending envelope. If we are to have any chance of achieving those goals, we need to get better value for money than we have been getting so far, and our public services need to perform better.

I was with Finance and Public Administration Committee colleagues in Estonia a couple of weeks ago. On a cross-party basis, we were hugely impressed by the efficiency of the Estonian public sector. It is not all replicable. Public institutions and some private institutions in Estonia have a huge level of access to individuals’ personal data, which I do not think would fly here, for civil liberties reasons. In the post-Soviet context of Estonia, that was still a huge leap forward for personal freedoms there, but it would be a step backwards for us, I think. Some really basic points are comparable or transferable, however, such as having compatible data storage and transfer solutions across every public sector body—and, indeed, private contractors. In this country, we have different teams within the same public agencies that cannot communicate effectively with each other or transfer data to each other, yet the efficiency savings from achieving that compatibility are significant. There is plenty of low-hanging fruit.

An area that I have highlighted before is the copyrighting of public data, which, the David Hume Institute estimates, loses about £2 billion to £3 billion to the Scottish economy every year.

Liz Smith: The member is making an interesting point. In relation to our Estonian experience, does he agree that one of the great attributes of the way in which the Estonians work their economy is the very considerable and effective co-operation between the public and private sectors?

Ross Greer: I welcome that intervention. Committed as I am to significant state involvement in the economy eventually, I think that there is a lot for us to learn right now on the integration of the public and private sectors, particularly noting the transfer of highly skilled individuals from the private sector in Estonia into what were essentially sabbaticals in public office so that they could bring their particular expertise, especially in areas of digital technology.

On the point about the openness of public data—

Martin Whitfield (South Scotland) (Lab): Will the member give way?

Ross Greer: I will after I finish this point.

The Scottish Government should be credited for operating an open government licence and making its data available. However, very few councils in Scotland do that, despite my encouraging them to do so. In researching for the debate, I could also not find a single non-departmental public body or agency in Scotland, or any body that was accountable to the Scottish Government, that operated an open government licence. If we have a Government that is committed to making public data available, we must ensure that that cascades through all the bodies that the Government is responsible for. That would create a direct efficiency saving and would bring a productivity boost to the economy.

Martin Whitfield: My question is on that very point. We have an opportunity for the Scottish Government to lead, particularly on software, hardware and data. We are starting to see that happening with data, which speaks to Mr Greer's point about Estonia, where there is a greater understanding of and commitment to data sharing throughout the whole community. I apologise for the length of my question. Mr Greer referred to the ability of skilled labour to come in from the Estonian private sector to support the Government. Does he agree that it is something that we should promote here, in Scotland?

Ross Greer: I strongly agree with that. One of the most interesting experiences during our committee visit was meeting the secretary general of the Estonian economy ministry—I hope that I have got her title correct. She is on a five-year sabbatical from one of their tech unicorn companies and brings a level of expertise that it is, realistically, very challenging for us to attract to the

public sector in Scotland simply because of salary competitiveness. There is a lot to learn from Estonia, particularly regarding how they have fostered a sense of civic obligation so that highly skilled individuals take time out from the private sector to contribute to the state.

Those of us on the left should talk more about public sector reform, because we come at that not in order to save money by shrinking the public sector but to get increasing value for our overall spend. That being said, we will not balance the books through efficiencies alone.

I will touch on a few points before I close, the first of which is about the need to reform the fiscal framework. We absolutely agree with the Government about the need for greater borrowing powers so that we can invest. There should be no cap on the Scottish Government's borrowing ability, but, if an arbitrary cap is to be imposed, it should at the very least be for this Parliament to decide on it. I would argue against it. The European Union's experience shows the dangers of implementing arbitrary caps if shock events such as the pandemic can turn those into significant barriers to intervention. At the very least, it should be for this Parliament to decide whether Scottish Government borrowing powers are to be capped.

One area where borrowing can result in significant value is digital transformation in the public sector. There are significant up-front costs, but there can be huge savings further down the line.

The lack of in-year flexibility is a significant issue. I have previously said that the path to balance exercise that the Scottish Government engages in each year results in disproportionate cuts to areas such as education, when compared with areas such as justice, because some spending is so fixed at the start of the year. As Daniel Johnson pointed out, we have got into a habit of having those exercises annually, which means that, year by year, areas such as education and health take a greater hit.

My final point is that the fiscal framework is incompatible with the realities of the climate crisis. The Scottish Fiscal Commission has made that clear. The best way to exemplify that is by saying that, if the UK Government intervenes to support households after a flood in Somerset, the Scottish Government will get Barnett consequentials, but, if there is a flood in Stonehaven, the UK Government expects the Scottish Government to fund that from existing and limited resources. There is a clear need to reform the fiscal framework to deal with the realities of the climate crisis.

I look forward to the rest of the debate. We have identified a lot of challenges and some solutions. There is some cross-party agreement and I hope that, during the rest of the afternoon, we will identify some solutions where we can reach, if not a consensus, at least a majority.

15:38

Willie Rennie (North East Fife) (LD): That was quite a pragmatic and sensible contribution from Ross Greer, and one that will actually help. I should not sound surprised about that—he made some reasonable points that reinforce an issue that I will raise.

We have been debating the demographic time bomb for as long as I can remember. We have known for decades that it was coming, but, for decades, this place and other political forums have carried on making tacit references to it without dealing with the real consequences. As a result, we have to firefight. Every single year, we have to make decisions about in-year cuts, which have been more drastic in the past two years than any I have ever seen.

There have been warnings from the Fiscal Commission and, more recently, the Fraser of Allander Institute, and the Government's medium-term financial strategy in 2021 was quite stark when it said that there was a "challenging" financial situation, falling living standards, higher inflation and issues around capital funding. Despite that backdrop, the Scottish Government went on to increase entitlements. Although those increases are valid in their own right, we are now firefighting as a result.

To be fair to the Government, in its early days, it made attempts to change the way that the public sector operated. The Christie commission was a good effort that tried to achieve consensus across the political parties—in itself, reaching out to Campbell Christie was a good effort.

There was an attempt to bring in change funds, but they are hardly mentioned any more. They do not appear, apart from, again, in tacit references.

We need, at last, to make this debate part of all the debates that we have in the Parliament about finance; otherwise, we will carry on firefighting year in, year out.

Liz Smith (Mid Scotland and Fife) (Con): As part of that commitment, would Willie Rennie agree with the members of the Finance and Public Administration Committee that it would be good to have a finance bill as a permanent fixture in this Parliament?

Willie Rennie: That would be good because it would elevate the status of the budget process and give members a greater opportunity to discuss

the individual elements of the budget. Just now, the budget process is primarily a very limited debate between finance spokespeople, where we haggle about what extra we will get. That does not really deal with the fundamental financial issues that we need to address.

Participation is an issue that has not yet been raised today. The level of economic inactivity in Scotland has diverged from that in the rest of the United Kingdom—it is higher in Scotland than it is in the rest of the UK. Between 2001 and 2015, the UK and Scotland were on the same path, but then there was a divergence and our position deteriorated while that in the rest of the UK improved. I want to understand why that is. Why did that happen, and what are we are doing to address it?

The consequences are striking, particularly around healthcare. A lot of economic inactivity is associated with the poor performance of the healthcare system. If we cannot treat people quickly to get them back into work, they rely on benefits and become more dependent on the state. The longer that they are out of work, the more difficult it is to get them back into the workplace. I have several examples of that happening in my constituency.

The simple answer to the question whether we can tax our way out of the problem is that we cannot. I am and have been in favour of specified taxes for particular purposes, in order to get a big return. However, if we believe that raising taxes on a forever basis will resolve the demographic problem, we are kidding ourselves. We will not manage to do that. We have seen from behavioural change that we get a fraction of what those tax rises were intended to raise. The effect is that people make behavioural decisions to become less involved in the economy. We have not yet seen great evidence of lots of people crossing the border to the south, but we do see people reducing their hours and making other decisions about their employment.

Ross Greer: Obviously, our parties disagree on some of the fundamentals around tax, but does Willie Rennie agree that one of the core issues in Scotland is that we have an entire tier of government that has little ability to raise its own revenue? We talk about Scotland as a normal European country, but it is not normal for local government to be unable to raise most of its revenue. In Scotland, it is less than 20 per cent. Surely that is a structural issue.

The Deputy Presiding Officer: I can give you the time back, Mr Rennie.

Willie Rennie: I agree with Ross Greer far too often these days. Yes, I think that local government should have the ability and flexibility

to raise the majority of the money that it spends. We would get better decisions at a local level rather than having to depend on central Government.

I will deal with some of the issues around change, which speak to Ross Greer's earlier point. We are terrible at change. Whenever we attempt to make a big-bang change—for instance, closing a hospital and investing in primary care instead—there are howls of derision. [*Interruption.*] I am sure that I have been involved in such campaigns. As a Parliament, we are not succeeding in delivering change. When a building is involved, we never stand up and say that we should aim for the longer-term benefit.

We have seen opportunities for health boards to make such change. However, making changes to secondary care is inevitably much more attractive. Most people go through the primary care system; fewer people go into the secondary care system. How will we ensure that the majority of people get the primary care service that they need? That is what we should be aiming for.

Secondly, we spend a fraction on digital investment compared with the amount that industry invests. We are surprised that, when we phone up the hospital in Kirkcaldy to find out how a family member is getting on in hospital in Edinburgh, the former has to phone up the latter. Why do we not have a digital system that can communicate across the country to find out that information? Also, why do we have different measurement systems in hospitals? There are even such differences between departments in the same hospital.

The situation makes it impossible to build in artificial intelligence and digital systems. We are in the age of the ark in that regard. That needs to change, but we are terrible at diverting investment away from entitlements in which we want to invest in order to get ourselves re-elected and at making longer-term investments that will make a real difference and benefit our constituencies.

Finally, I turn to universities. Universities are among our country's finest assets, but people would not think it. We hardly talk about them in the Parliament, other than when we are discussing student finance, which Liberal Democrats are never allowed to mention.

Universities are a great asset to the country. They bring people—academics and students—investment and industry from across the globe, but where is the Government's focus on maximising their potential in the same way as happens in California? There is no such focus.

We need to focus on greater things, such as renewable energy that is coming through ScotWind, instead of spending the money on filling

the hole in the finances. Why are we not ensuring that ScotWind really benefits the country in the long term? We are not doing that. I hope that the supply chain work comes off, but if we are going to siphon off the money to pay for day-to-day spending, we will not achieve that.

Those are all the big opportunities that we have in this country. I agree with Ross Greer that there are many things on which we can agree if we are to make real changes, but we will have to change the way that this Parliament works if we are to deliver that.

The Deputy Presiding Officer: We now move to the open debate. I note that a member who is looking to participate left during the opening speeches. I will expect an explanation and an apology.

I call Michelle Thomson. You have a generous six minutes.

15:47

Michelle Thomson (Falkirk East) (SNP): I start with a few thoughts on tomorrow's UK budget. Just as every citizen will be concerned about the sustainability of their own finances, not least pensioners and those in low-income households, the Scottish Government will very quickly have to consider the implications for budget sustainability. Thus far, the omens are slightly mixed. The UK Labour Government made pre-election commitments to protect working people from tax rises, but it is unable to define what it means by a working person.

Leaving aside the confusion that the UK Government has created, I start with a critical consideration of a major policy change that it has trailed: changes to the fiscal rules. The pre-election commitment to stick with the Tories' fiscal rules has been dumped, at least in part. I welcome the fact that the road to Damascus has been somewhat short. It now seems clear that borrowing for investment is no longer to be considered as debt but rather as asset creation. That could allow for a significant increase in infrastructure investment, which I welcome.

However, that has potentially major implications for the Scottish Government. As we know—and as I have often commented on—under devolution, the Scottish Government has very limited capital borrowing powers. Some have argued that that is to prevent the devolved Government from adding to UK debt. However, if redefining investment as asset creation rather than debt makes sense for the UK, by all logic, the same must surely apply to Scotland. I wonder whether the minister will commit to engaging with the UK Government on the matter.

In June, the Finance and Public Administration Committee launched its call for evidence to inform its pre-budget scrutiny. That has attracted some insightful contributions and, in most cases, support for the Government's four priority areas. I found the evidence from the Fraser of Allander Institute particularly telling when it argued:

"Ultimately, the most important thing to come from the 2025-26 Scottish Budget will be to what extent the measures that are implemented will reflect these priorities. The priorities are broadly the same as last year—but given that decisions in the 2024-25 Scottish Budget did not necessarily chime with those priorities, a new approach will be needed to ensure that the situation is different this time around."

Achieving fiscal sustainability while maintaining a focus on key priorities is very challenging but utterly critical. In that regard, I am sympathetic to the submissions from the Royal Society of Edinburgh and the Scottish Chambers of Commerce, which argue that growing the economy is the most important priority, and that it will underpin the ability to address the other three, not least because public finances will grow if the economy grows. It is also a much more effective approach than simply burdening the economy and individuals with more tax hikes. In other words, to my mind, growing the economy will contribute to fiscal sustainability and the pursuit of the Government's priorities, and there is no sustainable alternative.

I also point out that growing the economy will positively impact the lives of many of those who live and work in Scotland, not least through enhancing employment prospects and household incomes. In some specific areas, there are opportunities to target investment in a manner that supports all four priorities, perhaps the most obvious being investment in new affordable house building.

Of course, there are other matters to take into account to ensure fiscal sustainability, from public sector pay policy, which we have discussed, to tax policy, which has also come up, and I am sure that we will continue to focus on many others in the debate.

Before I conclude, I want to reflect on a further concern that was raised in the evidence from the Scottish Women's Budget Group and the women's economic empowerment project, which is about the tackling of barriers to women being able to take on work. Such barriers, such as the inability to access affordable and accessible childcare, inhibit economic growth. The Scottish Government has come out strongly to support women going into work. However, as I have previously argued in the Parliament, we need further sex-based research into the impact of public policy as part of the drive to improve economic policy development.

In summary, enhancing the Scottish Government's ability to borrow and invest—now reframed as asset creation—and a commitment to the critical priority of growing the economy and sound policy development are all part of achieving fiscal sustainability.

15:52

Liz Smith (Mid Scotland and Fife) (Con): I have to say that the fact that I find myself agreeing with Michael Marra, Willie Rennie, Ross Greer and Michelle Thomson on some issues—by no means all—and with the cabinet secretary on one point shows that the debate is important. It raises issues that we should have been talking about long ago. One of the things that has frustrated the Finance and Public Administration Committee is that we should have had the debate a year and a half ago, when the Scottish Fiscal Commission was calling for it. It is important that we debate long-term sustainability, but because of the situation that the Government has got itself into, we are debating the short term.

We have to set the debate in context and acknowledge that, as the cabinet secretary set out, there are some issues that are not easily influenced by the Scottish Government. One of those is demographic trends, the latest of which were published just yesterday. Most especially, there is the increasing size of the dependent population and the fact that improvements in medical science are keeping more of us alive to an older age and in need of much greater health and social care.

However, lots of other issues are much more influenced by the Scottish Government. First, there are tax structures that, as David Bell has pointed out, are not sufficiently transparent or simple—a point that my colleague Craig Hoy raised. Second are the core Adam Smith principles, which have guided the fiscal work of the Parliament for all of its 25 years. Third—this is absolutely crucial—is the ability to bring in sufficient revenue. How many times has the Finance and Public Administration Committee complained that not nearly enough work has been done to measure the relevant tax elasticities and the resulting behavioural change? I know that elasticities might be seen as being very much at the esoteric end of economic theory, but they absolutely matter. Michelle Thomson has asked about that a lot in committee, because they affect behavioural change. We need to do much more on that, particularly for the long term.

John Mason (Glasgow Shettleston) (Ind): Does the member accept that one of the issues that we need to look at is the fiscal framework? Figures came out at the weekend that suggest that Scotland is losing out year on year with regard to

GDP and its percentage of UK spending. Does that not need to be looked at?

Liz Smith: I certainly think that fiscal frameworks should be looked at on an on-going basis, not just by the Scottish and UK Governments but by the Scottish Government and local authorities. Mr Mason and I will fundamentally disagree about some of the problems with the fiscal framework, which I think has very much been to the benefit of Scotland rather than to its detriment. However, I accept that we have to keep a watching brief on that, because it is a fundamental part of the way in which devolution should work.

As members know, the committee believes that public sector reform is happening at far too slow a pace, and that has also been flagged up by Audit Scotland. Too many of the changes are rather shrouded in mystery. The Joseph Rowntree Foundation said in its most recent report that it is not all that easy to determine the relationships between the policies to tackle child poverty and the outcomes. Those are extremely important policies, but it is not all that easy to measure whether we have the changes that we need.

A different but nonetheless related question is that of public sector pay policy. The cabinet secretary is well aware of the concern that the Scottish Fiscal Commission expressed that, for the most recent round of public sector pay negotiations, there was a lack of a clear policy on which forecasting could be based, either in the short term or the medium term. We need to address that.

For the third time in the chamber, I will put on record my dismay that, in the previous Scottish Government budget, there was an 8.3 per cent real-terms cut in the economy portfolio, which undermines some of the employability and skills provisions that Daniel Johnson eloquently talked about. Those provisions are not just for now; they are for the longer term. As Daniel Johnson and Ben Macpherson flagged up, we have to do some serious thinking about how we address that in the future.

Willie Rennie was correct to talk about the increase in the rate of economic inactivity, which is serious—we have a fundamental problem with that. That is about people whose skills we often desperately need but who, for one reason or another, have chosen to come out of the labour market when they are able to work. That is different from people who cannot work and who have genuine health issues. We desperately need people in the former group to be part of the whole scenario.

I will conclude by saying something about capital. Michelle Thomson is right that there was a

real-terms cut in the capital budget, which in turn has affected infrastructure development. The SNP is right to mention that, although it is on much less certain ground when it says that none of that is its fault, given all the waste for which it has been responsible in some capital projects. I do not often agree with Lord Mandelson—members will be pleased to hear that—but, in his recent Reform Scotland lecture, as reported in the *Financial Times*, he was correct to say that the UK has been “far too short-termist” in its approach to capital investment. That needs to change, even if it means choosing “investment over consumption”.

If that is the case, we need Scotland to be a much more attractive place in which to live and work. We need it to be free from punitive and uncompetitive tax structures, much more supportive of business, entrepreneurship and innovation, and run by a Scottish Government that recognises the need for stability and fiscal sustainability. Whether that has been the case to date is slightly questionable.

15:58

Clare Haughey (Rutherglen) (SNP): I refer members to my entry in the register of members’ interests, which shows that I hold a bank nurse contract with NHS Greater Glasgow and Clyde.

Last year’s fiscal sustainability report from the Scottish Fiscal Commission highlighted where the current pressures on Scotland’s public finances lie and where they could lie in the future. The report identified the particular challenges that Scotland faces now, in part as a result of our changing demographic profile, and, in particular, the financial challenges faced across our public services.

As the First Minister made clear when presenting this year’s programme for government, the Scottish Government is focusing on four clear priorities: eradicating child poverty, building prosperity, improving our public services and protecting the planet. Of course, those priorities are closely interlinked. We know that living in poverty is damaging for our health at all ages and stages of life. We know that, when we tackle poverty, health and wellbeing improve as a result, ultimately helping to reduce pressure on public services.

On the converse, to put it simply, investment in public services pays for itself, as it leads to an economic boost, a healthier society and better long-term outcomes for children and young people. The challenges that are faced by our public services are the result of not just demographic change but rising energy costs and the on-going impacts of Covid and Brexit, and—

crucially—years of austerity under successive Westminster Governments.

Scotland's block grant is at its lowest share in a decade. House of Commons research shows that, in a like-for-like comparison, the Scottish block grant has suffered a real-terms cut every year since 2020 and is now worth £6.4 billion less than it was in 2020. Just last year, the capital block grant was cut by nearly 10 per cent, and it faces a further cut this year. The Scottish Government is also constrained by the requirement to balance its budget with extremely limited borrowing powers. Within those constraints, and within the other financial limitations of devolution, difficult decisions have had to be taken along the way, although the SNP Government has worked to continue delivering its priorities and protecting our public services.

The Scottish Government has a strong track record of improving lives in those challenging circumstances. It has delivered an expansion of funded childcare to 1,140 hours for every three and four-year-old, record investment in the NHS, renewable energy development, and the introduction of the Scottish child payment. The SNP Government's aim, even when it is faced with unprecedented budgetary constraints, will be to improve people's lives by focusing on clear priorities that make the biggest difference, and to be a fiscally responsible Government that balances its budget every year. For the past 17 years, SNP Governments have balanced the books, and the Government will do so again this year.

The Scottish Government's funding is inextricably linked to the UK Government's spending decisions, with Scotland's fiscal sustainability subject to the impact of reductions in UK spending via the block grant. We are still awaiting the unveiling of the UK budget tomorrow. Many column inches have been written, and will be written over the coming days, about what the UK budget will mean for families, businesses and our public services.

It would be fair to say that the mood music from the Labour Party, and what has been trailed in the press, has been anything but upbeat. Yesterday, the Prime Minister said that Britain

"must embrace the harsh light of fiscal reality",

and made it clear that the budget will be

"painful".

The words of Anas Sarwar—

"Read my lips: no austerity under Labour"—

are already ringing hollow to my senior Rutherglen constituents whose winter fuel payments have been cut. That has left people feeling angry and

scared of fuel bills that they cannot afford, with the very real fear of having to choose between heating or eating. The fact is that you cannot cut your way to prosperity or better public services, and you cannot eradicate poverty by making people poorer.

Health spending is the largest component of the Scottish budget, and there have already been very concerning reports about leaked UK Government health and social care spending plans. Several newspapers have reported that the health budget in England may be expecting a settlement that equates to around a 4 per cent rise, which is about £7 billion pounds. To put that in context, the British Medical Association has called for a minimum of £13 billion pounds. Other commentators have estimated that a £16 billion increase is the bare minimum that is needed to close the gaps and deliver improvement in NHS England—an increase that would deliver an additional £1.6 billion for Scotland.

If those leaked reports are true and that is the level of health and social care funding that will be announced tomorrow, one thing is clear: the Labour Government is planning to continue Westminster's chronic underfunding of public services, which has done so much damage over the past 14 years. In the face of that on-going challenge, the Scottish Government has stepped in to support people and services where that support has been needed the most. However, it has done so without equivalent action from the UK Government, which has repeatedly failed to properly review the adequacy of funding settlements.

The only way that the social, economic and environmental challenges that Scotland is facing can be tackled is through the delivery of sustainable funding for public services. As the UK Secretary of State for Health and Social Care himself has said,

"All roads lead back to Westminster".

Labour swept into power on the promise of positive change for people across this country, but now its Prime Minister has admitted that things are going to get worse. The Scottish Government will continue to work with the UK Government wherever it can, and will continue to urge it to drop the damaging cuts and set new spending rules that support investment. It will do everything that it can to protect services and the public from Westminster's attack on Scotland's public spending. Ultimately, however, Scotland should have full powers to invest in our people, our public services and the planet, to enable it to build a more prosperous country. Scotland would be best served by having the full range of fiscal powers, choices and opportunities that independence would bring.

16:05

Ben Macpherson (Edinburgh Northern and Leith) (SNP): I welcome the opportunity to speak in this important debate about our collective fiscal sustainability, in which we are looking back, considering where we are and thinking about where we go from here.

When it comes to the story of the United Kingdom economy and public finances over the past few years, it is hard to feel anything but sadness and depression at the self-inflicted damage that has been done. Not only has living under the cloud of austerity been psychologically negative for the whole country; it has had real-world consequences. It has damaged our GDP and resulted in a sense of social apathy, which, arguably, has led to the making of bad decisions such as that on the Brexit vote elsewhere in the UK. There is more pressure on public services, which has just built up and up, and has made things more difficult when we have had to deal with external events such as the Covid pandemic.

The list goes on. Austerity was a choice made before the 2010 coalition Government, but it has certainly persisted since, at UK level. Combined with unnecessarily low pay in the private sector in particular, it has done a huge amount of social and economic damage in the UK and has arguably led to a sense of decline.

What it has also removed from both the public and private sectors is the capacity for flexibility. Whether in Scotland or elsewhere in the UK, our capacity for measures such as investing in more community justice and taking forward the Christie principles, has reduced because there has just not been enough flexibility in our public finances to undertake them to the extent that they would have made a meaningful difference.

When we look at other countries that did not make such choices—in particular, those across Europe—we see the difference in the damage that has been caused. We see higher GDP and less need for public spending there, because those countries have not created the social problems that we have here in the UK.

How do we move forward and find solutions? There are no easy fixes, but the Scottish Government, with its limited powers, has undoubtedly made the situation here in Scotland more positive. First, public sector wage increases have had a positive effect in the social justice outcomes that have been achieved, but they have also had an indirect effect in the private sector, because the labour market is competitive. That, combined with our approach to social security, has undoubtedly made a difference.

The reason why social security spending is where it is, not just in Scotland but in the rest of

the UK, is that the cost of living is so high. Arguably, we should be talking more about the need to stabilise the cost of living, with particular regard to housing costs, before we try to address the situation through social security. Members from across the parties have said so for many years. We want people to claim the social security that they are entitled to. The Social Security (Scotland) Act 2018 says that we should encourage people to do so because that is the right thing to do. As we move forward we should be careful about how we talk about social security, so that we do not unwind any of the good work that has been done on reducing the stigma around making claims.

Daniel Johnson: I think that the member was alluding to my earlier remarks. We need to ensure that social security is sustainable and that policy is joined up. Ultimately, that is what should be happening with social security. We need to be rigorous in constantly looking at whether it is being designed in that way. Will the member accept my clarification?

Ben Macpherson: That is an important point, and it connects to an important challenge that the Parliament will face, which is the fact that disability benefits are devolved but universal credit is reserved. We need to think very seriously about calling for universal credit to be devolved to the Scottish Parliament in a sensible timeframe, because, although disability benefits are not means tested, the issues are connected.

We should also seek more powers in relation to migration, and there has been strong consensus on that in the past. This would not be a panacea, but policy work was done in 2020 through “Migration: Helping Scotland Prosper”. Different border controls would not be required. There is plenty of precedent for such a policy in Australia and Canada, and it could be deliverable with a Scottish tax code. We have done the hard policy making, and we could easily progress to a better constitutional position on that.

As I said, the more that we can do to provide support through childcare funding and housing security, and the more that we can do to establish a stronger position of security for our people, the more likely we will be to have a positive effect on the birth rate, which is also important in this regard.

To me, the arguments that the Scottish Government has made in its motion and more generally for more borrowing powers are unquestionable. No matter which political party was in power in the Scottish Government, it would want more borrowing powers. In order to build capacity in our economy and to undertake public sector reform, the Scottish Government needs to

have more capital funding available. In my view, that is an undeniable truth.

I will say briefly what that would mean for the people I represent. The cabinet secretary talked about the challenges relating to population decline and demographic change, but there is a bit of a different scenario in Edinburgh and the rest of the Lothians, where there have been huge population increases. People are moving here because it is so attractive, and massive economic growth and innovation are taking place. We have to support Edinburgh's economy and infrastructure, which are critical to the wider Scottish economy. I represent people in north Edinburgh, which has rich parts and poorer parts, and there would be possibilities resulting from the Granton waterfront development. Thankfully, the cabinet secretary has given so much of her time and so much consideration to the development in recent years, and it was great to be in north Edinburgh with the Cabinet Secretary for Social Justice yesterday. In my view, what the Granton waterfront development could do for the people of north Edinburgh in addressing some of Edinburgh's wider challenges would be as transformational as what the Dundee waterfront redevelopment has done for Dundee. It is undeniable that further capital funding from the UK budget, and what we could do with capital borrowing powers in places such as north Edinburgh, would make an important difference.

16:13

Katy Clark (West Scotland) (Lab): The debate is making clear that our long-term economic and financial sustainability is a matter of great importance across the chamber. I welcome the detail that is provided in the Scottish Fiscal Commission's 2023 "Fiscal Sustainability Report", which outlines some of the long-term challenges that we face, many of which are highly alarming.

It was interesting that Ross Greer said that we all accept that Scotland's fiscal position is "unsustainable" and that Willie Rennie said that we have been debating the "demographic time bomb" for decades. I have to say that I have found neither of those issues to be central to the debates that I have heard in the Parliament in the three and a half years that I have been here. This debate is, in part, about making some of those issues central across the party-political divide in the chamber.

This debate links to a far wider debate about our economy and how we raise the money that we need to fund the high-quality public services that most people in Scotland want and ensure that all the population has a reasonable quality of life. As Liz Smith said, it is disappointing that the committee has had to wait 18 months for us to

have a debate on the "Fiscal Sustainability Report". Now that we are having the debate, it is disappointing that the Scottish Government motion does not even mention the report, and there is a tendency, which we all have, to fall into a party-political knockabout. The challenges that we face are clearly long term and very serious. The challenges of an ageing population and of the sustainability of public services will be with us after tomorrow's budget, so we need to grapple with them.

The motion refers to a five-year fiscal sustainable delivery plan, without providing detail under the Scottish Government's approach to the UK budget tomorrow. It may well be that some of what the cabinet secretary is seeking is announced in the budget tomorrow, or that it will be achieved through the on-going discussions in which she is involved. However, the long-term challenges that we face—an ageing population, climate change, de-industrialisation, economic inactivity, and a failure to deliver growth and effect redistribution in our society—need serious space for debate, including a long-term debate on how to create the solutions that are needed.

One of the strengths of this Parliament is that we have a huge amount of political consensus, compared with Westminster, for example. I think that, as a Parliament, we would be able to reach consensus on many of those issues.

We know that a continuing rise in the age of our population is predicted, along with fewer children being born, and that a population decline of up to 8 per cent over the next 50 years is predicted, too. That will have a significant impact on the amount of tax revenue that is collected for future Governments to spend on public services, and it will obviously add substantial costs to our social security budgets, our national health service, our social care services and other services, as an ageing population will require more services, not fewer.

The impact of the projected demographic changes that the Scottish Fiscal Commission report outlines must not be underestimated. It is estimated that total spending on devolved public services will be £54 billion in 2027-28, but that, by the end of the projection period in 2072-73, that spending will have increased by 123 per cent, which is £120 billion in today's money. That is without taking into account the ambitions that many of us in Parliament have to improve on the failings in the public services that we currently have, which would no doubt require additional funding.

Of course, health is the largest component of Scottish Government spending, and, according to projections, it will grow more quickly than other areas. According to the report, it will increase from

35 per cent to 50 per cent of devolved spending by 2072-73. Future demographic changes among young people might lead to some falls in expenditure; for example, education spending is expected to fall as a share of Scottish Government spending, from 18 per cent to 11 per cent, if the population trends that we have at the moment continue. However, the impact of climate change is almost impossible to quantify in economic terms and it will no doubt dominate the future decisions of Parliament.

It is fair to say that none of us yet has the policies that might be required to address some of the challenges that will come as we continue to face a situation in which we miss our climate targets and fail to prepare properly for the economic impact of climate change.

This debate needs to be focused on the long-term challenges that we face. I genuinely hope that, in this Parliament, where there is a consensus on many issues, we will seriously grapple with the kinds of policies that need to be delivered in Scotland to make the differences that need to be made.

16:20

Kevin Stewart (Aberdeen Central) (SNP): This is one of those debates where I come into the chamber thinking to myself that I am going to say one thing but I move in an entirely different direction. There are a number of things that we have not really covered to the degree that we should.

I believe that we need a fiscal sustainability delivery plan. The UK is an outlier compared with most western European countries, which have long-term financial planning and strategies that cover, in some cases, decades. Often, those strategies barely change when there are changes of Government. What we have in the UK—and have had forever—is short-term thinking and financial planning that does not take account of the major issues of the day, such as demographic change, the changes that are taking place in society in relation to climate change and changes in the economic landscape.

Other things that have not been touched on in the debate but most definitely should be include some of the issues that have had a major impact on the economy and the public finances, including the unexpected shocks of Covid and the Russian invasion of Ukraine, which had an impact on international prices, but also some shocks that have been entirely self-made by Westminster politicians. Austerity, the Truss budget and Brexit have all had major impacts on our economy and the amounts of money that Governments have to

spend. We should not forget those issues, because they are very pertinent to today's debate.

We cannot escape the nature of devolved Government. At the end of her motion, the finance secretary asks the UK Government to

“immediately grant the Scottish Government increased capital, alongside additional borrowing and investment powers, to allow for greater investment to renew and enhance public infrastructure and deliver projects that support the transition to net zero.”

Those are good aims, although in my opinion they do not go far enough, because we also have a real difficulty with revenue and day-to-day spend. We cannot escape the nature of devolved Government and the devolution settlement, which leaves Scottish Government funding at the whim of UK departmental spending.

The Labour Government needs to end austerity. As Clare Haughey intimated, Anas Sarwar said:

“Read my lips: no austerity under Labour.”

I hope that we will see the UK Government's position move tomorrow, but I have my doubts. It needs to increase UK departmental spending in real terms to allow the Scottish Government the capacity to tackle the challenges that Scotland faces.

Scotland has suffered immensely from years of Tory austerity, and it cannot suffer years of Labour austerity. The Scottish Government's block grant has suffered a real-terms cut in every year since 2020. That is years of unending cuts. The block grant is now worth £6.4 billion less than in 2020-21—a drop of 12.7 per cent.

However, Westminster austerity does not just involve cuts to Government departmental spending. It has also meant direct cuts to the most vulnerable in our society. Austerity is the two-child cap taking funds from children and hard-pressed families. Austerity is cutting the winter fuel allowance for pensioners who are just scraping by. Austerity is cutting social security for sick and disabled people.

Willie Rennie: Does Kevin Stewart agree with the Scottish Fiscal Commission report?

Kevin Stewart: I agree that we need to take action, but I have to say to Mr Rennie and others in the chamber that we cannot ignore the fact that much of our spending is dependent on money that comes from the UK. Much of the difficulty that we face is because of the shocks—such as austerity, the Truss budget and Brexit—that are problems that have been caused by the UK.

Austerity is a political choice, not an economic one. It is a political choice to leave children hungry, pensioners frozen and the most vulnerable living from hand to mouth. All those

things have a long-term impact on people and on our health service, and they lead to a huge amount of crisis spend—which, in my book, we need to eradicate. We need to get it right for people, right at the very heart of our approach.

When it comes to the Government spending the hard-won taxes of its citizens, efficiency and cutting waste should always be aimed for, but increases in efficiency should be used to fund more services, not simply to mitigate Westminster cuts. We need to think big. Some of us think bigger than others—

Craig Hoy: Oh, the national care service.

The Presiding Officer (Alison Johnstone): Members, please.

Kevin Stewart: We believe that Scotland should control all the levers of power in order for us to get this absolutely right for our people.

Although austerity is a political choice and not an economic one, it is an economic disaster. Austerity must end. I hope that Labour will live up to its expectations and begin that end tomorrow.

16:28

Collette Stevenson (East Kilbride) (SNP): Our economy is struggling. The effects of the pandemic and the war in Ukraine on rising costs have been really hard and have included fuel bills going through the roof. However, those international challenges have been exacerbated by the political choices of Westminster Governments.

Scotland suffered 14 years of austerity from a Tory Government that we did not vote for, with huge consequences on public spending. We were dragged out of the European Union against our will—a decision that, according to estimates, has cut revenue by £2.3 billion annually in Scotland. To put that figure into context, the economic damage of Brexit each year is large enough to run Scotland's justice system—courts, prisons and the police service—for around eight months. Next, we had the disastrous mini-budget from Liz Truss, which led to sky-high inflation and drastic increases in people's mortgages.

Now, the Labour Party is back in power in Westminster. Before the election, it promised change. However, all its plans and policies sound like the same old Westminster austerity tune. In fact, it seems that Labour does not have a clue what its policies actually are. Before the election, Anas Sarwar famously said:

"Read my lips: no austerity under Labour."

However, Keir Starmer and the then shadow chancellor—now chancellor—seemed oblivious to the fact that keeping Tory fiscal rules would mean

continued austerity. As soon as Labour got into power, the Prime Minister said that people will have to suffer and that the October budget will be tough. The chancellor talked about a supposedly unknown black hole of £22 billion and pushed through public spending cuts. Those actions from consecutive Westminster Governments offer absolutely no fiscal sustainability.

Unfortunately, the Scottish Government is working with one hand tied behind its back on fiscal policy. We have limited tax-raising powers and the UK Government controls most economic levers and borrowing powers. However, despite those limitations, the SNP leads a fiscally responsible Scottish Government that has delivered a balanced budget in each of the past 17 years. We also introduced a more progressive income tax, which increased the revenue that is available to the Scottish Government by around £1.5 billion this year and allows us to protect people in Scotland from the full harms of the failed Westminster economic system.

The SNP Scottish Government also created the game-changing Scottish child payment, which is helping to keep children out of poverty through payments of more than £100 per month for every eligible child. The SNP Government is spending £134 million this year to mitigate some of the worst aspects of Westminster austerity, including the Labour-enforced bedroom tax.

Of course, one of Labour's first choices in government was to scrap the winter fuel payment for millions of pensioners. That benefit was due to be devolved to Scotland this winter. However, with no notice, Labour scrapped the universal payment, a move that will cut Scotland's budget by around £160 million. That decision reinforces the fact that, as long as our budget is tied to decisions that are taken in Westminster, we will not be immune to painful UK Government budgets. In fact, in new analysis, the House of Commons library found that Scotland's block grant is worth nearly £6.5 billion—or 13 per cent—less in real terms than it was in 2021.

Tomorrow, in her first budget, the chancellor must take a different approach. Labour should learn the lessons of the past 14 years and not repeat the same damaging mistakes as the Tories. We cannot cut our way to prosperity or better public services, and we cannot eradicate poverty by making people poorer.

In tomorrow's budget, Labour must reverse the winter fuel payment cuts, remove the two-child limit on benefits, deliver greater investment to tackle child poverty, and use the levers that it has to end austerity. Economic experts have warned that continued austerity will damage public services and the economy, and that the Westminster fiscal framework has helped to drive

that short-term thinking and has created an in-built bias against investment.

In contrast, the SNP Government recognises the need for investment and sustainable public finances. The Scottish Government will create a five-year fiscal sustainable delivery plan and will continue to invest in our vital public services. Members across the chamber should support those moves. The UK Government needs to move to multiyear funding to provide more fiscal certainty. I hope that, in tomorrow's UK budget, Labour will use the powers that it has to end austerity and deliver investment in our public services.

The Presiding Officer: I confirm that we have some time in hand, and I will give back time where interventions are taken.

16:34

Alexander Stewart (Mid Scotland and Fife) (Con): I am pleased to contribute to the debate, and I will support the amendment in the name of my colleague Craig Hoy.

Fiscal stability and sustainability is about making truly long-term policy decisions. It should be about ensuring that public services are sustainable and can be delivered for years to come into the future. However, fiscal sustainability means accepting when difficult decisions have to be made and ensuring that those decisions are not taken lightly. We on the Conservative benches have championed those principles, and we will continue to do so.

When looking at Scotland's economy, it is clear that fiscal sustainability is as important now as it has ever been. Last year's report by the Scottish Fiscal Commission highlighted several significant challenges that public services face in the future. In many areas of Government spending, there are increasing pressures, including from our ageing population—an issue that is not unique to Scotland. Those pressures could result in health budgets increasing to half of all devolved spending in the future, which would be a real issue for us.

It is disappointing that the Parliament has waited so long to debate the issue, as it has been a considerable time since the report was published. The findings of the report should have set alarm bells ringing in Scottish ministers' minds about what was taking place. More recently, positive noises have come from the Scottish Government on the issue.

Just last week, the First Minister spoke about Scotland becoming an economic springboard, with "new growth, new opportunities and new hope."

He has also spoken about the important role of tax and about ensuring that we create a competitive tax offering for Scotland in the light of these challenges.

Martin Whitfield: Does Alexander Stewart agree with comments that we have heard that, if we had a finance bill, that would draw attention to the issue annually in a far stronger way than has happened over the past 14 years?

Alexander Stewart: Martin Whitfield makes a sensible suggestion. Many of my colleagues on the Conservative benches have been talking about that for a considerable time, as that would give us an opportunity to do things.

Unfortunately, it is hard to believe the First Minister's rhetoric, because he has not done that—we have not seen it. The Scottish National Party has spent years making Scotland's tax offering anything but competitive, and the SNP's failure to grow the economy at the same rate as that of the rest of the United Kingdom has already cost this country financial stability. Graeme Roy of the Scottish Fiscal Commission has said that more than £600 million of revenue has been lost because of that failure.

The real story is that, on fiscal sustainability, the SNP's record and its rhetoric do not match.

John Mason: Will Alexander Stewart take an intervention?

Alexander Stewart: I would like to make some progress.

The SNP's focus while in government has not been on creating a thriving economy or encouraging the creation of wealth. It has not even managed to encourage Britain's brightest and best workers to move here, pay taxes, create a business hive and support businesses in communities. That has not happened. Instead of becoming the key drivers of Scotland's economy and prosperity, higher earners have been hammered into submission by the Scottish Government, which has been to the disadvantage of economic prosperity.

There has been short-term thinking by the Scottish Government on the college sector, which has suffered numerous real-term cuts over the past decade. The outgoing chief executive of Colleges Scotland has talked about the contribution of that to the decline in the sector, and ideas about how things will progress in the future are really difficult for the sector.

The long-term approach to Scotland's tax base has to be right. This kind of short-term thinking is exactly what we do not want to see, and we should be managing that element of our economy. The fiscal side of things has to improve. John Swinney has talked about the economy and the

tax base and about medium-term and long-term financial stability. However, as I have said before, his actions and deeds do not respect or support that.

Ross Greer: I am struggling a little bit with Alexander Stewart's line of argument about the lack of investment and the lack of attraction of people to Scotland. Scotland outperforms every region of the UK, apart from London and the south-east of England, for foreign direct investment, and we are net positive on inward migration from the rest of the UK. How does he reconcile his line of argument with the numbers?

Alexander Stewart: Ross Greer makes a point but, at the same time, businesses are telling us that they are finding it difficult to recruit people and that they have no confidence in what the Scottish Government is doing in the Scottish economy, so what he says does not add up.

The Scottish Government should be using all its powers to make Scotland an even more attractive place to live and work, and we have been calling for that for some time. This debate brings us an opportunity to ensure that we have financial stability in the future. It is important that we highlight the difficulties that are being faced but, at the same time, we want solutions to them, and the Scottish Government is not providing them. The debate has highlighted just how little of that type of thinking has come from the Scottish Government when it comes to attracting business, creating wealth and ensuring that we have prosperity so that we can support our services.

There is an urgent need for the Government to get a grip, change its strategy and build the economy that Scotland will desperately require in the decades to come so that we have financial stability and can prosper. That is what we all want, but at the moment it is not happening.

16:41

Fulton MacGregor (Coatbridge and Chryston) (SNP): I apologise for missing the final opening speech. It was unavoidable, but I want the Parliament to know that it was not Willie Rennie's speech that I was avoiding—absolutely not.

Today we have debated the fiscal health of Scotland, and one thing has been made abundantly clear: that, as long as we are tied to Westminster, Scotland will not be immune to painful UK Government budgets. That is not a matter of simply blaming Westminster for any financial hardships that may come; it is to lay out the basic fact that, while the SNP has balanced the budget every year since entering government, we are intrinsically tied to the economic factors stemming from decision making in Westminster. No matter how well we budget, entirely

preventable calamities such as Brexit and Liz Truss's autumn 2022 budget will fundamentally affect how we operate our finances here in Scotland.

For the first time since 2010, we will be looking to a party other than the Tories to present a UK budget. I would implore the UK Government to avoid the mistakes that we have seen time and again over the past decade and a half. It is not controversial to say that we cannot eradicate poverty by making people poorer. There are areas of my constituency of Coatbridge and Chryston that would be considered highly deprived, and the very last thing that my constituents need is further austerity and cuts, which cannot and will not bring about prosperity or better public services. The Labour Party cannot tell them that it is going to make them poorer and make their lives tougher for the greater longer-term good. That is just not acceptable.

I believe that there is unanimous agreement across the chamber that poverty is the gravest social challenge facing Scotland today. Regrettably, reporting around this year's budget has left me and many others feeling that little will be done to address that under our new UK Government, tomorrow or going forward.

Every week, I talk to people across Coatbridge and Chryston who are worried about their futures and concerned about their financial wellbeing. My colleagues have already listed some reversals that the UK Government must consider, but I reiterate that my constituents would benefit most from the UK Government reversing its cut to the winter fuel payment, removing the two-child limit on benefits and guaranteeing that greater investment to tackle child poverty, as well as funding for the NHS and schools, will be delivered.

Some may expect an SNP member to criticise decisions taken by a Labour Government, but they should not just take my word for it. Last month, the *Financial Times* noted that the UK Government must use the forthcoming UK budget to halt the underinvestment that

"has resulted in a vicious circle of stagnation and decline, whereby low investment leads to both a weaker economy and greater social and environmental problems."

In the summer, the Institute for Fiscal Studies noted that Labour was being evasive about introducing austerity and stated that, for the new Labour Government,

"A post-election routine of shock-and-horror at the state of the public finances will not cut it."

Scotland is suffering because of decisions taken by Westminster. We can see from briefly looking at the figures that Scotland's block grant is at its lowest share in a decade. Research conducted by the independent House of Commons library has

shown that Scotland's block grant has fallen as a percentage of UK Government spending from just over 8 per cent in 2015-16 to 7.6 per cent this year. In basic terms, that means that Scotland is receiving less funding from UK spending than at any point in the past decade. The analysis also indicated that the Scottish Government's block grant has suffered a real-terms cut every year since 2020, and is currently worth £6.4 billion less than in 2021, which is a drop of nearly 13 per cent.

That comparison, before adjustments are made to reflect the recent devolution of tax powers and welfare responsibilities, shows the declining spending power of the Scottish Government over time, as a result of Westminster cuts. Last year, the Scottish Government's capital block grant was cut by 9.6 per cent, a real-terms cut of around £600 million, and we face a further 3 per cent cut of around £200 million this year. That is a lot of figures but, to put it simply, less money is available to build affordable homes, hospitals, schools and roads and to fund the other projects that the country needs.

I will move to a more positive tone by underlining how this SNP Government can continue fighting for the people of Scotland on the eve of what will be a financially painful UK budget. It will undoubtedly mean that tough decisions lie ahead for Scotland, but this SNP Scottish Government will continue prioritising action to eradicate child poverty, to grasp the opportunity to deliver net zero and to grow the economy by investing in public services and infrastructure.

The SNP has a track record of improving lives in challenging circumstances through taking mitigating actions and by attempting to shield those in Scotland from Westminster's decisions. The Scottish Government has delivered an expansion of funded childcare, record investment in the NHS, renewable energy development and the introduction of the Scottish child payment. Time and again, even when faced with unprecedented budget constraints, the aim of the SNP Scottish Government has been, and will be, to improve people's lives by focusing on clear priorities that make the biggest difference.

We have seen austerity, Brexit, disastrous budgets, the cost of living crisis and the neglect of public services. Whether it is Conservative or Labour austerity, Westminster austerity will undoubtedly continue impacting on and damaging the lives of people in Scotland. There is a better alternative, where our public services are supported and where we can ditch the damaging Westminster status quo. That, of course, would come from having the full powers of independence.

The Presiding Officer: We move to the winding-up speeches.

16:46

Ross Greer: I begin by apologising to Liz Smith, who I believe made some kind remarks about my opening contribution while I was out of the chamber.

This has been a mostly enjoyable debate in which we have unearthed a lot of significant issues and unexpected areas of consensus. Katy Clark was absolutely right to say that issues of fiscal sustainability are not consistently central to our deliberations in this Parliament—or, at least, they have not been before now. However, I hope that colleagues know that, despite my Presbyterian demeanour, I am an eternal optimist. I hope that change may be coming and that we can use the final 18 or so months of the parliamentary session to reflect on our major shared challenges.

I welcome the commitment by the Scottish Government at the start of the debate to commission and produce a five-year fiscal sustainability report and the invitation to other parties to contribute to that, but I have a couple of questions for the Government. First, why only five years? There is value in a five-year plan, but the Fiscal Commission clearly laid out that there are significant longer-term challenges.

I also ask the minister to address, in summing up, whether the Government accepts that the issue at hand is a fundamentally political question—the challenge of what to spend our money on is for those who are elected to this place. An independent report, or one that is delegated to Scottish Government officials, will be of significant value, but, ultimately, it is for politicians to make significant decisions about tax and spending.

I ended my previous contribution by talking about the challenges of the climate crisis and about how our fiscal framework will not be able to cope with those. The Fiscal Commission has pointed out that we will have to spend at least £1.1 billion more on climate and nature every year if we are to come anywhere near being on track to meet our ambitions. Katy Clark made the important point that we need more than just preventative spending to reduce our emissions, because much of the climate catastrophe is already locked in and we must spend significantly on mitigation. For example, the latest flood projections for greater Glasgow show that, without far more significant spending on flood protection, we will see £400 million-worth of damage being done annually by the 2040s, so spending on prevention is essential now.

Both the Greens and the SNP would do at least some of that by bringing greater borrowing powers to this place, and we would like to see those greater powers being used for investment. In

addition, the Greens would, of course, reallocate money away from road expansion projects. I would like to hear from colleagues which other parts of the capital budget they would reallocate money away from in order to hit our climate ambitions. Tackling the climate crisis is a shared ambition for us all and there are others, such as tackling child poverty.

Policy coherence is important. We cannot build far bigger roads and also cut emissions, yet those proposals are consistently part of the same sets of spending plans. At the moment, the Government gives grants to arms dealers whose missile systems are used to bomb other countries to rubble, and we then give public money to the emergency appeals that are made as a result of bombing campaigns that have been caused by the missile systems that are manufactured here by companies that the Government subsidises. There is no coherence to that.

We need to have a space to discuss and scrutinise long-term spending proposals. That space is clearly not the annual budget process, but we also need to improve that process from the perspective of both the Government and the Parliament. For example, I do not think that the process that we adopted a few years ago, of having an afternoon's debate for all committee conveners to share their pre-budget scrutiny reports, has had the desired outcome. We perhaps need to rethink how we make sure that all members, not just those who are on those committees, are aware of the outcomes of the committee reports.

We have some pretty significant shared ambitions across the Parliament. The reality is that they will require far more spending to achieve them, so we need to be honest about where that will come from. If I understood Craig Hoy's contribution correctly, he wants the opposite—to reduce public spending—but he avoided Daniel Johnson's challenge of identifying where the corresponding cuts would come from. For example, we cannot save £1.5 billion a year, which is the amount that is raised by the progressive tax differential in Scotland, just from cutting the national care service.

I think that there is a space for tax reform. I am afraid that I need to disappoint Willie Rennie, because there will now be a point in this afternoon's debate that we can disagree about, although maybe that will reassure him. As much as there is greater room for tax reform, I do not want us to change income tax every year. I am proud of the £1.5 billion of additional income that we get from tax changes that the Greens proposed and secured, but we cannot rely on income tax alone.

We need to be honest about whether we get sufficient value from existing areas of spend. I have spoken before about the small business bonus scheme, which costs more than a quarter of a billion pounds a year, and I understand that there is an ideological disagreement on that, with the Greens on one side and everyone else on the other, so we are never going to win a vote on such an issue. However, the Scottish Government's own review concluded that there was no evidence of positive economic outcomes from that scheme as it is currently designed.

That goes to Willie Rennie's point about the political challenge in being the one to propose change and having others swing in behind. Whether we are talking about vested interests, the status quo or the political opportunity in particular communities, there are difficult areas that we need to address together, even just to explore the issue before we come to different conclusions on it. The review of the small business bonus scheme should have resulted in a really fundamental rethink.

On Thursday afternoon, when we discuss the outcome of the finance committee's review of commissioners, there is an opportunity for us, on a cross-party basis, to deal with a tricky issue that would be much harder for the Government or an individual party to deal with alone.

I will close with a couple of additional points of agreement. I agree absolutely with Daniel Johnson that we need to break out of the annual emergency budget review process that we have got ourselves into, which results in incredibly low-value spend. I agree with the Labour amendment, but I am afraid that the Greens are not able to vote for it because of what it deletes. If the amendment had simply added the proposed wording at the end of the motion, we would have been happy to support it.

I agree with Liz Smith on the need to regularly review both fiscal frameworks between the UK and Scottish Governments. It was ridiculous that we spent longer having the two Governments agree on terms of reference for that than we did on the eventual review process. To review the fiscal framework that is being developed between the Scottish Government and local government, we should lock in a five-year or 10-year review process. Of course, I agree on the need for a finance bill.

I do not think that we can wait 18 months to do this again, if for no other reason than that we will all be preparing for the election at that point. This afternoon, plenty of proposals have been put forward to the Scottish Government that I hope it will respond to, not just this afternoon but in the weeks and months ahead. Plenty of other proposals could go into our committee work plans

for the remaining stretch before the election. Every committee in this Parliament has a role to play in achieving fiscal sustainability.

Fundamentally, a lot of what we have been talking about this afternoon is good governance. I do not think that we have enough of these kinds of debates. This is one of the most substantial ones that I have taken part in over the past eight years, and I hope that we will have the opportunity to follow through on it and to prove to the public that we can do the difficult work—in this case, of achieving fiscal sustainability for the public services that we all rely on.

16:54

Martin Whitfield (South Scotland) (Lab): This has been a fascinating debate. To copy one member's earlier contribution, I came with one speech and I now have a completely different one.

I came to the debate greatly concerned that the Scottish Fiscal Commission's report from March 2023, which is why we are having this debate, would not make an appearance, and there is a certain amount of information in the Scottish Government's motion to suggest that I was right to think that. However, I have to say that I was wrong, and I thank the cabinet secretary for pointing the debate in the right direction in her opening speech.

Of course, one always has to find criticism, so I will climb on the van and note that this debate is 18 months too late and note the points that have been made about demographic changes. However, some incredibly important things have been highlighted this afternoon, including various suggestions for parliamentary change. One important question is whether we should have a finance bill to allow for more in-depth analysis. To follow on from Ross Greer's point, that would allow all members—not just those who are on committees, although I agree that all committees need to do more with regard to sustainability—to play a genuine part in that process at least annually, even if that is simply, as Willie Rennie suggested, due to their having a vested interest in getting money from the budget for their areas, which they might get if they were able to argue successfully for that.

We face a period in which the Scottish Government faces severe structural challenges. A number of members spoke about the demographic time bomb. That might have been debated for decades, but it might not have been debated enough in the recent past. It will be interesting to see how that will be tackled in the five-year plan, rather than simply hearing about why it needs to be tackled, which the cabinet secretary spoke about.

It is of note that, although the long-term forecast is that Scotland's population will fall, the position is not the same across the whole of the UK. Steps need to be taken to deal with that. Migration and the need to take a tailored approach have been raised. However, we should also seek to facilitate and reward those who are older and able to work, as well as those who find themselves with a disability but are still able—and, in many cases, anxious—to work. We also need to look at how funding relates to the support that would allow them to contribute to the community.

I go back to Ross Greer's opening speech. The people of Scotland must reflect on what they owe their country and what their country owes them, on what their community owes them and on how they can contribute. A lot of individuals in communities are finding such engagement to be a challenge and are struggling to have their voices heard. Those with lived experience, whom we rightly champion so frequently in this chamber, often find themselves unable to share their views. I often find that the answers are out there if we can find the space and a vehicle to enable them to contribute, and to allow a discussion take place about what contribution individuals, companies, businesses and communities should make so that we have a society that we are all, if not absolutely content with, more content with, and to re-establish the hope that things can be better tomorrow.

There has been a lot of discussion about short-term and medium-term forecasting, and I had a whole host of lovely lines of criticism to make against the Scottish Government, but I will withdraw those, because I think that there is an understanding across the vast majority of those who have contributed to the debate that having a five-year plan is a good thing. I welcome the Government's offer to take contributions in that regard from parties across the Parliament.

However, there is something about moving between the next five years and the next 50 years; the difficult discussions that need to be had have been highlighted. If we look at the suggestions that have been made about parliamentary change and this Parliament's responsibilities in that regard, perhaps we can start looking at reaching out into our communities and the other ways in which we can ask how we can facilitate that in future.

The stark facts that are contained in the Scottish Fiscal Commission's report are there to be seen and read. One hopes that we can change some of what has been predicted in the further-out forecasts for 50 years' time, but that can happen only if we start thinking about things at an earlier stage—in other words, now, even when we have only 18 months to go until the next Scottish Parliament election.

I thank the committee—in particular, I thank my colleague Michael Marra for his contribution, because the committee has worked incredibly hard to secure the debate and to continue to keep the SFC’s report at the forefront of our minds. Again, I am slightly cautious about giving an advert for the committee’s debate on Thursday, but we will get to that when it comes upon us.

I want to mention Michelle Thomson’s contribution, in particular with regard to the evidence that has been given on women’s budgeting. We have looked at or talked about in various committees and at various stages alternative forms of budgeting, such as human rights budgeting, which might take some of the sting out of the really difficult decisions that need to be made. Perhaps that is something that can be looked at.

There has been a lot of discussion about the need for public sector reform, and how, for most public sector workers, the simple phrase “public sector reform” immediately raises the prospect of job losses. It is as simple as that. However, the delivery of services in a more efficient, more rewarding way to allow more time for those who work with members of the public to do so is achievable. I look forward to the proposals and to contributing in due course to saying how that can happen, but we need to bring the whole of the country, and the Convention of Scottish Local Authorities in particular, with us on that. We will see some challenges in the very near future with regard to how the Scottish Government wants to approach that with the national care service.

In conclusion, I expected and feared the worst, but I found the debate to be positive on many different levels. The real challenge, though, is what we do next, because we have but 18 months. It has taken 18 months to address the issue of fiscal sustainability, and it is something that the people outside this place will expect us to do.

The Presiding Officer: Murdo Fraser has a very generous eight minutes.

17:01

Murdo Fraser (Mid Scotland and Fife) (Con): Thank you, Presiding Officer. As my colleague Liz Smith noted earlier, the debate has been a long time coming. The issues that we are discussing are really important, as we have heard throughout a varied but interesting and important debate.

The Finance and Public Administration Committee of the Parliament has to be commended for the work that it has done to highlight concerns about the sustainability of Scotland’s financial position. Once again, we are grateful to the Scottish Fiscal Commission for the work that it has done in this area.

It is perhaps disappointing that it has taken so long for the issues to be brought to the chamber. That said, the timing of the debate is not unhelpful. We have a finance-heavy week this week, with three days of finance debates one after the other, and finance questions tomorrow, on top of that. Of course, we also have the significant event that is the UK budget tomorrow afternoon, a few weeks before the Scottish budget, which comes at the beginning of December. The UK chancellor and the finance secretary here will be conscious of the issues that we have been discussing.

Two fundamental points should underpin our discussions. I have raised them in the chamber many times and I make no apology for raising them again. First, the block grant from the UK Government is at record levels. In real terms, it has almost doubled since devolution in 1999, even taking account of the additional powers that this Parliament has received. Taking account of inflation, we have more money than ever before.

A number of SNP members, including Kevin Stewart, tried to make the claim that there had been—if I heard him rightly—a £6.4 billion cut in the block grant. A number of members made that point, and Mr Stewart made it most egregiously, as we would expect from him. I gently say to him that he should read the Fraser of Allander Institute’s analysis of that claim, which ridicules it as absolute nonsense. He should take the time to read that.

The second point is that the Barnett formula gives us around £2,400 more than the UK average to spend on every man, woman and child in Scotland. That is not something that we ever hear being acknowledged by SNP members, but it means that when it comes to services such as health, education or policing there is much more money to be spent here than they have south of the border. That leads us to the obvious question—

John Mason: Will the member give way?

Murdo Fraser: Mr Mason is sitting on his own, I am sorry to say. I would be delighted to give way to Mr Mason in his newly liberated position.

John Mason: Would Mr Fraser accept that, although we might be getting more at the moment, that position is deteriorating because the fiscal framework is biased against Scotland?

Murdo Fraser: I am disappointed in Mr Mason, because I had hoped that, in his newly liberated position, he would have changed his tune a little and taken a slightly more independent view than that of his former party.

If we are getting 20 per cent more to spend than the rest of the UK, we could expect that outcomes in Scotland would be 20 per cent better than those

in the rest of the UK, but that is obviously not the case particularly in education where, sadly, our outcomes are measurably worse than outcomes in England, despite the fact that our spending per pupil is much higher.

Against even that background, the fiscal challenges that are facing the Scottish Government are severe. The finance secretary has already had to make savage in-year cuts to the budget to ensure that the books are balanced, and has had to raid the ScotWind fund. That is a one-off capital windfall of £700 million, every last penny of which is now having to be spent just to fill the gap in current expenditure. That is hardly a prudent fiscal approach, especially given that we have been being lectured for years by SNP members about how the oil money should have been spent building up a sovereign wealth fund for future generations. When the SNP gets the modern-day equivalent of the oil fund—the ScotWind fund—instead of using that to build for the future, what does it do? It plugs the gap in current expenditure.

Shona Robison: Point 1 is that the ScotWind fund is there only because of the actions of this Government in creating the conditions to generate it.

My second point is that only £97 million of the ScotWind budget has so far actually been used. I have said that it is clearly a priority that we drive down use of the ScotWind money, which is why I have taken the emergency measures that I have taken.

Murdo Fraser: The cabinet secretary did not mention that all the independent analysis shows that the money from ScotWind could have been much higher, had the Scottish Government driven a harder bargain with the developers, but it chose not to do so.

There have been various discussions on the demographic issue. We have heard about that from the cabinet secretary, Daniel Johnson, Willie Rennie and others. Those issues are acute in Scotland, because we have an ageing population and a historically low and falling birth rate. Although our population is still growing, it is growing only because of inward migration to Scotland. The cabinet secretary highlighted the recently published and very welcome figures that show that inward migration to Scotland is on the increase. In the 12 months to the middle of 2023, the rate of increase in the Scottish population was 0.8 per cent. For the equivalent period, the rate of population increase for the UK as a whole was 1 per cent. Therefore, Scotland is 20 per cent behind the UK when it comes to population growth. That tells us that it is not UK immigration policy that is holding back growth in the Scottish population, because relatively more people are

coming into the UK than are coming to Scotland. The Scottish Government therefore has to ask itself why relatively fewer people are choosing to come to Scotland than are settling in other parts of the United Kingdom.

We also need to tackle the broader issues around economic activity, which Daniel Johnson referenced. A large percentage of the people in the working-age population are economically inactive—they could be working and be part of the working-age population but are currently not. That is partly because, for example, they are waiting for operations on the NHS. Some of it is to do with the disability employment gap, on which the Parliament's Economy and Fair Work Committee has just published a report, which I commend to ministers.

Looking ahead, we face growing spending challenges against a background of severe cuts to local councils and, of course, growing costs in the health and social care sector. In addition, spending on social security is expanding rapidly and is predicted to rise to £7.8 billion in three years' time. It is no wonder that the Scottish Fiscal Commission has warned about the sustainability of Scottish finances.

What needs to happen? First, we need to revisit some Scottish Government projects. We should start with the national care service, which now has no support in the chamber outwith the Scottish National Party, and which seems unlikely to proceed any further. That would free up hundreds of millions of pounds that could be spent elsewhere.

Kevin Stewart: We have had some consensus in the debate today. Mr Fraser is right to point out that parties in the chamber do not favour the national care service, but stakeholders out there do. Ms Thomson talked about impediments to women getting into work because of childcare. Another impediment to many women is that they are looking after older family members. We have to fix social care, and the national care service and its standards are how stakeholders want to see that being done.

Murdo Fraser: Mr Stewart says that "stakeholders" want a national care service. The Convention of Scottish Local Authorities, local councils and trade unions do not want it. Do those stakeholders not count with Mr Stewart?

Kevin Stewart: I am talking about people.

Murdo Fraser: Those are the people who are expressing very strong views about a national care service—

Kevin Stewart: Will the member give way?

Murdo Fraser: No—I have already taken one very lengthy intervention from Mr Stewart. I am not going to take another one.

We should be spending that money on front-line services, not on administration.

We also need to look at the waste on administration in the public sector. At the weekend, we learned, thanks to *The Sunday Times*, that

“The number of core staff employed by the Scottish government has almost doubled in the past decade under the SNP”,

as the civil service head count has gone up from 5,120 in 2015 to 9,222 in the current year. Some of that increase might be because of additional responsibilities such as social security, but it is, nevertheless, a staggering increase in the number of public employees.

Daniel Johnson: Will the member give way?

Murdo Fraser: Yes, of course—if I have time.

Daniel Johnson: The member mentioned the rise in public sector staff. It is really good to question why that rise has occurred, especially given that the rise in relation to social security is separate from the figure of about 9,000. Social security staff are outside the Scottish Government—that is 4,000 staff in addition to the 9,000 figure. Does Murdo Fraser agree that it is important to understand that distinction?

Murdo Fraser: That is a fair point. We see, for example, reports about the number of special advisers and press advisers in the Scottish Government. Nevertheless, the figures are staggering. We have growth in public sector employment that is not necessarily doing anything particularly productive, on the back of a sluggishly performing private sector economy, which means that the numbers simply do not add up.

We are hearing concerns—as other members have highlighted today—about the tax differential between what is paid by businesses and individuals in Scotland and those in the rest of UK, and the impact that that is having on our ability to attract talent. It is little wonder that the Fraser of Allander Institute, in a survey that was published just last week, found that

“Just 9% of Scottish firms agree that the Scottish Government understands the business environment in Scotland, compared to 64% of businesses that disagree”,

and that

“just 6% ... agreed that the Scottish Government engages effectively with their sector, down from 8% in 2023”.

So much for the new deal for business.

Taxes do not have an impact only on the private sector—Willie Rennie reminded us of the impact

across the public sector. I personally know general practitioners who now work only three or four days a week. They regard it as being no longer worth their while to work the extra day or two a week, because of the amount of money that they lose in tax and pension benefits from doing so. The tax differential is, therefore, having an impact on the NHS, as well.

Willie Rennie also referred quite rightly—as other members did—to the need for public sector reform. He mentioned the Christie commission; it is, as he said, disappointing that its recommendations on that are not being taken forward.

I am reaching the end of my comments—I have been going for 11 minutes already, which is tremendous. Thank you, Presiding Officer—I can go for much longer if you like, because there is a lot more that I can say.

High taxes choke off economic growth. I am intrigued by Ross Greer and the Greens, because every day I read in the papers about more innovative ideas from the Greens for increasing taxes, whether that is taxes on private jets, the so-called mansion tax or taxes on retailers. Those are all interesting ideas, so I am intrigued to see whether any of them make it into the budget.

Let us remember, however, that the tax burden across the UK is already at its highest level since the second world war, and I suspect that, in the UK Labour budget that we will see tomorrow, it will rise even further. I am not sure that having yet more taxes is the right way to go, because there is a real danger that high taxes will choke off economic growth.

In contrast, Scottish Conservatives want to see the tax burden being reduced and the emphasis being put on growth as the way to generate the revenues that we need to sustain the public services on which we all depend. In that respect, I agree with Michelle Thomson—we want to put economic growth first. I am glad to see that she is smiling at me from across the chamber.

This has been a useful debate, but it will be of significance only if the Scottish Government actually listens to the warnings that it is hearing. We cannot go on making promises to spend more and more money on new initiatives when that comes at the cost of severe cuts elsewhere. That is the lesson that SNP ministers need to take from this debate.

The Presiding Officer: I call the minister to wind up, in a very generous 10 minutes.

17:14

The Minister for Public Finance (Ivan McKee): On behalf of the Government, I rise to close what Ross Greer and Murdo Fraser have highlighted is the first of three debates that we will have this week on fiscal aspects of Government policy—a triple header, indeed. I very much look forward to speaking in all three of those.

The tone of today's debate has been largely constructive and consensual, with some interesting ideas. It has had its moments. I am keen to focus on the positive, but I must respond to one or two comments to clarify the Scottish Government's record on economic performance both currently and over a number of years.

There is lower unemployment in Scotland, and outside London and the south-east we have been the best-performing area for foreign direct investment for nine years in a row now. There has been better long-term gross domestic product and productivity growth per head—indeed, since 2007 it has sat at double the rate for the rest of the UK. There have been strong average earnings growth and record income tax receipts, and we have the most generous small business bonus across the UK. According to the latest Federation of Small Businesses figures, there has been higher confidence among small businesses—indeed, the figure is twice that in the rest of the UK. I reinforce Craig Hoy's generously made point that we have more public sector, front-line workers—considerably more doctors, nurses, teachers and midwives—than in the rest of the UK. We are very proud of that, as we are of the fact that we pay them more. I am glad that Craig Hoy made that point for us.

Daniel Johnson: All members will thank the minister for giving that long catalogue of numbers. However, perhaps I could add a little context.

On foreign direct investment, for example, he is correct about the number of projects, but if we look at the Office for National Statistics figures on employment and value, would he acknowledge that we fall behind both the north-west and the west Midlands?

His point about GDP since 2007 may be correct, but, since 2016, which was the point at which income tax was baselined, GDP per head has grown at 2.6 per cent, compared with the rate for the UK, which is 4.4 per cent. That is why we have a performance gap of more than £600 million in Scotland. Does he acknowledge those facts and figures?

Ivan McKee: It is interesting that Daniel Johnson still cannot resist ignoring the strong performance of the Scottish economy where it exists. Long-term productivity and GDP growth are what matter, because they give our fiscal situation

long-term stability and the ability to deal with the long-term trends that we are discussing. That is what the Scottish Government has delivered over the past 17 years for the economy of Scotland, and it will continue to do so.

Of course there are challenges, and the debate is very much about how we face them. It is important to recognise the long-term trends on demographics, technology and climate, and their implications for our health service. Those are absolutely critical to addressing where our economy, and indeed our country, will go in the future.

It is important to recognise that the sustainability plan sits alongside the medium-term financial strategy, which does what it says on the tin. The function of the sustainability plan is to give us the actions and the specific points that we will deliver on to make that strategy happen in reality.

I take Ross Greer's point that five years is the timeframe that the plan indicates, but much in there will give a longer-term perspective, to allow us to face the long-term challenges that members have highlighted during the debate.

We must also recognise that, in the short term, the Scottish Government needs to deliver a balanced budget every year, which the UK Government does not have to do. Of course, that means that the uncertainties that occur in the course of the year have a bigger impact on the Scottish Government's budget, given that we have limited borrowing powers to enable us to flex and to deal with such challenges. It is hugely important to recognise that balancing the budget every single year, in the face of such uncertainties, while having an eye on the longer-term future, is the Government's absolute focus.

I turn to members' contributions, which by and large have been thoughtful and helpful. As Michael Marra did, I thank the committee for its work on the subject. I want to give it confidence that the talent attraction and migration service will be fully launched later this year. The work of the ministerial-led population task force continues to be progressed to address the challenges that we face on the long-term population trends that we have discussed. The role of the public service reform agenda that I am taking forward with colleagues is a hugely important part of our sustainability work. I will shortly give a bit more detail on what we are doing in that area.

Craig Hoy talked positively about the work that the Scottish Government has done to increase the number of doctors, nurses, teachers, midwives and so on—what he said was so good that I cannot help but repeat it—and we pay them £2,000 more. If anyone who works in those professions in the rest of the UK is listening, I note

that they can join many others in coming to Scotland to take advantage of the additional payments, which will leave them significantly better off, even after tax, as the cabinet secretary has pointed out in recent debates. They can be part of the influx of people from the rest of the UK who are coming to live, work and, indeed, pay taxes in Scotland, as there has been a net inflow of people into Scotland from the rest of the UK, across all tax bands, over a number of years.

Craig Hoy made an analogy about changing an engine mid-flight. That is exactly what Liz Truss tried to do, and we saw how that played out. The Scottish Government is not making the mistakes that he would want us to make.

Daniel Johnson's contribution was very considered. At one point, he could not help but blame the Scottish Government for blaming somebody else, but we will leave that to one side. His comments on long-term trends and the implications for skills retention are hugely pertinent, and what he said about the role of technology across public services is critical.

Willie Rennie's point about universities plays into that space. Per head of population, Scotland has the highest number of top universities of any country in the world, and our leading position on the technology of the future is underpinned by the work of those universities. He should rest assured that the Government works very closely with all our excellent universities in promoting technology, supporting their entrepreneurial activities, building on their spin-out and start-up businesses and developing their international footprint to make them more attractive to international students, who will continue to contribute to Scotland's economy as a consequence.

Ross Greer's contribution was perhaps the most interesting. I do not know what he was drinking when he went to Estonia, but his reflections on that trip were quite interesting. He is a fan of the big state. The state should be as big as it needs to be in order to deliver what we want it to deliver, but, frankly, it should not be any bigger than that just for the sake of it. It is important to recognise that point and, based on his comments, I think that he kind of gets that.

I welcome Ross Greer's recognition of the need for efficiency across public services. I can let him and other members know that the Scottish Government will very shortly publish analysis of the work that we did with Scotland's public bodies over the summer. We will publish financial data on back-office costs and our plans to address that issue by moving more resources to the front line over time.

It was fascinating to see the interaction between Liz Smith and Ross Greer. I hesitate to call it a

love-in, but there was certainly mutual respect, which we have not necessarily seen between their respective parties in the past. Perhaps that is why Liz Smith is not on the Tory front bench any more.

Liz Smith: I am.

Ivan McKee: Oh, she is—just not in the finance brief. There we go. Despite her complimentary comments about the Green Party, she is maintaining her position on the front bench, which is very illuminating indeed.

Both Liz Smith and Ross Greer talked about their experiences of Estonia. I have experience of working with, running, managing and investing in businesses in Estonia—it was a number of years ago now—so I can be testament to what we can learn from Estonia's approach, particularly the interaction between the use of digital technology and investment in it, as well as the crossover of work between the private and public sectors, which Ross Greer highlighted. That approach is central to the Scottish Government's interaction with our business community in Scotland, as we take forward our advantages in high-technology sectors.

Some members highlighted the critical importance of resisting a shift in spending from prevention to the management of symptoms, which is a key pillar of the public service reform work that the Government is taking forward. As I said, there will be more to come on that in the near future.

Some members made the point about the need to grow the economy, which is central to the Government's agenda. One of the imperatives of the First Minister, who is sitting beside me, is that we do that in order to be able to fund and support—in the short term, the medium term and, importantly, the long term—the public services that we deliver for the people of Scotland.

Many members, including Fulton MacGregor and others, highlighted the importance of tomorrow's UK budget, which will have a real impact on real people's lives, in the here and now, across Scotland. The winter fuel payment cut was a tragic mistake by the UK Labour Government. I hope that it has learned from that. We shall find out tomorrow whether it has or whether that cut signals the direction of travel when it comes to impacts on those who can least afford it.

Like others, Martin Whitfield made a thoughtful contribution. I was taken by his call to harness the talents of all citizens to build a "better tomorrow". What a wonderful strap-line, which I am sure that we can all sign up to. I recognise the call by him and others for the Scottish Government to consider introducing a finance bill. The Scottish Government is looking at doing that and it is happy to work with others to consider whether that is a

step that we want to take and how it would work in practice.

I turn to the public service reform programme. It is absolutely building on the Christie commission and it is working to make the Christie principles real. It focuses on efficient and effective delivery of services and on ensuring that we spend those resources as efficiently and effectively as possible. It is looking at the most effective landscape for doing so, and the Finance and Public Administration Committee's debate on the commissioner landscape on Thursday will give us an opportunity to explore that aspect in more detail. I very much look forward to that debate and, as I have said, to having that important focus on shifting resources to preventative spend and resisting the temptation to focus exclusively on the here and now.

It is important to recognise that the UK budget is tomorrow. Members across the chamber have highlighted the need for increased investment in our national infrastructure to underpin further productivity growth in order to support services in the future. I remind members that we are facing a forecast real-terms cut in our capital block grant, totalling £1.3 billion between 2023-24 and 2027-28. At the same time, high inflation has pushed up construction costs. I hope that members will join me in calling on the Chancellor of the Exchequer to reverse that forecast cut and provide additional funding to invest in the infrastructure that is needed to grow our economy.

The Government has consistently called on the new UK Government to remove the damaging two-child limit, benefits cap and bedroom tax. We have spent £134 million this year alone mitigating those damaging welfare policies that were put in place by the previous Conservative UK Government. That money could have been invested in other priorities. I hope that members will join the Government, again, in calling on the chancellor to abandon the policies of the previous UK Government and work with us to deliver a fairer system.

The chancellor has made clear her ambition to grow the economy, but it is important that she works with the devolved Governments to do so. Driving economic growth is a key priority for the Scottish Government. It is even more important, given that Brexit has been estimated to have left the UK economy at least £69 billion worse off than if we still had EU membership.

The Labour Party is strangely silent on that issue. If we take the black hole that we all knew about during the election campaign but that Labour denied existed, and the other black hole that it has apparently found since it took office, and add them together, that £42 billion is still less than the annual loss of public sector revenues as

a consequence of the misguided decision to leave the European Union. The sooner the Labour Party comes to its senses on that and takes steps to work to reverse that tragic decision, the better it will be for the UK and, of course, for Scotland.

The cabinet secretary said in her opening speech that fiscal sustainability has been and will continue to be a key priority for the Scottish Government. The Government has been up-front and transparent about the fiscal challenges that we face on the path to improving the stability of the public finances. The five-year—indeed, longer—sustainability delivery plan will put into action the strategic direction that is offered by the medium-term financial strategy. That will be a crucial step on the path to delivering the First Minister's priorities: eradicating child poverty, which we made strides towards doing with the Scottish child payment, which is not happening anywhere else in the UK; raising living standards by growing the economy; protecting the planet through our just transition to net zero; and improving public services by delivering on the public service reform agenda.

Tomorrow, the chancellor will have the opportunity to also commit to those priorities and to take decisions in Scotland's medium and long-term interests. The chancellor can choose to follow the tired playbook of previous UK Governments with cuts to spending, low investment and no long-term ambition, or she can chart a new course—one that promotes investment, looks at the long term and works with and not against devolved Governments.

I urge members to support the motion.

The Presiding Officer: That concludes the debate on fiscal sustainability.

Decision Time

17:00

The Presiding Officer (Alison Johnstone):

There are three questions to be put as a result of today's business. I remind members that, if the amendment in the name of Craig Hoy is agreed to, the amendment in the name of Daniel Johnson will fall.

The first question is, that amendment S6M-15048.2, in the name of Craig Hoy, which seeks to amend motion S6M-15048, in the name of Shona Robison, on fiscal sustainability, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division. There will be a short suspension to allow members to access the digital voting system.

17:30

Meeting suspended.

17:34

On resuming—

The Presiding Officer: I remind members that, if the amendment in the name of Craig Hoy is agreed to, the amendment in the name of Daniel Johnson will fall.

We come to the vote on amendment S6M-15048.2, in the name of Craig Hoy, which seeks to amend motion S6M-15048, in the name of Shona Robison. Members should cast their votes now.

The vote is closed.

Liz Smith (Mid Scotland and Fife) (Con): On a point of order, Presiding Officer. I had a problem connecting. I would have voted yes.

The Presiding Officer: Thank you, Ms Smith. We will ensure that that vote is recorded.

The Acting Cabinet Secretary for Net Zero and Energy (Gillian Martin): On a point of order, Presiding Officer. I would have voted no. I cannot get into the app at the moment.

The Presiding Officer: Thank you, Ms Martin. We will ensure that that is recorded.

Jeremy Balfour (Lothian) (Con): On a point of order, Presiding Officer. I could not vote. I would have voted yes.

The Presiding Officer: Thank you, Mr Balfour. We will ensure that that is recorded.

For

Balfour, Jeremy (Lothian) (Con)
 Briggs, Miles (Lothian) (Con)
 Carlaw, Jackson (Eastwood) (Con)
 Carson, Finlay (Galloway and West Dumfries) (Con)
 Dowey, Sharon (South Scotland) (Con)
 Eagle, Tim (Highlands and Islands) (Con)
 Findlay, Russell (West Scotland) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallacher, Meghan (Central Scotland) (Con)
 Golden, Maurice (North East Scotland) (Con)
 Gosal, Pam (West Scotland) (Con)
 Greene, Jamie (West Scotland) (Con)
 Gulhane, Sandesh (Glasgow) (Con)
 Hamilton, Rachael (Ettrick, Roxburgh and Berwickshire) (Con)
 Hoy, Craig (South Scotland) (Con)
 Halcro Johnston, Jamie (Highlands and Islands) (Con)
 Kerr, Liam (North East Scotland) (Con)
 Kerr, Stephen (Central Scotland) (Con)
 Lumsden, Douglas (North East Scotland) (Con)
 McCall, Roz (Mid Scotland and Fife) (Con)
 Mundell, Oliver (Dumfriesshire) (Con)
 Ross, Douglas (Highlands and Islands) (Con)
 Simpson, Graham (Central Scotland) (Con)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Stewart, Alexander (Mid Scotland and Fife) (Con)
 Webber, Sue (Lothian) (Con)
 Wells, Annie (Glasgow) (Con)
 White, Tess (North East Scotland) (Con)
 Whittle, Brian (South Scotland) (Con)

Against

Adam, George (Paisley) (SNP)
 Adam, Karen (Banffshire and Buchan Coast) (SNP)
 Adamson, Clare (Motherwell and Wishaw) (SNP)
 Allan, Alasdair (Na h-Eileanan an Iar) (SNP)
 Arthur, Tom (Renfrewshire South) (SNP)
 Baillie, Jackie (Dumbarton) (Lab)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Brown, Siobhian (Ayr) (SNP)
 Callaghan, Stephanie (Uddingston and Bellshill) (SNP)
 Chapman, Maggie (North East Scotland) (Green)
 Choudhury, Foysol (Lothian) (Lab)
 Clark, Katy (West Scotland) (Lab)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Constance, Angela (Almond Valley) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Don-Innes, Natalie (Renfrewshire North and West) (SNP)
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Dunbar, Jackie (Aberdeen Donside) (SNP)
 Duncan-Glancy, Pam (Glasgow) (Lab)
 Fairlie, Jim (Perthshire South and Kinross-shire) (SNP)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)
 Gougeon, Mairi (Angus North and Mearns) (SNP)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Neil (Airdrie and Shotts) (SNP)
 Greer, Ross (West Scotland) (Green)
 Griffin, Mark (Central Scotland) (Lab)
 Harper, Emma (South Scotland) (SNP)
 Harvie, Patrick (Glasgow) (Green)
 Haughey, Clare (Rutherglen) (SNP)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hyslop, Fiona (Linlithgow) (SNP)

Johnson, Daniel (Edinburgh Southern) (Lab)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lochhead, Richard (Moray) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)
 Mackay, Gillian (Central Scotland) (Green)
 Mackay, Rona (Strathkelvin and Bearsden) (SNP)
 Macpherson, Ben (Edinburgh Northern and Leith) (SNP)
 Maguire, Ruth (Cunninghame South) (SNP)
 Marra, Michael (North East Scotland) (Lab)
 Martin, Gillian (Aberdeenshire East) (SNP)
 Mason, John (Glasgow Shettleston) (Ind)
 Matheson, Michael (Falkirk West) (SNP)
 McAllan, Màiri (Clydesdale) (SNP) [Proxy vote cast by Jamie Hepburn]
 McKee, Ivan (Glasgow Provan) (SNP)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP) [Proxy vote cast by Jamie Hepburn]
 McLennan, Paul (East Lothian) (SNP)
 McMillan, Stuart (Greenock and Inverclyde) (SNP)
 McNair, Marie (Clydebank and Milngavie) (SNP)
 McNeill, Pauline (Glasgow) (Lab)
 Minto, Jenni (Argyll and Bute) (SNP)
 Mochan, Carol (South Scotland) (Lab)
 Nicoll, Audrey (Aberdeen South and North Kincardine) (SNP)
 O'Kane, Paul (West Scotland) (Lab)
 Robertson, Angus (Edinburgh Central) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Roddick, Emma (Highlands and Islands) (SNP)
 Rowley, Alex (Mid Scotland and Fife) (Lab)
 Ruskell, Mark (Mid Scotland and Fife) (Green)
 Slater, Lorna (Lothian) (Green)
 Smyth, Colin (South Scotland) (Lab)
 Somerville, Shirley-Anne (Dunfermline) (SNP)
 Stevenson, Collette (East Kilbride) (SNP)
 Stewart, Kaukab (Glasgow Kelvin) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Sweeney, Paul (Glasgow) (Lab)
 Swinney, John (Perthshire North) (SNP)
 Thomson, Michelle (Falkirk East) (SNP)
 Todd, Maree (Caithness, Sutherland and Ross) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Tweed, Evelyn (Stirling) (SNP)
 Whitfield, Martin (South Scotland) (Lab)
 Whitham, Elena (Carrick, Cumnock and Doon Valley) (SNP)
 Yousaf, Humza (Glasgow Pollok) (SNP)

Abstentions

Cole-Hamilton, Alex (Edinburgh Western) (LD)
 McArthur, Liam (Orkney Islands) (LD)
 Rennie, Willie (North East Fife) (LD)
 Wishart, Beatrice (Shetland Islands) (LD)

The Presiding Officer: The result of the division on amendment S6M-15048.2, in the name of Craig Hoy, is: For 29, Against 83, Abstentions 4.

Amendment disagreed to.

The Presiding Officer: The next question is, that amendment S6M-15048.1, in the name of Daniel Johnson, which seeks to amend motion S6M-15048, in the name of Shona Robison, on fiscal sustainability, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Baillie, Jackie (Dumbarton) (Lab)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 Choudhury, Foysol (Lothian) (Lab)
 Clark, Katy (West Scotland) (Lab)
 Cole-Hamilton, Alex (Edinburgh Western) (LD)
 Duncan-Glancy, Pam (Glasgow) (Lab)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Johnson, Daniel (Edinburgh Southern) (Lab)
 Marra, Michael (North East Scotland) (Lab)
 McArthur, Liam (Orkney Islands) (LD)
 McNeill, Pauline (Glasgow) (Lab)
 Mochan, Carol (South Scotland) (Lab)
 O'Kane, Paul (West Scotland) (Lab)
 Rennie, Willie (North East Fife) (LD)
 Rowley, Alex (Mid Scotland and Fife) (Lab)
 Smyth, Colin (South Scotland) (Lab)
 Sweeney, Paul (Glasgow) (Lab)
 Whitfield, Martin (South Scotland) (Lab)
 Wishart, Beatrice (Shetland Islands) (LD)

Against

Adam, George (Paisley) (SNP)
 Adam, Karen (Banffshire and Buchan Coast) (SNP)
 Adamson, Clare (Motherwell and Wishaw) (SNP)
 Allan, Alasdair (Na h-Eileanan an Iar) (SNP)
 Arthur, Tom (Renfrewshire South) (SNP)
 Balfour, Jeremy (Lothian) (Con)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Briggs, Miles (Lothian) (Con)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Brown, Siobhian (Ayr) (SNP)
 Callaghan, Stephanie (Uddingston and Bellshill) (SNP)
 Carlaw, Jackson (Eastwood) (Con)
 Carson, Finlay (Galloway and West Dumfries) (Con)
 Chapman, Maggie (North East Scotland) (Green)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Constance, Angela (Almond Valley) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Don-Innes, Natalie (Renfrewshire North and West) (SNP)
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Dowey, Sharon (South Scotland) (Con)
 Dunbar, Jackie (Aberdeen Donside) (SNP)
 Eagle, Tim (Highlands and Islands) (Con)
 Fairlie, Jim (Perthshire South and Kinross-shire) (SNP)
 Findlay, Russell (West Scotland) (Con)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallacher, Meghan (Central Scotland) (Con)
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)
 Golden, Maurice (North East Scotland) (Con)
 Gosal, Pam (West Scotland) (Con)
 Gougeon, Mairi (Angus North and Mearns) (SNP)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Gray, Neil (Airdrie and Shotts) (SNP)
 Greene, Jamie (West Scotland) (Con)
 Greer, Ross (West Scotland) (Green)
 Gulhane, Sandesh (Glasgow) (Con)
 Hamilton, Rachael (Ettrick, Roxburgh and Berwickshire) (Con)
 Harper, Emma (South Scotland) (SNP)
 Harvie, Patrick (Glasgow) (Green)
 Haughey, Clare (Rutherglen) (SNP)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hoy, Craig (South Scotland) (Con)
 Hyslop, Fiona (Linlithgow) (SNP)
 Halcro Johnston, Jamie (Highlands and Islands) (Con)

Kerr, Liam (North East Scotland) (Con)
 Kerr, Stephen (Central Scotland) (Con)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lochhead, Richard (Moray) (SNP)
 Lumsden, Douglas (North East Scotland) (Con)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)
 Mackay, Gillian (Central Scotland) (Green)
 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) (Ind)
 Matheson, Michael (Falkirk West) (SNP)
 McAllan, Màiri (Clydesdale) (SNP) [Proxy vote cast by Jamie Hepburn]
 McCall, Roz (Mid Scotland and Fife) (Con)
 McKee, Ivan (Glasgow Provan) (SNP)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP) [Proxy vote cast by Jamie Hepburn]
 McLennan, Paul (East Lothian) (SNP)
 McMillan, Stuart (Greenock and Inverclyde) (SNP)
 McNair, Marie (Clydebank and Milngavie) (SNP)
 Minto, Jenni (Argyll and Bute) (SNP)
 Mundell, Oliver (Dumfriesshire) (Con)
 Nicoll, Audrey (Aberdeen South and North Kincardine) (SNP)
 Robertson, Angus (Edinburgh Central) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Roddick, Emma (Highlands and Islands) (SNP)
 Ross, Douglas (Highlands and Islands) (Con)
 Ruskell, Mark (Mid Scotland and Fife) (Green)
 Simpson, Graham (Central Scotland) (Con)
 Slater, Lorna (Lothian) (Green)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Somerville, Shirley-Anne (Dunfermline) (SNP)
 Stevenson, Collette (East Kilbride) (SNP)
 Stewart, Alexander (Mid Scotland and Fife) (Con)
 Stewart, Kaukab (Glasgow Kelvin) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Thomson, Michelle (Falkirk East) (SNP)
 Todd, Maree (Caithness, Sutherland and Ross) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Tweed, Evelyn (Stirling) (SNP)
 Webber, Sue (Lothian) (Con)
 Wells, Annie (Glasgow) (Con)
 White, Tess (North East Scotland) (Con)
 Whitham, Elena (Carrick, Cumnock and Doon Valley) (SNP)
 Whittle, Brian (South Scotland) (Con)
 Yousaf, Humza (Glasgow Pollok) (SNP)

The Presiding Officer: The result of the division on amendment S6M-15048.1, in the name of Daniel Johnson, is: For 21, Against 95, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The question is, that motion S6M-15048, in the name of Shona Robison, on fiscal sustainability, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Adam, George (Paisley) (SNP)
 Adam, Karen (Banffshire and Buchan Coast) (SNP)
 Adamson, Clare (Motherwell and Wishaw) (SNP)
 Allan, 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)
 Brown, Siobhian (Ayr) (SNP)
 Callaghan, Stephanie (Uddingston and Bellshill) (SNP)
 Chapman, Maggie (North East Scotland) (Green)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Constance, Angela (Almond Valley) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Don-Innes, Natalie (Renfrewshire North and West) (SNP)
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Dunbar, Jackie (Aberdeen Donside) (SNP)
 Fairlie, Jim (Perthshire South and Kinross-shire) (SNP)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)
 Gougeon, Mairi (Angus North and Mearns) (SNP)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Gray, Neil (Airdrie and Shotts) (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)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lochhead, Richard (Moray) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)
 Mackay, Gillian (Central Scotland) (Green)
 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) (Ind)
 Matheson, Michael (Falkirk West) (SNP)
 McAllan, Màiri (Clydesdale) (SNP) [Proxy vote cast by Jamie Hepburn]
 McKee, Ivan (Glasgow Provan) (SNP)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP) [Proxy vote cast by Jamie Hepburn]
 McLennan, Paul (East Lothian) (SNP)
 McMillan, Stuart (Greenock and Inverclyde) (SNP)
 McNair, Marie (Clydebank and Milngavie) (SNP)
 Minto, Jenni (Argyll and Bute) (SNP)
 Nicoll, Audrey (Aberdeen South and North Kincardine) (SNP)
 Robertson, Angus (Edinburgh Central) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Roddick, Emma (Highlands and Islands) (SNP)
 Ruskell, Mark (Mid Scotland and Fife) (Green)
 Slater, Lorna (Lothian) (Green)
 Somerville, Shirley-Anne (Dunfermline) (SNP)
 Stevenson, Collette (East Kilbride) (SNP)
 Stewart, Kaukab (Glasgow Kelvin) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Thomson, Michelle (Falkirk East) (SNP)
 Todd, Maree (Caithness, Sutherland and Ross) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Tweed, Evelyn (Stirling) (SNP)
 Whitham, Elena (Carrick, Cumnock and Doon Valley) (SNP)
 Yousaf, Humza (Glasgow Pollok) (SNP)

Against

Baillie, Jackie (Dumbarton) (Lab)
 Balfour, Jeremy (Lothian) (Con)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 Briggs, Miles (Lothian) (Con)
 Carlaw, Jackson (Eastwood) (Con)
 Carson, Finlay (Galloway and West Dumfries) (Con)
 Choudhury, Foysol (Lothian) (Lab)
 Clark, Katy (West Scotland) (Lab)
 Dowe, Sharon (South Scotland) (Con)
 Duncan-Glancy, Pam (Glasgow) (Lab)
 Eagle, Tim (Highlands and Islands) (Con)
 Findlay, Russell (West Scotland) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallacher, Meghan (Central Scotland) (Con)
 Golden, Maurice (North East Scotland) (Con)
 Gosal, Pam (West Scotland) (Con)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Greene, Jamie (West Scotland) (Con)
 Griffin, Mark (Central Scotland) (Lab)
 Gulhane, Sandesh (Glasgow) (Con)
 Hoy, Craig (South Scotland) (Con)
 Johnson, Daniel (Edinburgh Southern) (Lab)
 Halcro Johnston, Jamie (Highlands and Islands) (Con)
 Kerr, Liam (North East Scotland) (Con)
 Kerr, Stephen (Central Scotland) (Con)
 Lumsden, Douglas (North East Scotland) (Con)
 Marra, Michael (North East Scotland) (Lab)
 McCall, Roz (Mid Scotland and Fife) (Con)
 McNeill, Pauline (Glasgow) (Lab)
 Mochan, Carol (South Scotland) (Lab)
 Mundell, Oliver (Dumfriesshire) (Con)
 O’Kane, Paul (West Scotland) (Lab)
 Ross, Douglas (Highlands and Islands) (Con)
 Rowley, Alex (Mid Scotland and Fife) (Lab)
 Simpson, Graham (Central Scotland) (Con)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Smyth, Colin (South Scotland) (Lab)
 Stewart, Alexander (Mid Scotland and Fife) (Con)
 Sweeney, Paul (Glasgow) (Lab)
 Webber, Sue (Lothian) (Con)
 Wells, Annie (Glasgow) (Con)
 White, Tess (North East Scotland) (Con)
 Whitfield, Martin (South Scotland) (Lab)
 Whittle, Brian (South Scotland) (Con)

Abstentions

Cole-Hamilton, Alex (Edinburgh Western) (LD)
 McArthur, Liam (Orkney Islands) (LD)
 Rennie, Willie (North East Fife) (LD)
 Wishart, Beatrice (Shetland Islands) (LD)

The Presiding Officer: The result of the division on motion S6M-15048, in the name of Shona Robison, is: For 66, Against 45, Abstentions 4.

Motion agreed to,

That the Parliament recognises that continued and further action is needed to address the sustainability of Scotland’s public finances; supports the creation of a five-year Fiscal Sustainable Delivery Plan, to be delivered alongside the forthcoming Medium-Term Financial Strategy; believes that tackling the social, economic and environmental challenges that Scotland faces is only possible through the delivery of sustainable funding for public services; supports the exploration of all avenues to deliver fiscal sustainability to ensure delivery of the core missions of tackling child poverty and the climate emergency, and agrees that the UK Government’s revision

of fiscal rules means that it should immediately grant the Scottish Government increased capital, alongside additional borrowing and investment powers, to allow for greater investment to renew and enhance public infrastructure and deliver projects that support the transition to net zero.

The Presiding Officer: That concludes decision time.

Artificial Intelligence

The Deputy Presiding Officer (Liam McArthur): The final item of business is a members' business debate on motion S6M-13331, in the name of Emma Roddick, on recognising the dangers of artificial intelligence. The debate will be concluded without any question being put.

Motion debated,

That the Parliament recognises what it sees as the fast evolution and potential of artificial intelligence (AI); understands that there have been many warnings from those most closely familiar with AI capabilities who say that the regulation of and limits on AI's use is required to ensure safety; notes reports that Professor Geoffrey Hinton, known as the "godfather of AI", has warned of the need for greater social security investment when AI is entrusted with roles currently carried out by salaried humans, and the need to consider the implications and threat to humanity of AI being given military roles and resources; further notes with concern the conclusions of researchers who report that AI is already acting independently in unexpected ways; acknowledges, for example, that a recent study from the Massachusetts Institute of Technology (MIT) demonstrated AI models beginning to exhibit deception, apparently becoming aware of and adapting to safety assessments of its operation by deceiving assessors and operating differently while under observation, and notes the belief that, in order to effectively regulate the operation of and reach of AI, including in the Highlands and Islands region, policymakers have a duty to seek to understand how it works, what the dangers are, and how to protect society and vulnerable individuals from harm.

17:43

Emma Roddick (Highlands and Islands) (SNP): I have wanted to hold this debate for a very long time, and I feel that I need to start by recognising that artificial intelligence is here. I am not going to stand here and deny that, or say that I want to ban AI. I use AI—my Pixel phone has it built in. I speak to that AI, and I let it choose the music that plays when I am driving. AI is here and it is a tool like any other, and I am broadly fine with that.

However, while I hear a lot in the chamber, and in the media, about AI's potential to support business, to help with healthcare and to increase productivity, I do not hear an awful lot about the risks. Legislators around the world must decide, and decide fast, how far we are comfortable with AI reaching into particular areas, and what limits need to be placed on it. We should keep in mind that AI is learning from humans, and that includes scraping the depths of the internet for forum comments to learn how to act like a human. If society is racist, AI may be racist, and if we value men over women, AI will learn to do the same.

In order to decide on AI's limits, we have a duty to understand its capabilities, risks and dangers. We must then tell those who are currently

developing AI models where they cannot take their technology, before it is too late.

In my region of the Highlands and Islands, perhaps more than anywhere else in the country, we are encouraged to make use of new technologies, to work remotely and to work smarter, and that requires using AI as an emerging technology. For so many of my constituents, including my own employees, the online world is their workplace, and they—like anyone else—have a right to safety in that workplace. Without regulation, however, AI is not safe.

I will speak to a couple of existential threats. The first is the threat to the workforce. As the use of AI grows in industry, jobs are at risk. We need to get serious about minimum income guarantees, and job and productivity opportunities for humans. Companies will automate if it reduces cost, and the conversation on workers' rights needs to extend to the implications of AI.

We have not only to answer questions around which jobs should be undertaken by humans—perhaps, as a fairly unpopular "Doctor Who" episode suggested, by setting quotas on the percentage of the organic workforce—but to have conversations about the rights of workers to have a say on decisions that have been delegated to AI. That includes protection from liability and the right to have their accident-at-work claim, or their disciplinary—or even dismissal—case, heard by other humans.

Secondly, the climate impacts of AI are already massive. Nuclear energy business is booming as tech giants buy up reactors on a huge scale in an effort to cut down their emissions. Those emissions are soaring as servers support 24-hour AI usage. Google's greenhouse gas emissions rose by 48 per cent between 2019 and 2023, which is attributed in large part to a huge increase in data centre energy consumption.

Earlier this year, the World Economic Forum shared that the power that is required to sustain AI's rise is doubling roughly every 100 days. To put that in context, it is estimated that, in 2028, AI will use more power than the entire country of Iceland used in 2021. AI is not a sustainable industry, and we should talk about whether it is possible for it to be so, and whether its growth is, therefore, worth the climate cost.

I will move on to disinformation. I am one of many frustrated Google loyalists who currently cannot find things as easily, now that AI has been heavily incorporated into search results. I look at some of the suggestions that come up and are pushed to the top of the page, and I cannot wrap my head around the extreme nonsense that I am reading. I am not sure that if I were nine years old

and doing a school project, I would know that what I am reading, from a trusted source, might not be true. It is important that people understand the limitations of AI-generated information, and understand that it is not fact. It needs to be questioned and scrutinised, and critical thinking must be applied.

There are currently wars being fought around the world, and what is happening on the ground is not the only conflict. Money is being poured into bots, algorithms and AI-generated content to convince people that one side is committing crimes when it is not, or to present convincing propaganda. It is becoming harder and harder for even experts to identify AI-generated images, videos, articles or even people.

Generated content comes with other dangers, too. We have all heard stories of the use of AI in sexual harassment. Taylor Swift, who is probably one of the most powerful women in the world right now, has been a victim of that. AI-generated pornographic images of her were circulated on social media at an incredible speed, and were about as unavoidable as her discography was when she played Murrayfield. That form of sexual violence is now experienced by women and girls around the world in the workplace, on the internet and at school, including many who do not have access to the lawyers and the power that is needed to erase such images from social media.

Before this debate, Zero Tolerance reached out to me and shared some research that shows that non-consensual intimate images constitute 96 per cent of all deepfakes that are found online, and that 99.9 per cent of those images depict women. It is popular: one major deepfake sexual abuse website receives 14 million monthly visits. That is terrifying.

Addressing that requires us to address all forms of violence against women and girls, but it can also be mitigated through requiring and facilitating the removal of such content and regulating how algorithms are allowed to promote it.

Privacy fears extend beyond non-consensual imagery. The European Union is leading the way on AI regulation, and the limits on AI use in its artificial intelligence act include banning what it calls “unacceptable risk” use, such as the cognitive behavioural modification of people or vulnerable groups, biometric identification systems such as facial recognition and Government-run social scoring. One example of the latter involves a Chinese city that uses a system that can see residents’ social scores go down for acts such as spreading harmful information on forums. If we do not believe that “Black Mirror”-esque systems that see people punished for non-criminal activity should be allowed, now is the time for us to say so to AI developers and Governments the world over.

AI is already being used in healthcare and other industries. What rights should people have over the way that their data is used? What rights do content creators, artists and musicians have to protect their material from copy and re-creation by a non-entity?

Finally, I point out—as my motion does—that it is not just naysayers who are calling for regulation. AI creators are calling for the same: those are people who truly understand how fast moving the technology is.

A recent Massachusetts Institute of Technology study showed that AI models were beginning to exhibit deception, acting differently when under observation by those who were performing tests to ensure that they were not acting beyond expectations. It is already a difficult technology to control and monitor.

Every other week, there are stories of a misguided legislator somewhere in the world trying to limit social media and mobile phone use for young people. That horse has bolted; AI has not—yet—but we are very, very close.

In terms of what we in the chamber can imagine, AI’s capabilities may as well be limitless in theory. It is on us, on the United Kingdom Parliament and on other Parliaments around the world to define its limits in practice.

The Deputy Presiding Officer: We move to the open debate.

17:51

Brian Whittle (South Scotland) (Con): I am grateful to Emma Roddick for bringing the debate to the chamber, not only because I have a genuine interest in the subject, but because the growth of AI across society will have profound implications for us all. I take slight issue with her motion, however. I recognise that there are dangers and risks in the use of AI, but they have to be seen and considered in the context of the opportunities that also come with it. Just as there is potential in a utopian vision to ignore the hazards, so too can the doomsday scenarios cause us to miss the benefits.

Technology has long been a driver of human progress, but few technologies have delivered that progress on the scale that artificial intelligence has the potential to do. Not all the changes will happen today or even tomorrow; we are still at the relatively early stage of unlocking AI’s ability. That is to our advantage in enabling us to both maximise our opportunity to gain from AI and protect ourselves from the risks.

I take healthcare as an example. Members may know that, before I became an MSP, I worked in healthcare technology, so I have already seen

how previous, far less dramatic technological interventions have helped medics and patients. The opportunities to use AI in healthcare are vast, from analysing huge amounts of patient data to researching public health and new methods of treatment and medical imaging. Software is increasingly able to identify cancer and other conditions, which allows radiologists to process scans more quickly and with greater accuracy.

In the field of drug discovery, which is a costly and often hugely time-consuming endeavour, AI can make a big difference, seeing connections in extremely large data sets that might otherwise be missed, and reducing the time that is taken to create new medication and analyse trial data.

All that is big, bold stuff, but before any of that, there is a huge opportunity for gains in productivity in the NHS simply by automating many of the dull back-office processes that, although they are essential, make poor use of medical staff time. The best uses of AI in the health service are not those that replace people, but those that increase their productivity, give them better information and help them to co-ordinate with colleagues.

The NHS workforce cannot continue to grow indefinitely in an endless race against growing demand. AI and other technologies offer a different path. Instead of asking even more doctors and nurses to do even more work, we can give the doctors and nurses that we already have the thing that they need most: more time in which to treat patients. Both the previous Conservative and the current Labour UK Governments have recognised the potential of technology and the urgent need for big investment in tech in the NHS and the sizeable gains that could come with it. I am interested to see the detail of the UK Government's proposed digital information and smart data bill, and I hope that the Scottish Government is thinking along similar lines.

However, it is not clear that the Scottish Government recognises the scale of the challenge or the opportunities. Scotland has been a leader in healthcare tech—indeed, many highly successful medical technology companies are based here—but our own NHS is notorious for lagging behind the curve on technological investment. Boards across Scotland use different digital systems to record data in different ways, and they take fundamentally different approaches to the use of technology.

I am not going to call for a single national health board, but there are times when there would be a clear benefit in having all Scotland's health boards take the same approach at the same time. The deployment of AI and investment in new technologies is one of those times. One of the greatest advantages that Scotland's health service has is that, like its counterparts in the rest of the

UK, it holds vast amounts of population-scale patient data. We need a base tech platform, on which all software technology and AI can sit, that would allow individual health boards to adopt the tech that is specific to their needs while also allowing interoperability and the sharing of patient data.

I could say far more on the subject, but in conclusion, I would argue that we need to have a conversation that is not only about the risks or the benefits of AI, but about how we understand those risks and balance them against the benefits of innovation. Many of the leading figures in the AI sector have expressed concerns about the potential dangers of unchecked AI for our world, but despite those concerns, they continue their work in the field, and they continue to develop new, more powerful AI and refine its abilities.

I agree with Emma Roddick that AI comes with risks, but that is true of almost every new technology. While artificial intelligence may be a uniquely powerful new technology that comes with dangers that we have not encountered before, that is not a reason to bury our heads in the sand. AI is coming, whether we are ready for it or not, and I, for one, would far rather be ready.

The Deputy Presiding Officer: I am conscious that a number of members wish to participate in the debate, so I would be grateful if members could stick roughly to their speaking allocations.

17:56

Michelle Thomson (Falkirk East) (SNP): I, too, thank my colleague Emma Roddick for bringing the debate to the chamber, and for her very thoughtful contribution.

While there are a multitude of opportunities with AI, there are clear dangers, and the disruption that AI will cause will put previous revolutions in the shade. In my short remarks, I intend to draw on a few general thoughts from leading AI academics, and explore some implications for professional musicians, as that is a profession that is close to my heart.

First, I draw members' attention to the letter of 2023 that was signed by more than 30,000 leading brains. The opening paragraph argues:

"Advanced AI could represent a profound change in the history of life on Earth and should be planned for and managed with commensurate care and resources. Unfortunately, this level of planning and management is not happening, even though recent months have seen AI labs locked in an out-of-control race to develop and deploy ever more powerful digital minds that no one—not even their creators—can understand, predict, or reliably control."

In a recent interview for *Time* magazine, Professor Max Tegmark, who is a leading expert

in AI from Massachusetts Institute of Technology, was asked:

“What is the one thing you wish more people understood about AI?”

He responded by saying:

“The pace of change. AI development is progressing so fast that many experts expect it to outsmart humans at most tasks within a few years. People need to understand that if we don’t act now, it will be too late.”

To what extent, therefore, are we in Scotland aware of, and responding to, the threats of AI? I do not think that we are yet, so I welcome this debate.

It is clear that the answer lies in regulation. At present, we see multiple approaches, such as focusing on diminishing risk, as in the EU; sector-specific approaches; governance and framework principles across various jurisdictions; and even the example of China, which is aligning the opportunities that it sees are offered by AI with its own state interests.

As I said, I will mention some of the threats to musicians from generative AI. It is clear that there is a threat to jobs—for example, for composers. AI is already advanced in writing music for commercial fields such as gaming, particularly background music. It will certainly affect session musicians such as backing singers.

The originality of music could be diminished as AI simply scrapes from existing patterns and trends. Conversely, there are also risks to musicians from AI generating music that sounds similar to that of an artistic creation. That could lead to challenges of copyright infringement, all without the legal test bed of precedent on which to draw.

I draw members’ attention to the latest letter that has been pulled together by UK Music and signed by 10,000 musicians, highlighting concerns about the unlicensed use of creative works to train generative AI, and the fact that the regulation that I mentioned is nowhere to be seen.

The real question, however, is—perhaps arguably—a philosophical one. What is music, and to what extent can it be deemed human? Does AI have the potential to diminish our humanity, and if so, in what ways?

For me personally, music has always been the highest form of human expression, and I fear that AI will reduce authenticity and, with it, our human experience. The creation of music involves the human struggle of self-expression based on life experience. Can we feel the depiction of that struggle through the music? I would argue that we can. AI can, arguably, create more “perfect” music, but it is the imperfection that is part of the authenticity, and our humanity. As we disconnect

from that imperfection and authenticity, I fear that we may disconnect from ourselves.

AI is here to stay, so the music sector needs to find ways to incorporate it and place authentic human-led music at the heart of any value proposition. Thankfully, musicians are endlessly creative, and I believe that that creativity will ultimately win through.

18:01

Michael Marra (North East Scotland) (Lab): I offer my thanks to Emma Roddick for a fine speech and for bringing the debate to the chamber. To be frank, I think that it would be difficult for Parliament to discuss these issues too much, and we could do with much more of that discussion. It is vital that we continue to increase not just our own literacy in this policy area but that of the public and various policy makers. It is important, too, that the Government refreshes its policy approach and updates Parliament in as close to real time as possible, given the scale and urgency of the challenge, because we know that these technologies are already having very significant impacts on people’s lives.

On my better days, I would say that I am an enthusiastic tech optimist. I think that that would be something of a revelation to my wife and children, who bear the brunt of my somewhat overwrought fears around mobile phones and social media impacts on the minds and social development of young people. The social effects of ubiquitous misogyny, violence and pornography are played out in what is quite a clear bifurcation in the political identities of men and women. That has been most apparent in recent years in work that has been done in South Korea, but it is now being played out in opinion polling in United States as that country approaches a moment of significant democratic peril. People are living physically side by side, but they are, intellectually and emotionally, living in different hemispheres. That is driven by algorithms, and a form of separation by which men and women identify with completely different social sets and see no common ground between them.

Regulation is required, and urgently, and I believe that it can make a difference. That is partly because I find myself unprepared to be permanently negative about the situation—I think that it would be an entirely self-defeating posture to be so; I would not be a functioning human being, let alone a parliamentarian, were I to be nightly convinced of a Skynet singularity. However, wishing artificial intelligence away would be akin to regretting the invention of the steam engine or the wheel; this technology will not be put away. We must ensure, therefore, that we talk about more than just a broad net benefit and the desperate mitigation of the worst of the risks.

We know about the efficiency—as Brian Whittle highlighted—of AI analysis of magnetic resonance imaging cancer scans. I know that some technology has been developed in Dundee that has been applied in respect of orthodontic adjustments for children’s teeth. AI can both save lives and improve health. However, in some respects, is the inevitable cost of that progress the ultra-efficient targeting of weaponry and killing machines? It probably is—that is the reality. In my view, the answer is, unfortunately, yes, but that only elevates the human imperative of diplomacy and human contact.

The points that have been made about fake news and the challenges of that are key. Some time ago, I read a book by Peter Pomerantsev, a University of Edinburgh graduate, called, “This Is Not Propaganda”, in which he talked about the bot farms in different parts of the world that are used to influence actions in foreign states in trying to influence their democratic processes. We know that Russia does that; we know that it is happening today in the US; and we know that it happened here in 2014. It is a real, current issue that has to be dealt with.

However, economic history tells me that the Luddite fear of mass human redundancy is a repeating pattern, and I am, as yet, unconvinced that technological unemployment is, this time around, any less of a fallacy than in the many previous examples from history—the idea being that this time it will be the ultimate machine.

That said, and as raised in the motion, there is a question about the distributional effect of technological advances as a key driver of growth in global inequality. The reference in the motion to investment in social security as a way of enshrining equity is applicable. The affordability of safety nets and springboards is applicable to technological transition throughout history and is something that we must carefully consider.

18:05

Patrick Harvie (Glasgow) (Green): I congratulate and thank Emma Roddick for bringing the motion and for her speech, which properly reflected the balance between opportunity and the threat that some members have emphasised.

We have already had a couple of references to science fiction and, as a lifelong sci-fi fan, I will make the case that those are not flippant. We are dealing with this sudden reality, but fiction writers have been thinking about the issues for centuries and we can learn a lot from them, including some of my favourites, such as E M Forster’s “The Machine Stops” or “Colossus: The Forbin Project”. Even in mainstream science fiction, the “Star

Wars” series depicts a society in which people are surrounded by sophisticated and amazing AI, but in which most civilians are just about scratching a wretched living out of the dirt, and it can be read as a critique of Western notions of technological progress. There is a great deal to learn from the way in which fiction writers have understood AI and have explored both the opportunities and threats.

Some threats are unambiguous. Emma Roddick and others have spoken about sexual images as a form of abuse and other members have mentioned the undermining of democracy. We have already seen how disinformation and conspiracy can become the very currency of politics, even at a time when relatively few such tools are available. That can only grow and intensify, which will, in turn, intensify the issues of distrust and disinformation that human beings have been causing perfectly well by ourselves without technology.

There are many other areas of life where there is ambiguity and where both benefits and harmful consequences are likely. It has often been suggested that AI will generate new ways of coming up with drugs or with new molecules and chemicals that we would not have been able to produce otherwise. However, one researcher who I heard being interviewed on the radio, who had been doing just that, spoke excitedly about the potential benefits and was immediately asked what there was to prevent someone using the same algorithms to generate new chemical and biological weapons. He paused and did not really answer until, in the end, all he said was, “We just won’t ask it to do that.”

Many jobs will change, but will AI simply change roles or sweep them away? If AI removes the need for humans to do boring or repetitive jobs, it could create whole new categories of work, unleashing new creativity, but that is an economic question more than a technological one. Imagine, a few years from now—and we are only a few short steps away—a six-year-old merely speaking out loud what is in their imagination and, by doing that, creating a whole new computer game and sharing that around the world within moments so that millions can contribute to it. The technology could unleash creativity for video, gaming and coding, just as printing did for mass literacy and the written word. Alternatively, whole categories of creative work could be gone and absent, with no opportunities for people to explore careers in those areas.

Human skills, experience and competence could be built with this technology, or they could be massively undermined. In education, if students, teachers and curriculum creators collectively learn new things, we could enrich our education or we

could be left with algorithms marking each other's homework.

In short, there is no way to know yet whether, after thousands of years of human learning, we will become dependent and incapable as a result of this technology and will be left standing in the shadow of algorithms, rather than on the shoulders of giants. We simply do not yet know how to regulate these technologies.

As a species, so far, we have been poor at regulating our inventions, whether in the arms industry or in relation to the disinformation and conspiracies in print media or social media. We do not have a great track record on that.

18:10

Clare Adamson (Motherwell and Wishaw) (SNP): I thank Emma Roddick for her very measured and important opening speech and for bringing the topic to the chamber. I also thank my colleagues for their contributions this evening, which have been very interesting.

I have an interest in AI from my previous work as a computer scientist. During my career in computing, I was a British Standards Institution ISO 9001 auditor for my company. The BSI set the rules and the standards by which our company was expected to operate when we were developing software in a range of different economic areas, including healthcare.

Last week, I spent a couple of days of recess back in this place, hosting a delegation from the International Electrotechnical Commission. The commission represents 170 countries and provides global, neutral and independent standardisation and conformity assessments on the platform for 30,000 experts. It administers four conformity assessment systems, with members certifying that devices, systems, installations, services and people work as required.

The BSI remains a key member of that international commission. During the summit, it hosted two days, including on AI technology standards. While we are talking about the subject in here, we sometimes wonder what is happening out there, but such conversations are happening everywhere. The commission did a keynote on AI skills and dealt with subjects including ethics and AI, AI in healthcare and care, standards, the future of AI, resilience, the economy and the impact on the environment, many of which we have talked about this evening.

A few weeks ago, I was at the advanced research centre in the University of Glasgow to take part in the Lovelace-Hodgkin symposium on AI. That symposium takes place every year in the university, and it brings together disciplines from

across the education sector to discuss AI and the impacts on education. It was really interesting. Part of the work at the very end of the symposium was to use generative AI to do a picture of some of the topics that had been discussed. The topics of surgery and healthcare had come up, so somebody did a robotic surgery unit, and all the robots were white. Someone else did an advanced surgery unit, which had humans in it who were all white. There was a man at the front and then increasingly small women, trailing behind as his support in the operating theatre. That really highlighted the bias in our society that AI can reflect back at us, which we should be wary of.

I also highlight the work of the AI Alliance and how good it is that our own AI strategy, which was released in 2021, is focused on trustworthy, ethical and inclusive AI. The Scottish AI Alliance is doing a multitude of pieces of work in all sorts of disciplines. It has been in the Parliament, working with the Scottish Futures Forum to discuss the impact of AI, and it has worked with young people in education settings. It has a lot of information out there, including a myth-busting section on its website that covers different areas of artificial intelligence and how we might use it. The website also highlights the issue of perpetuating bias.

I say to members, if we are worried about AI, just wait until quantum computing comes on board. I saw a presentation on it that showed that people could be monitored just by using the wi-fi and radio signals in the room. In a healthcare setting, that is brilliant, as it can monitor breathing and whether a fall has happened. However, just wait until slow horses get a hold of that technology.

18:14

Pam Gosal (West Scotland) (Con): I thank Emma Roddick for bringing such an important issue to the chamber, and I thank all the organisations that provided briefings today.

I will start with the positive side of AI before I look at some of the dangers that many members have mentioned. As we all know, artificial intelligence has many benefits. Its uses include the automation of mundane tasks, improved customer service, faster data analysis, reduced human error and analysis of patient data to reduce diseases. Some 72 per cent of global businesses have adopted AI for at least one business function and 64 per cent of businesses expect AI to increase productivity. The use of AI has increased substantially in recent years, with the global AI market expected to reach a value of £1.3 trillion by 2030.

However, we are here to talk about the dangers and risks of artificial intelligence. During a debate on AI in the chamber in June 2023, I said:

“We must ensure that AI is developed ethically, with human values at the forefront of its design, and we must address the valid concerns about the displacement of jobs and the potential for bias in AI decision making.”—[*Official Report*, 1 June 2023; c 80.]

More than a year later, I still have not used any AI at all, and my views have not changed.

Emma Roddick spoke about the Google experience. Just this morning, as I came into work, I was on a call with my sister. My nephew, who is 12 years old, had typed a question into Google—and what happened? An AI answer came up, and they did not know what to do. Mothers phone each other, as parents do, and they talk about how AI has ruined the experience of their children using Google. AI has positives, but, sometimes, for people who do not understand it and do not have the proper guidance or training, that world is very scary.

I want to talk about how fraudsters use AI to enable fraud. We are all using our Surface devices and, when we are accessing banks, for example, passwords are almost a thing of the past. Everybody is talking about facial recognition and voice recognition, but fraudsters can take advantage of that and create fake documents for banks. Therefore, we can see how many things fraudsters use to enable fraud, create benefit for them and hurt us.

AI also creates problems with regard to deep fakes and the spreading of fake news, which we spoke about earlier. Political elections are happening all the time—council elections and elections to the Scottish Parliament and Westminster. We have seen the issue of fake news in America with regard to the Speaker of the House of Representatives, Nancy Pelosi, and a false narrative that she was an alcoholic and unable to function as the Speaker. Elections are coming up, so there is a big fear that things can go wrong and that people will use AI for the wrong things.

I have made it clear many times in the chamber that the safety of women and girls is an issue that is of the utmost importance to me. Just as AI has many advantages, we cannot ignore its dangers, including the generation of revenge porn, whereby sexually explicit photos and videos are shared without the consent of those pictured. Earlier this year, deep fake pornographic images of Taylor Swift were spread across the internet. The images were viewed 47 million times on X before they were taken down.

However, deep fake revenge porn affects not just famous people and celebrities but common

people, particularly women and girls, as well. A 2019 study from the cybersecurity company Deeptrace found that 96 per cent of online deep fake content was revenge porn. Feminist writer Laura Bates said that the use of AI-generated revenge porn is

“a way of saying to any woman: it doesn’t matter who you are, how powerful you are—we can reduce you to a sex object and there’s nothing you can do about it.”

We are running out of time so I will conclude. There is so much to say on this issue, and I hope that the Government will bring this topic of debate back to the chamber. Although AI has positives, there are a lot of negatives, and we need to look at those properly to ensure that AI is regulated and controlled properly.

The Deputy Presiding Officer: I call Emma Harper, to be followed by Liam Kerr. You have up to four minutes, Ms Harper.

18:19

Emma Harper (South Scotland) (SNP): I welcome the opportunity to speak in the debate, and I congratulate Emma Roddick on securing it. Having listened to what she has described this evening, I value her knowledge and input. I recognise the concerns that she highlighted in her motion, which reflect my own findings regarding misinformation, extreme nonsense, fake news and the use of AI by bad actors to damage reputations, to exploit people and to harass victims, especially in relation to violence against women and girls. We know that that must be addressed, where possible, by regulation and legislation.

However, it will come as no surprise to colleagues across the chamber to hear that I intend to speak about the potential of AI in healthcare, given that I worked in a tech-driven perioperative environment as a registered nurse.

As we have heard, “artificial intelligence” is a broad term, which spans everything from simple decision trees that are akin to flow charts to complex large language models and generative AI, an example of which is ChatGPT. The risks that are posed by each type of AI are different, and it is important that we are careful not to unintentionally tar all AI models with the same brush. The risks with simpler AI and even machine learning are low in comparison with those that are associated with the deep learning that is used by platforms such as ChatGPT.

It is important to note that we have been using AI safely in healthcare since 2010. We introduced AI to replace the second clinician in our double-reader national diabetic retinopathy screening service. We also use AI in dynamic radiotherapy treatment, paediatric cardiology, paediatric growth measurement and the use of radiology for medical

image acquisition, including in CT scans. Therefore, it is important that we carefully consider the risks of not implementing AI, as well as the risks and benefits of implementation. A balance needs to be struck, and we must remain cognisant of the fact that overcaution could lead to slower progress in positive healthcare outcomes.

For example, recent evidence from trials of AI to prioritise cases of suspected lung cancer in Scotland indicates that around 600 more people each year might survive the disease as a result of the introduction of AI alongside other measures to optimise the pathway. It is so important that we create a balance and recognise the distinction between different types of AI, and I ask the minister to keep that in mind when it comes to the development of AI policy.

The performance and risks of AI are highly localised to the context in which it is used and deployed. It is impossible to remove all risk in advance of implementation, and it is essential that we proceed to implement AI. The only way to mitigate and manage risk is to understand the risks, and I suggest that that should be done in healthcare through controlled AI. I recently engaged with a healthcare AI expert, who made the point that, in healthcare, the focus is and must continue to be on humans plus AI, not humans versus AI.

I turn to the need for legislation and regulation on the use of AI. To address Emma Roddick's point about the dangers of AI, legislation, regulation and policy must all help to make AI safer. It is especially important that we focus on the standards that are necessary in implementing the use of AI in public service. For example, the medical device regulations already govern the use of AI in relation to the investigation, diagnosis, treatment, prevention, monitoring, prediction, prognosis and alleviation of disease, injury or disability.

I am conscious of time, Presiding Officer—you told me that I had up to four minutes. I recognise and agree with what Emma Roddick has described effectively. I highlight the fact that we can and should progress the use of AI, but we need to manage and mitigate any dangers and risks.

18:23

Liam Kerr (North East Scotland) (Con): I decided to contribute to this evening's debate because, when I read the motion, it was a bit like rereading books such as "Brave New World", "Nineteen Eighty-Four" and "Fahrenheit 451", which I now suspect is on Patrick Harvie's bookshelf.

Of course, I recognise the need for caution that has been thrown up by Emma Roddick, Michelle Thomson and others, but I also recognise that, as long ago as 1896, J M Barrie described the printing press as

"either the greatest blessing or the greatest curse of modern times, sometimes one forgets which".

I recall learning about the fear and loathing that accompanied the invention of the spinning jenny and the first steam locomotives, to which Michael Marra referred.

I suggest that, arguably, we stand on the brink of a new era, in which artificial intelligence transforms our world in profound ways. It is less a moment of threat, and more—as Brian Whittle said—a moment of opportunity. AI is already revolutionising industries. In healthcare, it assists doctors in diagnosing illnesses more accurately and swiftly. Emma Harper's balanced remarks about that were well made and are worth considering.

AI is also ameliorating issues: for example, as was reported in *The Sunday Times* last week, the world's biggest manufacturer of hearing aids, Sonova, is incorporating AI into hearing products to improve them. In agriculture, it helps to optimise crop yields to combat global food shortages.

Of course, Emma Roddick is right that AI can take over repetitive tasks, but that surely frees us to focus on more creative and meaningful work. Patrick Harvie's balanced comments on that were as fascinating as they were well made. Yes—AI can automate jobs such as data entry and, perhaps, driving, but, arguably, that will help to reduce human error and allow us to pursue new avenues for innovation.

In that sense, I argue that AI is here not to replace us but to amplify what we might achieve. Viewing the issue through a lens of opportunity is what will keep us ahead of the game, much as the Law Society of Scotland sought to do last week when it released a helpful, reasoned and considered guide to how firms should positively respond to AI, and as Linklaters and King's College London have done by teaming up to provide training for lawyers on generative AI.

Several members have warned about job losses through automation, but Michael Marra's remarks on that were well made. Here is another thing: let us ensure that education mitigates that issue, because, I suggest, AI democratises access to knowledge and opportunities. As Abertay University, which is one of Scotland's leading innovators and drivers of AI, told me when I visited recently,

"Embracing AI in higher education offers unprecedented opportunities to enhance teaching, learning, and

administrative efficiency, driving innovation in our institutions”,

thereby removing the need for physical classrooms while personatising for the needs of every learner.

AI's ability to analyse vast amounts of data in mere seconds allows us to solve problems that were once thought to be insurmountable. It is a powerful tool that can enhance our capabilities and help us to build a better, healthier and more sustainable world through opportunities for improved efficiency, productivity and service delivery.

Emma Roddick: Will the member take an intervention?

Liam Kerr: I will not, because of time. Forgive me.

Emma Roddick is right that the challenges that are posed by the rapidly evolving technology necessitate proactive and comprehensive policy responses to ensure that AI benefits society as a whole. For example, we should create ethical frameworks that guide AI's development to ensure transparency, fairness and accountability, and we should adopt a thoughtful and deliberate approach in which we remain in control of how AI evolves.

In summary, let us not fear AI but, instead, harness it for the benefit of us all.

18:28

The Minister for Business (Richard Lochhead): I thank Emma Roddick for lodging her motion, and members across the chamber for the constructive and thoughtful points that they have made during the debate. I wish that I had more time to respond to them all.

It is clear from listening to members that we all recognise that AI is life-changing, world-changing, new and fast-moving technology that we cannot uninvent. Therefore, the challenge for politicians and Parliaments across the world is in how we navigate this technological revolution and, when necessary, regulate to minimise the threat to people, society and potentially, in some cases, our world.

Members have raised a variety of perceived threats and threats that can be seen in real time as a result of damage that has been caused. We have heard about the threat of job displacement as machines take over certain functions in workplaces, we have heard about privacy issues relating to how data is used or abused and we have heard about bias and discrimination in language-learning machines. If the data that machines rely on is biased, that bias is amplified by AI in some circumstances, so we have to provide safeguards in that regard.

We have heard about ethical concerns relating to the potential dangers of using AI for surveillance or military operations. We have heard examples of deepfakes and how fake videos are causing massive issues, as they can be used for blackmail or defamation.

Of course, other threats include highly convincing phishing emails and disinformation campaigns. That issue is very topical, given the US election that is just around the corner and the potential threat to democracies.

The key then, is to navigate and to regulate. We need proper regulation in this country, but we need at the same time to capture the benefits of AI, which many members have mentioned.

Since the publication in 2021 of “Scotland's AI Strategy”, the Government has been paying close attention to all the opportunities and risks relating to AI. We published our strategy ahead of the UK, and years before ChatGPT made the news. Our strategy in Scotland aims to make this country a leader in “Trustworthy, Ethical and Inclusive” AI. That is the strapline for our policy, and it is essential to addressing the concerns that are raised in Emma Roddick's motion.

I whole-heartedly agree with Ms Roddick that the Scottish Parliament needs to engage regularly with this important topic. Michael Marra and others made the point that we cannot debate the issue often enough because of the implications for our society and the future of humankind.

It is crucial that we consider the entire picture of potential risks and benefits of AI. It is crucial because it helps us to reach balanced views and decisions on how to make AI work for Scotland's people, our businesses and our environment. Most experts agree that the type of impending singularity that is highlighted in the motion—that is, machines thinking for themselves without needing humans—is still very far away from reality. We have to keep that in the back of our minds. Although, overall, there is rapid advancement in technology, that is still some time away. It is important to note that AI does not act independently, but human beings design and operate AI systems.

The motion mentions research by Massachusetts Institute of Technology on AI models that are beginning to exhibit deception. Research of that nature is very much in its early stages. Again, we have to think about whether we want to use terms such as “deception”, which carries the risk of assigning human characteristics to what are, still, machines. There is an important debate to be had on that.

AI is a complex and quickly developing field of science and technology, but we need to remember that it is people who drive the development and

use of AI. I believe that we need to be careful in the language that we use so that we do not inadvertently fuel an environment of fear. That is a message that many members across the chamber have echoed, as well. Others, including Liam Kerr, pointed out how, in past technological developments, people were fearful at the time, but society has progressed and moved on with each technological revolution so far in the history of humankind, so we also have to bear that in mind.

Clare Adamson and others mentioned the Scottish AI Alliance, which leads on delivery of Scotland's AI strategy. It has been doing valuable work to educate and empower our people and businesses. I urge people to check out its website and all the resources that are available there, and to share that and let people know about it. There are programmes on the website, such as "Living with AI" and the "Scottish AI Playbook", which are helpful for organisations and businesses that want to know about AI and how to use it. Those online resources provide members of the public, as well as businesses, with the right tools and information to better understand what AI is, how they can best use it and how it impacts on them and wider society.

We believe in mitigating the risks that are associated with AI, as well as in seizing the opportunities. That is why we work with experts and our UK Government counterparts to try to stay ahead of those risks. It is for that reason that, earlier this year, I mandated in Scotland the use of the Scottish AI register for the Scottish Government and core agencies, and have encouraged its use by the entire Scottish public sector. We are the first country in the world to mandate such a register, because we recognise the importance of transparency in the public sector and of leading by example when it comes to the safe and effective use of AI.

As Emma Harper said—which the motion perhaps does not address in terms of putting it into the debate—it is crucial to highlight that there are equal dangers and risks if people do not utilise AI. There are risks to people's health, the economy and the environment. Brian Whittle, among others, gave some examples of the wide benefits of using AI. The radiograph accelerated detection and identification clinical trial—RADICAL—is taking place in Scotland, for instance, to help to detect lung cancer earlier, and there is new technology that is enabling theatre scheduling systems, which can cut waiting lists by making operating theatre scheduling more efficient. Other examples include accident prevention, road safety and improvement of efficiencies in agriculture. A host of innovations are happening in Scotland at the moment, in which AI is playing a central role.

The motion, rightly, highlights the importance of regulation. I assure members in the chamber that we are working hard on behalf of the people of Scotland and looking at what regulation can do to protect their interests. Unfortunately, most AI regulation remains within the remit of the UK Government, not the Scottish Government, but we have been encouraged, since the recent election, to see a slight deepening of the understanding that we need to ensure safe and transparent control of AI. We want to see more being done, and we will continue to speak to the UK Government about the issues.

We will do that to ensure that the interests of the people and businesses of Scotland are considered in any future UK AI regulation, such as the Artificial Intelligence (Regulation) Bill, which was mentioned in the King's speech earlier this year. We hope to have a close dialogue with the UK Government about the impact of AI on Scotland—not just Scotland in the wider world but, in particular, in our devolved responsibilities, including education and health. It is important that the Scottish Government is closely engaged in the UK Government's work in taking forward that legislation.

I reiterate my thanks to Ms Roddick for lodging the motion. Scotland can make the most of AI only if we can minimise and control the risks, but it is really important that, at the same time, we take a balanced approach and capture all the benefits. I hope that Parliament will debate the issue time and again in the years ahead.

The Deputy Presiding Officer: Thank you, minister. That concludes the debate. I close this meeting of Parliament.

Meeting closed at 18:36.

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Official Report
Room T2.20
Scottish Parliament
Edinburgh
EH99 1SP

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Telephone: 0131 348 5447

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