



The Scottish Parliament
Pàrlamaid na h-Alba

Passage of the
Budget (Scotland) Bill 2012

SPPB 171



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Budget (Scotland) Bill 2012

SP Bill 9 (Session 4), subsequently 2012 asp 2

SPPB 171

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Foreword

Purpose of the series

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

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

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

This volume includes web-links to documents not incorporated in this volume. These links have been checked and are correct at the time of publishing this volume. The Scottish Parliament is not responsible for the content of external Internet sites. The links in this volume will not be monitored after publication, and no guarantee can be given that all links will continue to be effective.

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

Outline of the legislative process

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

- Introduction, followed by publication of the Bill and its accompanying documents;
- Stage 1: the Bill is first referred to a relevant committee, which produces a report informed by evidence from interested parties, then the Parliament debates the Bill and decides whether to agree to its general principles;

- Stage 2: the Bill returns to a committee for detailed consideration of amendments;
- Stage 3: the Bill is considered by the Parliament, with consideration of further amendments followed by a debate and a decision on whether to pass the Bill.

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

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

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

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

Notes on this volume

The Bill to which this volume relates was the first Budget Bill introduced in the fourth session of the Parliament (hence the absence of a number in its short title).

Although this volume deals only with proceedings on the Bill, those proceedings should be seen in the context of the overall Budget scrutiny process. That process consists of three phases:

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

No budget strategy phase took place in the budget process leading up to the introduction of the Bill to which this volume relates. The debate on the Finance

Committee's report on the draft budget phase (3rd Report, 2011 (Session 4) (SP Paper 48)¹) took place on 22 December 2011².

Once introduced, the Bill itself goes through the same three legislative stages as other Bills, but subject to special procedures under Rule 9.16 of the Parliament's standing orders. In particular, no Explanatory Notes or Policy Memorandum are required³, there is an accelerated timescale, no Stage 1 report is required and only the Scottish Government may lodge amendments to the Bill.

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

¹ The Report was published in three volumes. See:

http://www.scottish.parliament.uk/S4_FinanceCommittee/Reports/fir-11-03-Vol1.pdf,
http://www.scottish.parliament.uk/S4_FinanceCommittee/Reports/fir-11-03-vol2.pdf, and
http://www.scottish.parliament.uk/S4_FinanceCommittee/Reports/fir-11-03-vol3.pdf.

See also the Scottish Government's response to the Report:

http://www.scottish.parliament.uk/S4_FinanceCommittee/Reports/Response_to_Finance_Committee_report_-_18_January_2012webversion.pdf.

² For the Official Report and Minute of Proceedings see:

<http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=7220&mode=pdf>, and
http://www.scottish.parliament.uk/S4_BusinessTeam/pm-v1n42-S4.pdf

³ Although the only accompanying documents formally required under the Parliament's Standing Orders are those reproduced in this volume, the Scottish Government also publishes its own document providing more detail on the Budget Bill. For the supporting document to the Bill to which this volume relates see: <http://www.scotland.gov.uk/Resource/0038/00385911.pdf>

Budget (Scotland) Bill

[AS INTRODUCED]

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Accompanying Documents are printed separately as SP Bill 9-AD.

Budget (Scotland) Bill

[AS INTRODUCED]

An Act of the Scottish Parliament to make provision, for financial year 2012/13, for the use of resources by the Scottish Administration and certain bodies whose expenditure is payable out of the Scottish Consolidated Fund, for the maximum amounts of borrowing by certain statutory bodies and for authorising the payment of sums out of the Fund; to make provision, for financial year 2013/14, for authorising the payment of sums out of the Fund on a temporary basis; and for connected purposes.

PART 1

FINANCIAL YEAR 2012/13

Use of resources etc.

1 The Scottish Administration

- (1) The Scottish Administration may use resources in financial year 2012/13 for the purposes specified in column 1 of schedule 1—
- (a) in the case of resources other than accruing resources, up to the amounts specified in the corresponding entries in column 2 of that schedule,
 - (b) in the case of accruing resources, up to the amounts specified in the corresponding entries in column 3 of that schedule.
- (2) Despite paragraphs (a) and (b) of subsection (1), the resources which may be used for a purpose specified in column 1 may exceed the amount specified in the corresponding entry in column 2 or (as the case may be) column 3 if—
- (a) in the case of resources other than accruing resources, the first condition is met,
 - (b) in the case of accruing resources, the second condition is met.
- (3) The first condition is that the total resources (other than accruing resources) used in financial year 2012/13 for all purposes specified in column 1 does not exceed the total of the amounts specified in column 2.
- (4) The second condition is that the total accruing resources used in financial year 2012/13 for all purposes specified in column 1 does not exceed the total of the amounts specified in column 3.

2 Direct-funded bodies

- (1) A direct-funded body may use resources in financial year 2012/13 for the purposes specified in column 1 of schedule 2 in relation to the body.
- (2) Resources other than accruing resources may be used for those purposes up to the amounts specified in the corresponding entries in column 2 of that schedule.
- (3) Accruing resources may be used for those purposes up to the amounts specified in the corresponding entries in column 3 of that schedule.

3 Borrowing by statutory bodies

In schedule 3, the amounts set out in column 2 are the amounts specified for financial year 2012/13 for the purposes of the enactments listed in the corresponding entries in column 1 (which make provision as to the net borrowing of the statutory bodies mentioned in that column).

The Scottish Consolidated Fund

4 Overall cash authorisations

- (1) For the purposes of section 4(2) of the PFA Act 2000, the overall cash authorisations for financial year 2012/13 are as follows.
- (2) In relation to the Scottish Administration, £30,934,141,000.
- (3) In relation to the direct-funded bodies—
 - (a) the Forestry Commissioners, £65,400,000,
 - (b) the Food Standards Agency, £10,830,000,
 - (c) the Scottish Parliamentary Corporate Body, £73,789,000,
 - (d) Audit Scotland, £6,471,000.

5 Contingency payments

- (1) This section applies where, in financial year 2012/13, it is proposed to pay out of the Scottish Consolidated Fund under section 65(1)(c) of the Scotland Act 1998—
 - (a) for or in connection with expenditure of the Scottish Administration, a sum which does not fall within the amount specified in section 4(2) in relation to it, or
 - (b) for or in connection with expenditure of a direct-funded body, a sum which does not fall within the amount specified in section 4(3) in relation to the body.
- (2) The sum may be paid out of the Fund only if its payment is authorised by the Scottish Ministers.
- (3) The Scottish Ministers may authorise payment of the sum only if they consider that—
 - (a) the payment is necessarily required in the public interest to meet urgent expenditure for a purpose falling within section 65(2) of the Scotland Act 1998, and
 - (b) it is not reasonably practicable, for reasons of urgency, to amend the overall cash authorisation by an order under section 7.

- (4) But the Scottish Ministers must not authorise payment of the sum if it would result in an excess of sums paid out of the Fund over sums paid into the Fund.
- (5) The aggregate amount of the sums which the Scottish Ministers may authorise to be paid out of the Fund under this section must not exceed £50,000,000.
- 5 (6) Where the Scottish Ministers authorise a payment under this section they must, as soon as possible, lay before the Scottish Parliament a report setting out the circumstances of the authorisation and why they considered it to be necessary.

PART 2

FINANCIAL YEAR 2013/14

10 6 Emergency arrangements

- (1) This section applies if, at the beginning of financial year 2013/14, there is no overall cash authorisation for that year for the purposes of section 4(2) of the PFA Act 2000.
- (2) Until there is in force a Budget Act providing such authorisation, there is to be taken to be an overall cash authorisation for each calendar month of that year in relation to each
15 of—
(a) the Scottish Administration,
(b) the direct-funded bodies,
of an amount determined under subsection (3).
- (3) That amount is whichever is the greater of—
20 (a) one-twelfth of the amount specified in section 4(2) or (3) in relation to the Scottish Administration or (as the case may be) the direct-funded body in question,
25 (b) the amount paid out of the Scottish Consolidated Fund under section 65(1)(c) of the Scotland Act 1998 in the corresponding calendar month of financial year 2012/13 for or in connection with expenditure of the Scottish Administration or (as the case may be) that direct-funded body.
- (4) Section 4 of the PFA Act 2000 has effect accordingly.
- (5) This section is subject to any provision made by a Budget Act for financial year 2013/14.

30 PART 3

MISCELLANEOUS

Amendment and repeal

7 Budget revision orders

- (1) The Scottish Ministers may by order amend—
35 (a) the amounts specified in section 4(2) and (3),
(b) schedules 1 to 3.
- (2) An order under this section is subject to the affirmative procedure.

8 Repeal of spent provisions

Part 2 (financial year 2012/13) of the Budget (Scotland) Act 2011 is repealed.

*Final provisions***9 Interpretation**

- 5 (1) In this Act, the “PFA Act 2000” means the Public Finance and Accountability (Scotland) Act 2000.
- (2) References in this Act to accruing resources in relation to the Scottish Administration or a direct-funded body are to such resources accruing to the Administration or (as the case may be) that body in financial year 2012/13.
- 10 (3) References in this Act to the direct-funded bodies are to the bodies listed in section 4(3) (and references to a direct-funded body are to any of those bodies).
- (4) Except where otherwise expressly provided, expressions used in this Act and in the PFA Act 2000 have the same meanings in this Act as they have in that Act.

10 Commencement

15 This Act comes into force on the day after Royal Assent.

11 Short title

The short title of this Act is the Budget (Scotland) Act 2012.

SCHEDULE 1
(introduced by section 1)

THE SCOTTISH ADMINISTRATION

Purposes	Amount of resources (other than accruing resources) £	Amount of accruing resources £
<p>1. Through their Culture and External Affairs portfolio, for use by the Scottish Ministers on: support for the arts, culture and creativity in Scotland; cultural organisations; the creative industries; Historic Scotland; central government grants to non-departmental public bodies, local authorities and other bodies and organisations; international relations; development assistance.</p>	207,190,000	35,000,000
<p>2. Through their Finance, Employment and Sustainable Growth portfolio, for use by the Scottish Ministers on: the running and capital costs of the Scottish Public Pensions Agency; expenditure on committees, commissions and other portfolio services; expenditure and grant assistance in relation to public service reform and efficiency; funding of strategic contracts to increase the resilience and capacity of third sector organisations; planning; architecture; building standards; tourism; grant in aid for Scottish Enterprise and Highlands and Islands Enterprise; industry and technology grants; energy-related activities; central government grants to local authorities; sundry enterprise-related activities; the Accountant in Bankruptcy.</p>	441,376,000	186,000,000
<p>3. Through their Health, Wellbeing and Cities portfolio, for use by the Scottish Ministers on: hospital and community health services; family health services; community care; social care; welfare food (Healthy Start); payments to the Skipton Fund; other health services; sportscotland and delivery of the 2014 Commonwealth Games; expenditure relating to equality issues.</p>	11,773,298,000	2,050,000,000
<p>4. Through their Education and Lifelong Learning portfolio, for use by the Scottish Ministers on: schools; training and development of teachers; educational research, development and promotion; the Gaelic language; Bòrd na Gàidhlig; Gaelic Media Service (MG Alba); qualifications assessment and skills; funding of Education Scotland, Disclosure Scotland and Additional Support Needs Tribunals for Scotland; childcare, including care for vulnerable children; youth work, including youth justice and associated social work services; central government grants to local</p>	2,668,954,000	177,000,000

<i>Purposes</i>	<i>Amount of resources (other than accruing resources) £</i>	<i>Amount of accruing resources £</i>
<p>authorities; grant in aid for the Scottish Further and Higher Education Funding Council, Skills Development Scotland Limited, Scottish Qualifications Authority, Children's Hearings Scotland and Scottish Social Services Council; funding for the Student Awards Agency for Scotland and related costs, including the Student Loan Scheme; Enterprise in Education; funding activities for young people to develop skills in connection with training and work; research-related activities and science-related programmes delivered by the Chief Scientific Adviser for Scotland, including the funding of fellowships (including those funded by the Royal Society of Edinburgh); international and other educational services; the provision of Education Maintenance Allowances and funding for international college and university activities; sundry lifelong learning activities.</p>		
<p>5. Through their Justice portfolio, for use by the Scottish Ministers on: legal aid, including the running costs of the Scottish Legal Aid Board; the Scottish Legal Complaints Commission; criminal injuries compensation (including administration); certain services relating to crime, including the Parole Board for Scotland; the Scottish Prison Service; the Scottish Criminal Cases Review Commission; the Risk Management Authority; the Police Complaints Commissioner for Scotland; police services (including any relevant police authority); superannuation of police on secondment; police loan charges; fire and rescue services; the payment of police pensions and of fire and rescue pensions; Scottish Resilience; central government grants to local authorities; measures in relation to community safety and antisocial behaviour; measures in relation to drug abuse and treatment; the Scottish Tribunal Service; miscellaneous services relating to the administration of justice; residential accommodation for children; community justice services; court services, including judicial pensions; certain legal services; costs and fees in connection with legal proceedings.</p>	1,819,880,000	39,700,000
<p>6. Through their Rural Affairs and the Environment portfolio, for use by the Scottish Ministers on: market support; support for agriculture in special areas, including crofting communities; rural development, agri-environmental and farm woodland measures; compensation to sheep producers; animal health; agricultural education; advisory, research and development services; botanical and scientific services; assistance to production, marketing and processing; administration, land management and other agricultural</p>	458,726,000	602,100,000

<i>Purposes</i>	<i>Amount of resources (other than accruing resources) £</i>	<i>Amount of accruing resources £</i>
<p>5</p> <p>10</p> <p>15</p> <p>20</p> <p>25</p> <p>30</p> <p>35</p> <p>40</p> <p>45</p> <p>50</p> <p>services; assistance to the Scottish fisheries sector, including fisheries protection, research, administration, development, special services, marine management and other services; natural heritage; environment protection; rural affairs; other environmental expenditure; flood prevention; coastal protection; air quality monitoring; climate change activities, including the Land Managers' Renewables Fund; water grants, including funding for the Drinking Water Quality Regulator for Scotland; digital and broadband technology.</p> <p>7. Through their Infrastructure and Capital Investment portfolio, for use by the Scottish Ministers on: support for the running costs of Scottish Futures Trust Limited; support for passenger rail services, rail infrastructure and associated rail services; support for the development and delivery of concessionary travel schemes; funding for major public transport projects; the running costs of Transport Scotland; funding for the Strategic Transport Projects Programme; funding for travel information services; the maintenance and enhancement of the trunk road infrastructure; support for ferry services, loans and grants relating to vessel construction, grants for pier and other infrastructure and funding for a pilot of a road equivalent tariff; support for Highlands and Islands Airports Limited; support for air services and funding for the Air Discount Scheme; support for the bus industry; support for the Forth Estuary Transport Authority and Tay Road Bridge Joint Board; support for the freight industry; support for British Waterways Scotland; funding to promote sustainable and active travel; contributing to the running costs of Regional Transport Partnerships and other bodies associated with the transport sector; funding for road safety; costs in relation to funding the office of the Scottish Road Works Commissioner; loans to Scottish Water and Scottish Water Business Stream Holdings Limited; water grants, including to the Water Industry Commission for Scotland; housing subsidies and guarantees; Scottish Housing Regulator running costs; Energy Assistance Package; Home Insulation Schemes; repayment of debt and any associated costs; other expenditure, contributions and grants relating to housing; activities relating to homelessness; research and publicity and other portfolio services; grants to registered social landlords; loans to individuals; community engagement; regeneration programmes; grants for Vacant and Derelict Land Fund; telecommunications infrastructure; European Structural Fund grants to the Enterprise Networks, local authorities, further and higher education institutions,</p>	<p>2,392,393,000</p>	<p>230,000,000</p>

<i>Purposes</i>	<i>Amount of resources (other than accruing resources) £</i>	<i>Amount of accruing resources £</i>
third sector bodies and other eligible bodies and organisations; costs of delivery and evaluation of European Structural Fund.		
8. Through their Local Government portfolio, for use by the Scottish Ministers on: revenue support grants and payment to local authorities of non-domestic rates in Scotland; other local authority grants and special grants relating to council tax and spend-to-save scheme; housing support grant; other services, including payments under the Bellwin scheme covering floods, storms and other emergencies.	10,441,206,000	Nil
9. Through their Parliamentary Business and Government Strategy portfolio, for use by Scottish Ministers on: expenditure on corporate and central services; expenditure in relation to the running costs of Her Majesty's Chief Inspector of Prosecution in Scotland; expenditure on Protocol.	6,591,000	Nil
10. For use by the Scottish Ministers on: pensions, allowances, gratuities etc. payable in respect of the teachers' and national health service pension schemes.	2,766,054,000	1,675,000,000
11. For use by the Scottish Ministers on: operational and administrative costs; costs of providing services to the Scottish Parliament; costs associated with the functions of the Queen's Printer for Scotland.	214,700,000	26,600,000
12. Through the National Records of Scotland, for use by the Scottish Ministers, the Registrar General of Births, Deaths and Marriages for Scotland and the Keeper of the Records of Scotland on: operational and administrative costs (including costs associated with running the ScotlandsPeople Centre).	22,040,000	8,300,000
13. For use by the Lord Advocate, through the Crown Office and Procurator Fiscal Service (and the office of Queen's and Lord Treasurer's Remembrancer), on: operational and administrative costs; fees paid to temporary procurators fiscal; witness expenses; victim expenses where applicable; other costs associated with Crown prosecutions and cases brought under the Proceeds of Crime Act 2002; special payments made in relation to intestate estates which fall to the Crown as ultimate heir.	108,100,000	2,000,000
14. For use by the Scottish Court Service on: operational	77,341,000	35,000,000

<i>Purposes</i>	<i>Amount of resources (other than accruing resources) £</i>	<i>Amount of accruing resources £</i>
and administrative costs.		
15. For use by the Office of the Scottish Charity Regulator on: operational and administrative costs.	3,100,000	Nil
Total of amounts of resources:	33,400,949,000	5,066,700,000

SCHEDULE 2
(introduced by section 2)

DIRECT-FUNDED BODIES

<i>Purpose</i>	<i>Amount of resources other than accruing resources £</i>	<i>Amount of accruing resources £</i>
1. For use by the Forestry Commissioners in or as regards Scotland on: the promotion of forestry in Scotland, including advising on the development and delivery of forestry policy, regulating the forestry sector and supporting it through grant in aid; managing the national forest estate in Scotland; administrative costs.	65,500,000	21,100,000
2. For use by the Food Standards Agency in or as regards Scotland on: operational and administrative costs, including research, monitoring and surveillance and public information and awareness relating to food safety and standards.	10,900,000	Nil
3. For use by the Scottish Parliamentary Corporate Body on: operational and administrative costs of the Scottish Parliament; payments in respect of the Commission for Ethical Standards in Public Life in Scotland (incorporating the Public Standards and Public Appointments Commissioners for Scotland), the Standards Commission for Scotland, the Scottish Public Services Ombudsman, the Scottish Information Commissioner, the Scottish Commission for Human Rights and the Commissioner for Children and Young People in Scotland; any other payments relating to the Scottish Parliament.	86,389,000	800,000
4. For use by Audit Scotland on: the exercise of its functions, including assistance and support to the Auditor	6,973,000	22,000,000

<i>Purpose</i>	<i>Amount of resources other than accruing resources £</i>	<i>Amount of accruing resources £</i>
General for Scotland and the Accounts Commission for Scotland; other audit work for public bodies; payment of pensions to former Local Government Ombudsmen and their staff.		

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SCHEDULE 3
(introduced by section 3)

BORROWING BY STATUTORY BODIES

<i>Enactment</i>	<i>Amount £</i>
1. Section 25 of the Enterprise and New Towns (Scotland) Act 1990 (Scottish Enterprise).	10,000,000
2. Section 26 of that Act (Highlands and Islands Enterprise).	1,000,000
3. Section 48 of the Environment Act 1995 (Scottish Environment Protection Agency).	Nil
4. Section 42 of the Water Industry (Scotland) Act 2002 (Scottish Water).	142,100,000
5. Section 14 of the Water Services etc. (Scotland) Act 2005 (Scottish Water Business Stream Holdings Limited).	Nil

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Budget (Scotland) Bill

[AS INTRODUCED]

An Act of the Scottish Parliament to make provision, for financial year 2012/13, for the use of resources by the Scottish Administration and certain bodies whose expenditure is payable out of the Scottish Consolidated Fund, for the maximum amounts of borrowing by certain statutory bodies and for authorising the payment of sums out of the Fund; to make provision, for financial year 2013/14, for authorising the payment of sums out of the Fund on a temporary basis; and for connected purposes.

Introduced by: John Swinney
On: 19 January 2012
Supported by: Alex Salmond, Bruce Crawford
Bill type: Budget Bill

BUDGET (SCOTLAND) BILL

ACCOMPANYING DOCUMENTS

SCOTTISH GOVERNMENT STATEMENT ON LEGISLATIVE COMPETENCE

1. On 19 January 2012, the Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney MSP) made the following statement:

“In my view, the provisions of the Budget (Scotland) Bill would be within the legislative competence of the Scottish Parliament.”

PRESIDING OFFICER’S STATEMENT ON LEGISLATIVE COMPETENCE

2. On 18 January 2012, the Presiding Officer (Tricia Marwick MSP) made the following statement:

“In my view, the provisions of the Budget (Scotland) Bill would be within the legislative competence of the Scottish Parliament.”

BUDGET (SCOTLAND) BILL

DELEGATED POWERS MEMORANDUM

PURPOSE

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

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

Outline of Bill provisions

3. The Budget Bill is the vehicle through which the Scottish Government seeks Parliamentary approval of its spending plans for the coming financial year (in this case, 2012-2013), since all spending – both in terms of overall amounts and the purpose for which resources are to be used – must be subject to prior Parliamentary authorisation.

Rationale for subordinate legislation

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

Delegated powers

Section 7 – Amendment to this Act

Power conferred on:	Scottish Ministers
Power exercisable by:	order made by statutory instrument
Parliamentary procedure:	affirmative procedure

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

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

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

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

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



The Scottish Parliament
Pàrlamaid na h-Alba

Subordinate Legislation Committee

2nd Report, 2012 (Session 4)

Budget (Scotland) Bill

Published by the Scottish Parliament on 25 January 2012



Subordinate Legislation Committee

Remit and membership

Remit:

The remit of the Subordinate Legislation Committee is to consider and report on—

(a) any—

(i) subordinate legislation laid before the Parliament;

(ii) [deleted]

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

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

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

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

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

(e) any failure to lay an instrument in accordance with section 28(2), 30(2) or 31 of the 2010 Act; and

(f) proposed changes to the procedure to which subordinate legislation laid before the Parliament is subject.

(Standing Orders of the Scottish Parliament, Rule 6.11)

Membership:

Chic Brodie
Nigel Don (Convener)

James Dornan (Deputy Convener)
Mike MacKenzie
Michael McMahon
John Pentland
John Scott

Committee Clerking Team:

Clerk to the Committee
Irene Fleming

Assistant Clerk
Euan Donald



The Scottish Parliament
Pàrlamaid na h-Alba

Subordinate Legislation Committee

2nd Report, 2012 (Session 4)

Budget (Scotland) Bill

The Committee reports to the Parliament as follows—

1. The Subordinate Legislation Committee considered the delegated powers provision in the Budget (Scotland) Bill at its meeting on 24 January 2012. The Committee reports to the Parliament on the provision under Rule 9.16.3 of Standing Orders.

General

2. The Bill makes provision for the Scottish Administration's budget for the financial year 2012/13. The Committee notes that, like its predecessors in previous years, the Bill contains one delegated power that permits certain parts of the Bill to be amended by affirmative Order.

Delegated power – Section 7: Budget revision orders

3. Section 7 confers power on the Scottish Ministers to make adjustments to the overall cash authorisations set in section 4 of the Bill and to the schedules to the Bill by Order. Any such Order will be subject to affirmative resolution procedure.

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

EXTRACT FROM THE MINUTES OF PROCEEDINGS

Vol. 1, No. 47 Session 4

Meeting of the Parliament

Wednesday 25 January 2012

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

Budget (Scotland) Bill: The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney) moved S4M-01773—That the Parliament agrees to the general principles of the Budget (Scotland) Bill.

The motion was agreed to ((DT) by division: For 64, Against 40, Abstentions 14).

Budget (Scotland) Bill: Stage 1

The Presiding Officer (Tricia Marwick): The next item of business is a debate on motion S4M-01773, in the name of John Swinney, on stage 1 of the Budget (Scotland) Bill. Will members who wish to take part in the debate please press their request-to-speak buttons? I will allow a few seconds to allow members to change their seats.

14:30

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): Last week, I introduced the Budget (Scotland) Bill for 2012-13, which will implement the draft budget that I set out in September last year. I thank all those who have contributed so far to the debate on the draft budget, including the Finance Committee, whose report I responded to last week, and the subject committees, to whom my Cabinet colleagues have responded.

I assure Parliament that the Government remains eager to work constructively with all parties to build agreement on the bill's contents and to secure its parliamentary passage. As in previous years, I am willing to consider alternative spending proposals, if other parties wish to advance them and provided that they are accompanied by proposals that identify from where the necessary funding would be drawn.

I turn to the context for the bill, and the principles that underpin its provisions. We continue to face acute challenges to public spending in Scotland, with another real-terms reduction to our total departmental expenditure limit budget for 2012-13.

Gavin Brown (Lothian) (Con): I am grateful to the cabinet secretary for giving way so early in his speech. Does he accept that this year's budget is a cash-terms increase?

John Swinney: The words that I have used in my speech are:

"another real-terms reduction to our total departmental expenditure limit".

That is what the Government faces. We have to face that reality when we look at such a significant reduction, particularly in capital expenditure—which point I am sure is not lost on Mr Brown, given the significant benefit that capital expenditure can have on boosting the Scottish economy and opportunities for our people.

The Budget (Scotland) Bill addresses a number of key challenges. The first is the need to accelerate economic recovery by creating jobs—particularly for our young people—and by supporting Scottish business, including by capitalising on new opportunities in the low-carbon

economy. Secondly, the bill addresses the need to maintain infrastructure investment in the face of the severe cuts to our capital DEL settlement. Thirdly, it takes forward an ambitious programme of public sector reform, together with our delivery partners, to ensure the sustainability and quality of our services and to make a decisive shift in favour of preventative spending. Finally, it seeks to deliver on our commitment to a social wage at a time of intense pressures on household incomes.

Those challenges are brought into sharp focus by the continuing uncertainty in the global economic outlook. Last summer's escalation of the euro crisis has contributed to recovery stalling across many European economies. Last week, Scottish gross domestic product data for the third quarter of 2011 were released along with our latest labour market statistics. Growth of 0.5 per cent, particularly in the upturn in business services and the continuation of expansion in manufacturing, was encouraging. However, the final quarter of 2011 and the start of 2012 are likely to prove to be challenging, judging from our forward-looking business surveys and the preliminary estimate of GDP in the United Kingdom in the final quarter of 2011, which indicated that the economy shrank by 0.2 per cent, which was worse than the forecast by the Office for Budget Responsibility in November.

The labour market, which made significant improvements from mid-2010 into the first half of 2011, has now started to deteriorate again—as it has for the UK as a whole. That is of utmost concern to us—especially the unacceptably high rates of youth unemployment. Given those conditions and the tight budget settlement, it is essential that we secure maximum value from our public spending and that we identify clear priorities and take difficult decisions where they are needed.

Equally, it is essential that we continue to put pressure on the United Kingdom Government to recognise the reality of the economic circumstances that we face. Last night, I was struck by the observation of Olivier Blanchard, the chief economist of the International Monetary Fund, which was that

“fiscal consolidation must proceed, but at an appropriate pace. Decreasing debt is a marathon, not a sprint. Going too fast will kill growth, and further derail the recovery.”

The United Kingdom Government must reflect on those important words from the IMF as it addresses poorer growth than expected in the fourth quarter of 2011 and a labour market position that gives the Scottish Government a degree of concern. To that end, I have asked the Chief Secretary to the Treasury to convene a meeting of the United Kingdom's finance ministers to advance some of our concerns. I am pleased to inform the Parliament that he advised me

yesterday of his agreement to that proposition and that an arrangement will be made for the discussion to take place as soon as possible.

Ken Macintosh (Eastwood) (Lab): Further to that, does the cabinet secretary believe that plan MacB is making a difference to the Scottish economy?

John Swinney: Yes I do, because the Scottish Government has, since 2008, used a set of measures and interventions to try to offset the difficulties and serious consequences of the economic recession. In 2009 and 2010, we successfully ensured that the recession was shorter and shallower in Scotland than it was in the rest of the United Kingdom. The challenge that we now face, however, is that the economic levers and the resources that we deployed in that period are now essentially being consolidated by the financial constraints of the United Kingdom public finances. That is why Mr Blanchard's contribution is important. I thought that the Labour Party and the Scottish Government were agreed that the United Kingdom deficit-reduction programme was too aggressive and was harming growth. However, having heard the leadership of the Labour Party in London, I am not so sure that we are agreed on that, although it is exactly what the International Monetary Fund said in its observations yesterday.

The Government's spending decisions will continue to be guided by our purpose of increasing sustainable economic growth and by working to deliver our programme for government and economic strategy.

The budget that is before Parliament today is focused on economic growth. It uses all the powers that we have to boost public sector capital investment; to improve access to finance and encourage private investment; to enhance economic security in order to support confidence across the Scottish economy; and to take direct action to tackle unemployment. I will set out the actions that we are taking in some of those areas to support the recovery and to lay the foundations for sustainable economic growth.

First, when private sector demand is fragile, public investment can provide a vital boost to economic activity. It comes with the added benefit that it will leave behind a legacy of assets with long-term growth potential. Maximising capital investment has been a central element of the Scottish Government's action to support and accelerate recovery. It is estimated that every additional £100 million of capital spending supports around 1,400 jobs in the Scottish economy. The Government will ensure that capital is invested in a way that has the greatest beneficial impact on the economy and on public services.

It is also vital that new private investment be encouraged by improving access to finance and by providing the right conditions to attract investment. The Government has taken steps to boost private investment through the establishment of the Scottish Investment Bank, which delivers vital equity-investment schemes. Alongside that, the £70 million national renewables infrastructure fund aims to tap into the appetite in the private sector to invest in renewables in Scotland. It forms part of more than £200 million of investment that is committed to in the spending review.

We are also helping businesses with incentives to grow and export. The budget bill funds the continuation of the small business bonus scheme and of matching the business rates poundage that is set for England. Scotland continues to offer the most generous rates relief regime in the United Kingdom, with tax breaks that are worth more than £500 million a year. Furthermore, any business can choose to spread payment of next year's inflationary rise in its rates bill over three years through a rates deferral scheme.

The creation of the four new enterprise areas will provide further business incentives across key industries—life sciences, manufacturing, low-carbon technology and renewables.

Exports are a vital source of growth, which is why we have set an ambitious target to increase our exports by 50 per cent by 2017. To support that, our efforts are directed at growth companies, growth sectors and growth markets—countries where there are real opportunities for growth in the years ahead.

Scottish Development International is working with its partners to support 8,000 to 10,000 more businesses to develop the skills to go international by 2015. The Scottish Investment Bank is prioritising lending to support small and medium-sized enterprises that have international ambitions. With banks and pension funds, it has introduced a £94 million Scottish loan fund to support growth companies and exporting companies in accessing loans. The Aberdeen energy firm Phuel Oil Tools Ltd is one of the first companies to access the fund and it has received a £1 million loan.

Most important is that we are taking steps to tackle unemployment, in particular among young people. Our opportunities for all programme guarantees an education or training place for every young person who is not in work, education or a modern apprenticeship. We are also investing in our higher education sector to ensure that those who cannot find jobs can continue to gain skills and improve their employment prospects. We are investing an additional £327 million in Scottish universities over the spending review period, with

real-terms increases of more than 5 per cent in each of the three years.

We are helping students directly by continuing to provide support for college bursaries to help young people remain in education and training, by maintaining living cost support for students in higher education, and by introducing a minimum income guarantee of £7,000, starting with those who are from the poorest backgrounds. More than £500 million is being committed to further education in 2012-13. The Cabinet Secretary for Education and Lifelong Learning wrote to colleges this month to confirm the resources that will be available, and he has confirmed our manifesto commitment to maintain student numbers and student support at 2011-12 baseline levels.

Ken Macintosh: It is good to hear the minister's words about his commitment to tackling youth unemployment, but how will cutting the colleges budget by 20 per cent, following last year's cut of 10 per cent, help with that?

John Swinney: The Government is ensuring that it supports the further and higher education sectors effectively. I have recounted the resources that we are applying in the area, and I have set out the Government's commitment to maintaining student numbers and student support at 2011-12 baseline levels, which is part of the reform agenda that the Cabinet Secretary for Education and Lifelong Learning has taken forward.

I turn to the Government's focus on infrastructure, in which we are strengthening capital spending and using all available levers to maximise investment and support job creation across Scotland. That includes supplementing our capital DEL settlement by switching more than £200 million of resource DEL within portfolios and financing more than £350 million through the non-profit-distributing model.

Gavin Brown: Some of that capital transfer comes from savings from the Forth crossing. For about the fifth time in the chamber, I ask the cabinet secretary whether he will please tell us how switching money from the Forth crossing represents revenue to capital.

John Swinney: For about the fifth time, I say that I have explained to Mr Brown the basis of what is happening. Savings in the Forth replacement crossing budget have been allocated to other capital programmes of the Government. We have taken the difficult decision—which has been demonstrated in answers to parliamentary questions, in the budget document, in speeches, and in the response to the Finance Committee—to shift resource to capital. Maybe one day Mr Brown will listen to the hard decision that we have been prepared to make.

Through the strategic approach that I mentioned, the Government's budget will continue to support vital new social housing by the building of around 6,000 affordable homes, and it will tackle fuel poverty head on, including through the energy assistance package and the universal home insulation scheme.

Ken Macintosh: Will the cabinet secretary take an intervention?

John Swinney: I need to bring my remarks to a close.

Our recently published infrastructure investment plan secures the project pipeline, thereby bringing stability and predictability to industry throughout Scotland. The Government is ensuring that Scotland has a vibrant programme of capital investment despite the savage cuts to capital spending that have been meted out by the Conservative and Liberal Democrat Government. The Conservatives and Liberal Democrats come to this Parliament and protest about capital expenditure, but their Government in London has made our job even more difficult than it was before. Before we get any lectures about capital spending from the Liberal Democrats or the Conservatives, perhaps they should think twice about levelling that accusation at this Government.

This Government has taken decisions to prioritise economic recovery, to ensure that Scotland is in a position to deal with the severe economic difficulties that we face, to build for the future and to ensure that our public services are supported in the years to come. That is the foundation of the Government's budget. The Government looks forward to the debate on those issues that will take place in Parliament in the next fortnight, to listening to the arguments of the Opposition, to responding when constructive and positive suggestions are made, and to delivering a budget that meets the needs of the people of Scotland.

I move,

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

14:45

Ken Macintosh (Eastwood) (Lab): None of us can be in any doubt about the seriousness of the economic difficulties that we face. Last week's unemployment figures simply confirmed the damage that is being done to too many families in Scotland. The outlook for growth was already gloomy, and it will not have been leavened by last night's comments by the governor of the Bank of England, by the IMF's downgrading of projected economic growth or by today's confirmation that the economy has shrunk by 0.2 per cent.

My concern is—aside from worries about us teetering on the brink of another recession, about the euro and about the series of radical and difficult cuts to the public finances that we face—that we need to address underlying problems with an economy that is not delivering for the people of this country or for our society.

For more than 30 years, we have followed economic policies that have been based on an assumption that the markets will provide the growth and prosperity that we need in order to thrive, but those markets have never provided the jobs that we need in order that we can truly prosper. We have endured deep-seated unemployment for three decades, and unemployment is now rising again—not falling.

The cumulative impact of permanent mass unemployment has been to create a dependency culture, which in turn undermines the principles on which the welfare state is based. There is still huge support for our national health service, but already attacks are being made—not just on so-called benefits scroungers, but on the whole idea of a welfare system that covers us all. Welfare was originally conceived in a full-employment society as a way of tiding people over during the difficult times. It was there for children and the elderly, and for people who were sick or vulnerable, but able-bodied adults were expected to work. For thirty years, there have simply not been enough jobs for thousands of capable citizens.

What worries me is not just that the Conservative Government in Westminster is cutting back on the public purse because money is tight, but that it is using these straitened times to shrink the welfare state. Universal benefits such as child allowances, which help to tie us all together, are going. The public sector is being reduced while simultaneously and fallaciously being portrayed as a drag on our economy and on the wealth that is created by the private sector. If we wish to defend our progressive vision of a fairer and more just society, we must challenge some of the assumptions and assertions that underpin those attacks, and we will not be able to do so if our first reaction is simply to oppose every cut or to put up taxes.

If we want to hold on to a welfare system that looks after the most needy, that can provide social and economic mobility and which is perhaps even—dare I say it?—a little redistributive, we must do what we can to end the dependency culture, too. That was the road that the last Labour Administration was taking us down through welfare into work, jobseeking, and retraining and reskilling people to improve their employment chances. That is how I believe we should tackle the problems that face us today—by getting Scotland working again, by giving people a job

and a stake in our society, and by giving them hope and a future.

However, just as, if left to their own devices, market forces will not provide an answer, neither, unfortunately, does the budget that the cabinet secretary has announced begin to face up to the fundamental weaknesses in the Scottish economy. It does not go nearly far enough in looking at how the state can create or support employment, rather than simply being left to pick up the pieces when people lose their jobs.

A few attempts have been made to explore the economic principles and practices that might create the employment levels that we seek, but they feel marginal rather than mainstream.

Mary Scanlon (Highlands and Islands) (Con):

In addressing the underlying problems, will Ken Macintosh acknowledge that 43 per cent of people on benefits in Scotland have an underlying mental health problem and that successive Governments have not given them the support that they need through the national health service?

Ken Macintosh: I welcome Ms Scanlon's question. It is important that the welfare system be sustained and that we all feel that we are part of it. It should be there for everyone in society—not just for some parts.

The Labour Party cannot support a budget that fails to address the most pressing problems. Growth here was weaker during the past year than it was across the UK. One Scot in every 10 is unemployed and one in five Scottish children lives in poverty.

There are, in the budget, decisions on which we agree. There is widespread support for the principle of moving to preventative spend, and Labour has campaigned long and hard to boost the number of apprenticeships. We want early intervention programmes and protection for spending on our health service, although there might be robust discussion on how the policies will be implemented. Overall, however, the budget does not do enough to generate employment or galvanise the Scottish economy. The Scottish National Party needs to rethink its approach to the budget and the economy; it must not just tinker round the edges.

I will leave aside the scale of the challenge to which the budget does not face up, but I am concerned that the budget does not deliver even on the minister's stated—if limited—ambitions. Mr Swinney talked about bringing forward capital spending, but he has cut capital spending by more than George Osborne has done. We have identified up to a dozen capital projects—schools, roads, public buildings—that have been delayed because of decisions of the SNP Government. We need to get the economy going now, and public

works are a key trigger in sparking growth. A boost to the housing market would get the construction industry going again.

John Swinney: Before Mr Macintosh moves on from capital spending, will he accept that the size of the capital DEL budget that the Scottish Government has at its disposal is a creation not of the Scottish Government but of the United Kingdom Government and the Barnett consequential? I think that we eventually managed to get that point across to his predecessor.

Ken Macintosh: I am arguing first that the budget is not radical enough overall and secondly, that the budget does not deliver on the claims that the minister makes for it. I do not believe that there is a transfer from resource to capital. I do not believe that the infrastructure developments are happening. You talk about infrastructure development, but you have cut the housing budget by 40 per cent.

The Deputy Presiding Officer (John Scott): I remind members to speak through the chair, please.

John Swinney: Those are Mr Macintosh's opinions; of course, we can trade opinions. However, on the factual point that I made, I want Mr Macintosh to consider whether the capital DEL budget that is available to the finance secretary in this Government is a product of a decision by the Scottish Government or the consequence of what is handed out to us by the UK Government.

Ken Macintosh: Mr Swinney seems to be avoiding the key point that I am making about his claims for the budget. He can excuse himself and say that plan MacB is working, but he made specific claims about investing in jobs and growth and he is not even delivering on his own promises. If he says that he is investing in housing, why has he cut the housing budget by 40 per cent? He has changed his terminology and talks about 6,000 “affordable homes”, rather than social rented homes. The key point is that he is talking a good game, but is not delivering on his promises.

The First Minister and Mr Swinney are quick to take credit when they think that things are working. Last year, when Scotland's economy was doing marginally better than the UK's, they said that plan MacB was working, but now it is not working and that is suddenly not their, but the UK Government's, fault. Of course, the First Minister and Mr Swinney always attach a little rider to their remarks: “Everything would be all right if we only had all the levers of economic power.”

Members: Hear, hear.

Ken Macintosh: SNP members' approval is interesting, so I ask them what levers of economic

power they have in mind. Perhaps they mean control over currency—the pound or the euro; I am not sure which they want to control. I think that the SNP currently wants to have control over the pound, but the party's main economic adviser, Crawford Beveridge, said at the weekend that such a situation would be far from ideal.

John Mason (Glasgow Shettleston) (SNP): The member has been talking about capital expenditure. Does he accept that one power that we do not currently have but which we could have is borrowing power, which every council has, and which would create jobs?

Ken Macintosh: We will get more borrowing powers if the SNP supports the Scotland Bill. It will be interesting to see whether that happens.

As I understand it, the First Minister said yesterday that the Bank of England would be the lender of last resort to the new independent country. In other words, the Bank of England of the UK would set the borrowing limits of an independent Scotland. We are talking about key decisions: the bank would set the interest rates that govern the amount that everyone in this country pays on their mortgage. Is that acceptable to the SNP? Those are fundamental questions.

The SNP cannot claim that everything would be all right if we had the levers of power but then not say what it would do on taxation. Would it accept a 50p rate of taxation or take control of currency and interest rates? The SNP is abdicating responsibility. The argument in the SNP seems to be that it would not take those chances because that would be too risky as the markets might prey on a Scottish currency. That is actually an argument for being part of a union—perhaps it could be the United Kingdom.

These are difficult times. Young people and their families are incredibly worried, particularly because the Scottish Government seems to be closing the door to their getting the qualifications and training that they need by cutting college funding by 10 per cent last year and by a further 20 per cent this year. At a time when families are worried, there are cuts to social services and local authorities, with 13,000 jobs having gone in the past year.

The budget does not reflect the right priorities for Scotland. However, we will work with the SNP. Rather than make damaging cuts, the SNP must invest in housing and colleges to tackle youth unemployment, and it must invest in maintaining jobs and services. The SNP has £155 million in Barnett consequentials right now and £600 million—more than £0.5 billion pounds—of consequentials at its disposal. The way in which we choose to use our Government's budget has a

huge effect on our lives. We must step up to the challenge and use the budget to create jobs.

14:56

Gavin Brown (Lothian) (Con): Prior to the publication of the draft budget and every day since then, the Scottish Conservatives have said that the budget must focus on jobs and the economy. Last week, that was brought home to us all once again when we saw the unemployment figures, which are depressing for the UK as a whole, but are even worse for Scotland, with 8.6 per cent of people currently unemployed—about 231,000 people. Given that the SNP constantly complains that it wants more powers, it is worth pointing out that when the figures were released last week, not only did we have a higher growth rate in unemployment than the rest of the UK, but as unemployment was increasing in Scotland, it was decreasing in Wales and Northern Ireland. The next time the First Minister stands shoulder to shoulder with the First Ministers of Wales and Northern Ireland, he might wish to ask them what they are doing that allows them to decrease unemployment with slightly fewer powers than we have in Scotland.

I want to point out a reality about the budget figures. I accept entirely that there has been a real-terms decrease in the Scottish budget of—according to the Scottish Government's documents—1.3 per cent. However, the cabinet secretary did not want to acknowledge that there has been a cash-terms increase and that he has £240 million more for the next financial year than he has in the current one. Because of the Barnett consequentials that were announced in the autumn statement, he has £112 million more at his disposal than he had at the time of writing his manifesto before the elections last year. Therefore, all the choices in the budget are political ones of the SNP and the Scottish Government.

Kenneth Gibson (Cunninghame North) (SNP): Does Mr Brown accept that, when the SNP drew up its manifesto, we did not anticipate an inflation rate of 5.2 per cent? He talks about cash terms, but the real impact on the Scottish budget is much more severe than was anticipated.

Gavin Brown: If the SNP Government had read the Bank of England's inflation reports prior to the election, it would have anticipated sharp increases in inflation for 2011 and, sadly, for the bulk of 2012—although, we hope, not in 2013. The sharp increases in inflation were not completely unanticipated and the reality is that the Government has more money at its disposal for next year than it has this year.

We should judge the SNP on its words. It claims that it wants to prioritise the economy and to use every lever that it has at its disposal, but when we look at what the SNP is doing in the budget, we find several gaping holes in that statement. The first of them relates to colleges. It is a pity that Mr Russell has left the chamber—well, I suppose that it is kind of a pity, although the jury might be out on that. However, there is a one-year cut in the college budget. The cabinet secretary boasted that the Government will spend £500 million on further education colleges over the next financial year. However, in the previous year, the college budget was the best part of £550 million and in the year before that it was considerably higher. The point is this: at a time when unemployment is dangerously high and when youth unemployment in particular is at its highest, with 88,000 18 to 24-year-olds in Scotland out of work, we are deciding to cut the college budget dramatically in a single year. That makes no financial sense. It is not only that; the cut will be £74 million by the end of the spending review period, which also makes no sense in the current financial climate.

For me, the second gaping hole is in relation to housing, because the housing budget is being cut from £389 million to £300 million in a single year. We have heard all the rhetoric from the Government and from economists about the importance of infrastructure and housing and the effect that they can have on the economy. However, in the draft budget the Government is making a very sharp reduction in the housing budget in a single year, and it will drop further after that.

I gently point out that the First Minister talked at great length earlier today about the fantastic mandate that he won in the May election last year, so I ask the SNP this: did it say in its manifesto last year that it would slash the housing budget from £389 million to £300 million? I do not think that many people would have voted for that.

Maureen Watt (Aberdeen South and North Kincardine) (SNP): Given that the cabinet secretary has had to make cuts, is it not reasonable and realistic to make the cuts in the areas where other methods of finance can be levered in or where most savings can be made?

Gavin Brown: I think that we got a bit of policy on the hoof there; I am not sure whether that has been cleared by the SNP front bench. If we follow that argument to its logical conclusion, the SNP may wish to cut the housing budget even more next year and the year after. That argument was certainly not in the SNP election manifesto last year.

John Swinney: Will the member give way?

The Deputy Presiding Officer: The member is in his last minute.

Gavin Brown: Perhaps I can take an intervention from Mr Swinney in my closing speech.

On top of that, the SNP says that it wants more powers so that it can make Scotland more competitive and cut taxes, but in this budget it wants to introduce a Scotland-only tax in the form of a retail levy that would hit retail stores only in Scotland, which would make them less competitive than stores in the rest of the UK and send out a signal that again—on the hoof—the Scottish Government is quite happy to put up taxes as and when it thinks it appropriate, without even having an impact assessment of how that would affect jobs.

The Deputy Presiding Officer: We now move to the open debate. I remind members to press their request-to-speak buttons. Kenny Gibson will be followed by John Park. You have six minutes.

15:03

Kenneth Gibson (Cunninghame North) (SNP): On Gavin Brown's last point, I did not see the proposed retail levy having any impact on Asda's announcement of 5,000 jobs across the UK, of which about 500 will be in Scotland; that includes the rebuilding of Asda's depot to serve Northern Ireland and Scotland.

On 26 December, we debated the Finance Committee's report on the Scottish spending review 2011 and the draft budget 2012-13. In that report, which was the most robust since devolution, we set more than 90 questions for the cabinet secretary, all of which were answered in detail on 18 January; I thank the cabinet secretary for that. Indeed, I welcome the Scottish Government's Budget (Scotland) Bill for 2012-13.

Since 2007, the SNP Government has repeatedly demonstrated that it will always put Scotland first. This budget illustrates our party's continuing commitment to helping Scotland's people in difficult times and bolstering our economy. Within the budget, we will continue to prioritise capital investment in key infrastructure projects to create jobs and we will do that in part by shifting the revenue spending to support capital investment in order to make up for the 32 per cent real-terms cut that the Westminster Government is imposing on Scotland, even after George Osborne's autumn statement.

So, let us get rid of the kidology that extra money is coming through the Barnett consequential. That does not go anywhere near making up for the cut that is being imposed.

Gavin Brown: The member talks about kidology. He is, of course, the convener of the Finance Committee. Does he accept at least that it is a matter of fact that there is a cash-terms increase in the budget for next year?

Kenneth Gibson: Clearly, there is a cash-terms increase but, with inflation, that is a real-terms decrease. That is the world that we have to operate in at the moment.

We are looking at further means of preventative spending, such as minimum unit pricing for alcohol, which will provide economic benefits such as reducing the estimated 40,000 annual hospital admissions related to alcohol misuse and cutting the cost of crime in our society.

Preventative spend is a big part of this budget. Of course, many have commended the SNP Government for being so bold as to support such a strategy with £500 million over three years, at a time of severe financial constraint. Further, we will keep the council tax frozen, which will save the average household £1,136 to 2016, while maintaining free university tuition, which will save families money through difficult times and provide people with the opportunity to pursue higher education on the basis of the ability to learn, not earn.

The SNP Government has demonstrated its ability to look after this country's finances effectively since it came to power. That is another reason why we got such a resounding vote of confidence at the election last year. We will continue to use all the levers that we have at our disposal to create jobs and nurture growth in the Scottish economy.

Meanwhile, we have so far heard nothing from Labour in terms of a positive way forward. In fact, I do not believe that Labour has any economic credibility whatsoever. As was the case when this issue was debated in September, I expect to hear from Labour back benchers a litany of demands for money here, there and everywhere—the national health service, justice, local government and so on. Of course, it is doubtful whether we will hear where that money will come from.

Just on cue, Mr Macintosh wishes to intervene.

Ken Macintosh: I am intrigued, because I was trying to lay out to the SNP that there is an alternative, which is to invest in jobs. Does Mr Gibson think that the SNP Government is doing enough to invest in jobs?

Kenneth Gibson: The SNP is doing all that it can with the powers that are available to it. Of course, if the Labour Government had not denied Scotland borrowing powers, despite giving £2.5 billion to Northern Ireland, a province with a third of our population, we would have significantly

more to invest in capital projects—£7.5 billion, on a per capita basis. I ask Mr Macintosh how many jobs that could create in Scotland.

Of course, London holds the purse strings and it is clear that Labour MSPs would rather that the Tories ran Scotland from London than Scotland had control over its economy, such is their distrust of and lack of faith in the Scottish people.

Earlier, we heard about Mrs Thatcher. If Scotland had voted for independence in the 1970s, we would not have had to endure 18 years of Mrs Thatcher and her successor, John Major. Of course, we still do not have control over our destiny and, as we have already heard, the UK is continuing to take us nearer to recession.

We have called repeatedly for further capital investment and we are delivering the capital investment that we can. Improving access to finance to help businesses to recover and grow would be a major step forward.

We want to reverse the VAT increase to increase consumer confidence. Unfortunately, following recent revelations from Ed Balls, it is clear that Labour is now in 100 per cent agreement with the Tory-Lib Dem coalition on more than just the no campaign. Indeed, following the admission of Mr Balls that he would not reverse any of the coalition cuts, one can only presume that the 12.3 per cent cut to our resource grant and the 32 per cent capital cut would also stand. That position has angered many of the trade unions, including those that helped to elect Ed Miliband and Johann Lamont as Labour leaders. Perhaps instead of changing its policy in a desperate attempt to lure back English voters who flocked to the Tories at the last UK election, the Labour Party might consider practising what it once preached.

I was interested to learn this week that the former UK Labour Prime Minister, Tony Blair, wrote off £7.8 million of his income as “unexplained administrative expenses” and paid only £312,000 in tax. Of course, in a past life, Mr Blair claimed that he wanted to

“tackle abuse of the tax system”.

Perhaps if former Labour Prime Ministers were not making their own tax cuts there would be more money left in the public sector for essential services such as education and health. Of course, Ed Miliband and his motley crew now stand hand in hand with the Tories in support of the cuts and, as a result, it is clear that Labour no longer flies the red flag but the white one.

As for Labour in Scotland, only yesterday, Margaret Curran, the shadow secretary of state, seemed to indicate that Labour wants to take away free university tuition in Scotland, after

Labour previously pledged, following a spectacular U-turn during the Holyrood election campaign, to protect free university tuition.

The Deputy Presiding Officer: I would be grateful if you could close, please.

Kenneth Gibson: Johann Lamont and Ken Macintosh have spoken out against the council tax freeze and, once again, we are going to have a U-turn.

I am confused. Labour seems to oppose everything, at all costs, while it is in opposition and when it finds at election time that its policies do not work, it copies SNP policy. No wonder that Tom Harris said that his party was unfit for government in Scotland and has a less than 50 per cent chance of survival. In case anyone has forgotten, I remind the chamber that he was a Labour leadership contender in Scotland only a month ago.

15:10

John Park (Mid Scotland and Fife) (Lab): I welcome the opportunity to contribute to today's debate. Much of the debate will be about where we spend money, but I will focus on how we spend money. We have £9 billion-worth of goods and services procured every year in Scotland, which could have a massive impact on our communities. Government spending can undoubtedly be a force for good throughout Scotland, and in all our communities.

I welcome John Swinney's comment that he is prepared to listen to constructive suggestions from Opposition members. I hope that I will make some constructive suggestions in the next five minutes or so, and that he will respond to them in his closing remarks in the spirit in which they are intended.

I am pleased that the Scottish Government is focusing on employment. We on the Labour side of the chamber certainly welcome the opportunities for all initiative, not least because it is very similar to our suggestion three or four years ago that we give every suitably qualified 16 to 18-year-old the right to undertake an apprenticeship.

However, the devil will be in the detail of how the Government delivers that initiative. We must ensure that all those opportunities are accredited and that the individuals who undertake an apprenticeship or a training course associated with vocational opportunities will, at the end of it, have a real chance of going into gainful employment. There is no point in having a policy of putting bums on seats and keeping people off the streets if they will not get an opportunity to go into gainful employment afterwards.

With regard to real apprenticeship opportunities, I would like more support for smaller businesses. There is a debate in the Parliament just now about the level of apprenticeships. The global figure of 25,000 sounds very impressive, but once we get below those figures and examine some of the detail, it is clear that a lot of those apprenticeships are not in the traditional areas, which perhaps cost a little bit more, but in less traditional areas. The courses may last for only 12 to 18 months, and there is not always gainful employment at the end, although we have preserved employed status for apprenticeships in Scotland, which is welcome.

I will say something about the quality of employment and how the public sector can be an exemplar for the private sector in dealing with employees in what can be difficult circumstances. Mark McDonald and Michael McMahon have both raised issues at First Minister's questions in the past few weeks around the conduct of private sector companies in their constituencies. The First Minister responded favourably in terms of looking a bit further into what the Scottish Government could do in policy terms in those circumstances.

However, I have witnessed in my constituency—as I am sure that other MSPs have—a number of cut-and-run employers who are prepared to put their workforce at risk and throw bags of money over the fence when times get difficult, and who then expect us, the taxpayer, to pick up any redundancy bill through a protective award.

The Scottish Government and other public bodies throughout Scotland should set an example of how we deal with that, and we should certainly state in the Scottish Parliament that such behaviour is unacceptable. I welcome the Scottish Government's no compulsory redundancies policy, and I welcome the announcements that were made more than a year ago on the living wage for staff in the Scottish Government and for those who are directly employed in the NHS.

Every pound that we spend in Scotland just now must reach further into our communities than ever before. The living wage and dealing with in-work poverty is a policy that would not cost any money to introduce much more widely through procurement, and we should consider introducing it in the Scottish Parliament in a bit more detail.

It is the case that 59 per cent of poor children live in a household in which at least one adult works, and in some parts of Scotland—including in my constituency of Mid Scotland and Fife—child poverty levels run somewhere between 30 and 40 per cent.

The Scottish Government's research shows that its policy of rolling out the living wage to directly employed Scottish Government and NHS employees has had a positive impact in

addressing gender inequalities and that more than 70 per cent of the people who benefit from the living wage are women. If we regard the living wage as an example of what we can do to make Scotland a better place in which to work and live, we should seriously consider extending it through procurement to address low pay in other areas, particularly the private sector.

I intend to introduce a member's bill on the subject, and I have had constructive dialogue with Government ministers. It is about ensuring that those who are contracted to carry out work for public bodies are paid a living wage. The Local Government and Regeneration Committee is looking into not only the challenges that would arise in rolling out the policy in that manner, but the opportunities that the proposal would bring for those who would benefit from it. If we are to move forward and ensure that the living wage delivers for people, we must place a duty on the Scottish Government to promote that and to ensure that it is delivered both to those who are directly employed and through procurement across public bodies in Scotland. We have the levers in Scotland to do that.

I hope that I have made a constructive speech and that Mr Swinney will respond positively to some of the suggestions that I have made.

The Deputy Presiding Officer: We are extremely tight for time. However, if members confine themselves to six minutes exactly, even with interventions, we will get everyone in.

15:16

Maureen Watt (Aberdeen South and North Kincardine) (SNP): I congratulate the Cabinet Secretary for Finance, Employment and Sustainable Growth on, once again, delivering a budget that has, as far as possible, protected services and boosted investment against a backdrop of continuing savage cuts that have been handed to Scotland as a result of the UK Government's spending decisions. He is becoming highly experienced at it. The fact that he has again given us a budget that delivers the most possible from diminishing resources should be welcomed across the chamber.

I will focus on capital investment, in part because of my role as the convener of the Infrastructure and Capital Investment Committee, but also because it is perhaps the most critical part of the Scottish Government's budget when it comes to boosting Scotland's economy. Ken Macintosh began to acknowledge that, but then said that it was not being delivered on the ground. I remind him of the M74, the M80, the Airdrie to Bathgate railway, the 250 new schools, the Southern general hospital, the dental school in

Aberdeen, the Forth replacement crossing, the Borders rail project, the dualling of the A9 and the A96, and all the other projects that are outlined in the infrastructure investment plan. That pipeline of projects is welcomed by industry, and I am sure that Mr Park recognises that they are creating real jobs for apprentices in the future.

With the taxation powers of the Parliament limited, the capital spend that takes place in Scotland is the biggest lever that we have to stimulate our economy. The continuing need for such stimulus should be obvious, given that encouraging growth must be the current top priority for the economy. That is why the UK Government's decision to impose a real-terms cut of 32 per cent to Scotland's capital budget over the current spending review period is particularly short sighted and the Scottish Government's decision to reprofile £750 million of revenue spending towards capital investment is critical. That policy was even endorsed by Nicola Horlick on "Newsnight Scotland" last night. Boosting capital spending results in increased employment in the short to medium term and stronger economic growth in the longer term.

As well as using traditional forms of capital spending, the Scottish Government has been innovative in using other means to up the level of capital spend that will take place in Scotland in the coming years. It is using Network Rail's regulated asset base to draw in funding for strategic rail improvements; it is leveraging greater funding from the European Union's joint European support for sustainable investment in city areas; it is implementing measures such as tax increment financing; and it is making greater use of the non-profit-distributing model of finance. Together with the excellent work of the Scottish Futures Trust, those are all ways in which the Scottish Government is squeezing out the highest possible level of capital investment despite the constraints that Westminster has imposed.

As a result of all that, capital investment in Scotland will be 25 per cent higher in 2014-15 than in the current financial year. Having said that, even more action could be taken if the Parliament had access to full borrowing powers and, with that, the ability to boost our economy more rapidly.

One key investment in north-east Scotland is the Aberdeen western peripheral route. I am delighted to note that a commitment to deliver that project through the non-profit-distributing financing model is an important part of the budget. I am sure that most members in the Parliament accept that, the sooner the infuriating legal delays can be resolved and work can begin, the better for the people of north-east Scotland. That position was reiterated by Alex Neil in Aberdeen on Monday

and was widely welcomed by the business community, which he addressed.

The great advantage of NPD financing is the substantially better deal that it secures for the taxpayer in comparison with some of the disastrous private finance initiative projects that Administrations prior to 2007 signed off. The bill for that toxic PFI legacy in Scotland is set to increase substantially in coming years, which will drain from the Scottish Government money that could be better put to work on strengthening Scotland's economy.

As well as having new capital projects, it is important to maintain existing infrastructure well and update it as needed. Making such investments is an important part of the preventative spend agenda, because a failure to maintain what we have will result only in increased costs for the Government further down the line. It is welcome that, despite the savage cuts that have been imposed on us, the transport infrastructure maintenance budget has been protected.

By focusing on stimulating economic growth and thereby creating jobs, the budget takes the right way forward in these difficult times. The Scottish Government has been given an extremely difficult task because savage cuts have been handed down as a result of UK Government decisions. We should all welcome the fact that the Scottish Government has pulled out all the stops to boost economic growth through capital spending. Opposition members—John Park excluded—have so far moaned about savings that the Government has had to make, but we have heard not a word about their choices. Perhaps they will surprise us at stages 2 and 3 with their alternatives.

15:22

Elaine Murray (Dumfriesshire) (Lab): Budget decisions are about the Government's priorities. The Scottish Government frequently cites its purpose as being sustainable economic growth, so it is disappointing that parts of the Budget (Scotland) Bill do not appear to reflect that purpose. In particular, I am—like Gavin Brown—disappointed that housing has not been given a greater priority in the bill, especially as the budget covers the period when the homelessness targets must be achieved.

The SNP's manifesto before the election in May 2011 stated that, if re-elected, the SNP would build an average of 6,000 homes for affordable rent each year. It is unfortunate that that commitment was soon downgraded after the Government took office to refer to 6,000 affordable homes per year. Of the 30,000 homes that are to be built over five years, only two thirds will be available for rent.

We must look at the scale of the problem that needs to be tackled. On Shelter's website, the most recent available statistics show that more than 55,000 households made homelessness applications in 2010-11 and that 41,500 of them were accepted as being unintentionally homeless. Of those households, 29 per cent were families—single parents or couples with children.

On top of that is the demand that is created by people who live in accommodation that is unsuitable for their needs—it might be too small for their family or inappropriate for one of the household's medical condition. In the Dumfries and Galloway Council area alone, about 5,000 households are on the waiting lists of registered social landlords.

Given the Scottish Government's purpose and the desperate need for social rented housing across Scotland, it is disappointing that the budget for supporting economic growth and housing supply will fall by 43 per cent in cash terms over two years—from £291.3 million in 2010-11, which is the year to which the Shelter statistics refer, to £155.3 million in 2012-13.

Indeed, the entire housing regeneration budget will fall by 23 per cent in cash terms between this financial year and the next. According to calculations provided yesterday by the Scottish Parliament information centre, the affordable housing supply budget will fall from £356.4 million this year to £214.8 million next year, which is a cut of 37 or 40 per cent in real terms.

Using slightly different figures from those that were used by Gavin Brown, I point out that, if we consider total managed and capital expenditure together, the total Scottish budget has decreased by 1 per cent in cash terms and 3.5 per cent in real terms, while the infrastructure and investment portfolio budget has increased by 4 per cent. Shelter's Gordon MacRae was quite right to say in evidence to the Infrastructure and Capital Investment Committee that this is the second year running in which the housing budget has taken a disproportionate share of the cuts.

That matters not only because of all those thousands of households who are statutorily homeless or are living in inadequate accommodation—although they are crucial—but because it is happening against the backdrop of a collapse of confidence in the building and construction industry and a 1.2 per cent fall in construction output in the third quarter of 2011. Only one in 10 Scottish construction firms is now confident about its future. Michael Levack of the existing homes alliance has warned that budget cuts could impact negatively on construction companies and are stirring up

“serious trouble for the future ... in company failures and the loss of skills and jobs.”—[*Official Report, Infrastructure and Capital Investment Committee*, 26 October 2011; c 203.]

Companies involved in the construction of social homes for rent are already going into administration; for example, a large company in the Dumfries and Galloway area, Robison & Davidson, went into administration a year ago in the middle of constructing socially rented housing.

John Mason: I have some sympathy with the member’s view that we need to invest in housing. I presume, though, that such investment can be made only if other investment—in, say, the Forth replacement crossing—is reduced.

Elaine Murray: I will touch on that issue at the end of my speech.

Scottish ministers have been proud of their focus on preventative spend in this spending review. However, I argue that investment in housing is itself preventative spend. Children who have to live in cramped or damp conditions or in temporary accommodation after being removed from their friends and families—and possibly after having the family pet taken off them—will not achieve their potential at school. Their life chances will be improved by a stable life in decent accommodation. Moreover, adults who have to live in such accommodation or who are worrying about losing their home because they cannot pay their rent, because their landlord is selling up or because they are struggling with a mortgage that they cannot afford—and, in turn, worrying about the effect of that on their children—will suffer from stress, will be more likely to suffer from physical and mental ill health, will perform less well at their work, will take more time off work and will be more likely to experience relationship breakdown.

As many of us know, councils or registered social landlords facing waiting list pressures can feel compelled to house a homeless young person in accommodation intended for pensioner households, resulting in conflict between the lifestyles of the residents that can lead to real or perceived antisocial behaviour and a call on police and other resources.

When I searched my computer-based records to see how many cases with a housing attribute I had received since the system was installed in 2004, I found that there had been 920. That is not unusual for MSPs. In such cases, people say things such as, “Please help me” and, “We’re turning to you because we cannot think who else to go to.” I ask the cabinet secretary to look at his budget and his consequentials and think about whether he can reprofile certain large-scale projects. After all, he, more than the rest of us, is the person who can help those families.

The Deputy Presiding Officer: I call John Mason, to be followed by Liam McArthur. You have a tight six minutes, Mr Mason.

15:29

John Mason (Glasgow Shettleston) (SNP): I will do my best, Presiding Officer.

Although there are a number of issues to discuss, I want to begin with a subject on which the Finance Committee has spent a lot of time: preventative spending. It is estimated that something like 40 to 45 per cent of present Scottish public spending is made in a negative or reactive way and it is essential that all levels of public spending, not just that under the direct control of ministers, become more preventative. That has been made very clear to the Finance Committee, which has built on the previous committee’s work, and particular support is now being given to spending on the early years, where the effect will be greatest.

That was touched on in our report and in the debate in December. I welcome the cabinet secretary’s response to that report, especially to paragraph 63. The response says:

“The Scottish Government is committed to driving a decisive shift towards prevention, in terms of both public spending and the nature of service delivery.”

It says:

“We are seeking to encourage those advanced areas to continue to develop experience and evidence, to further innovate and to draw lessons for development of preventative approaches more broadly.”

That is particularly to be welcomed. We should share best practice around the country and encourage others to do so.

I agree with the cabinet secretary’s comment that

“the Government also recognises there may be actions that do not directly involve spend which help to deliver a more preventative approach.”

Attitude is important in the area and in the debate. It is not just about particular sums of money, important as they are; it is also about the spirit and the letter of the law.

Capital spending has already been touched on. It is clear that capital spending is one means of preventative spending. I completely agree with 95 per cent of what Elaine Murray said about the value of having more homes built. That creates better health, better education and jobs. Like Elaine Murray’s casework, the vast majority of the casework that comes to me in Glasgow Shettleston concerns housing.

Claudia Beamish (South Scotland) (Lab): I would like to highlight a concern about energy

efficient homes in addition to what Elaine Murray and John Mason have highlighted. Some members are concerned about the budget not really meeting the energy efficiency demand that many groups, including voluntary sector groups, have highlighted in relation to fuel poverty. Will the member comment on that?

John Mason: The member has said what Ken Macintosh and Elaine Murray have said. Of course we would all like to see more money going into housing, but all those members have failed to say where that money will come from. We are dealing with a limited budget.

Ken Macintosh: In my opening remarks, I highlighted the fact that the cabinet secretary has £155 million available in consequential this year alone and more than £600 million in consequential over three years.

John Mason: I understand that we still have to hear what all the consequential, which are welcome, will go to in due course. I assume that the members whom I mentioned have a plan to reallocate money within the existing budget that we know about. They and I are aware of many projects. I do not know whether they agree with Alison Johnstone of the Greens, who has just left the chamber, that the Forth replacement crossing should go. Young as I look, I remember the Forth road bridge being built, and I find it desperately disappointing that we must divert such huge amounts of money to replace it, but I think that we all—or most of us—agree that having that bridge is absolutely necessary for Scotland, especially the east coast. I would like to hear from Opposition members whether that bridge, some railway or something else should not happen in order that houses can be built. Depending on what the suggestion is, I would consider supporting them, as I would like to see more housing. However, we need specific suggestions.

Rhoda Grant (Highlands and Islands) (Lab): Will the member take an intervention?

John Mason: I am sorry, but I have already taken two interventions.

Let us remember that we are suffering and susceptible to the Westminster cuts. I agree with Unison, which said in its briefing to us:

“There is no doubt that the cuts to public spending by the UK Government mean real cuts in the money available to the Scottish Government and has therefore limited their choices.”

Linked to capital spending is the fact that we need more powers to give us more control over our budget. In particular, we need more control over corporation tax.

Rhoda Grant: Will the member take an intervention?

John Mason: I am sorry, but I really cannot.

Enterprise areas have been mentioned. They are welcome, but previously the enterprise zones were beneficial because of the capital allowance and corporation tax breaks that they got. If we had power over that, we could create more jobs more effectively.

Borrowing powers have been mentioned several times. Another key area is the possibility of our incorporating into the budget the Department for Work and Pensions and benefits system. Currently, if the living wage cuts tax credits, that saving goes to the DWP and not to here.

I realise that I have run out of time. John Swinney has had a very difficult task in the face of the economic failure at Westminster. We can support the budget, and we will see what costed and funded amendments the Opposition parties bring forward.

15:35

Liam McArthur (Orkney Islands) (LD): After the elephants, it is said, comes the man with the buckets. I dare say that it will do Mr Swinney's career prospects no harm at all if, in wielding his buckets, he avoids stealing any of the limelight from his boss this afternoon. Perhaps that is the reason why his Budget (Scotland) Bill is devoid of any reference to how the additional resources that he has at his disposal are to be deployed. According to SPICe, they total more than £850 million over the next three years. One suspects that even half that amount would be enough for at least a few rabbits to be pulled kicking and biting from Mr Swinney's hat. There is still time for that to happen—I will address some of the rabbits that Scottish Liberal Democrats would wish to see emerge. Nevertheless, it is clear that Mr Swinney has room to manoeuvre.

Indeed, were Mr Swinney to heed the advice of the independent budget review, the Scottish Futures Trust and possibly now Maureen Watt, he could avoid having to increase loans to Scottish Water by £100 million—and recoup £1.5 billion besides—while keeping Scottish Water as a public benefit corporation. Moreover, his demands again this year that Opposition parties match spending requests with cuts ignores last year's stage 3 assertion that munificence was possible thanks to

“updated forecasts of estimated income from non-domestic rates”,

“carry-over provision” agreed with the Treasury and being

“able to reprofile other spending programmes”.—[*Official Report*, 9 February 2011; c 33059, 33060.]

I do not pretend that the task facing Mr Swinney is easy. I am sure that he would welcome being

able to call on the prodigious talent assembled in Mr Salmond's team of economic advisers. It is sad, then, that the advisers met for the first time in more than a year on the day that the Budget (Scotland) Bill was published. With the news last week that Scottish unemployment is increasing at double the rate in the rest of the UK, meaningful engagement with that group of experts would surely have been helpful. I feel sure that their view, if asked, would be that of most observers: that this is a budget that must be focused firmly on creating jobs and opportunities.

In that context, it is crucial that Mr Swinney takes urgent steps to reverse the deep cuts that he and the Cabinet Secretary for Education and Lifelong Learning are proposing to Scotland's colleges. Although colleges have made clear their willingness to embrace change, Scotland's Colleges points out that that

"should not come at the expense of the quality or breadth of provision for college students."

I note that the City of Glasgow College assures us this week that we are all in a state of "shock", which will turn to "denial" and "blame" before we "let go". At that point, though, we can look forward to accelerating towards the sunlit uplands of "integration and focus". I detect the invisible hand of Mr Russell there.

However, in return for that commitment from colleges, they require a fair deal, and one that recognises that cost savings take time to realise, that success in reforming the sector depends on the way in which the reform is introduced, and that the array of commitments made by ministers cannot be delivered on the cheap. On the cuts proposed, following last year's 10 per cent cut, Scotland's Colleges has warned:

"The impact on the quality of provision, the availability of student support services, and the loss to expertise, capacity and morale present in the sector through losing staff cannot be overstated."

NUS Scotland expresses similar concerns, not least over what amounts to an £11 million cut in student support budgets. Rightly, it highlights the damage that that could cause to efforts to reduce drop-out rates.

The damage that is caused by the threat of the cuts is compounded by uncertainty over individual allocations, making planning difficult, if not impossible, for colleges and students alike. Colleges provide students with the skills they need to get up and get on and they improve the life chances of thousands of people of all ages in all parts of Scotland. That is supported by colleagues of all parties on the Education and Culture Committee. I hope that that encourages Mr Swinney to think again on these cuts.

The extra money that is now available to the Scottish Government means that the SNP can also now stick to its manifesto promise of delivering 6,000 new social rented homes each year. Having cut the budget by around £100 million, ministers have been forced to backtrack on clear commitments, with an element of purchase now required. All too often, that option is beyond the means and not in the interests of those most in need. Again, I hope that Mr Swinney will reconsider the investment that is being made in that area.

I briefly mention an issue of significance to a great many of my constituents, although college funding and housing certainly fall into that category as well. I know that the cabinet secretary will be well aware of the importance to the islands of lifeline transport links, including our air services, which remain costly to access, despite the introduction of the air discount scheme by my colleague Tavish Scott, when he was Minister for Transport and Telecommunications. The scheme was initially supported by the SNP, but last year the decision was taken to remove all work-related travel from it. At a time of economic difficulty, when travel budgets are already being stretched, that decision by SNP ministers has had a serious impact not only on local businesses but on voluntary groups, charities and the public sector. It has also resulted in services between my constituency and Inverness being reduced. Ministers blame Brussels, but their reasons do not stack up. It is a cost-cutting measure and one that is damaging island communities. Again, I urge Mr Swinney to think again.

The Scottish Government has significant additional resources to tackle the challenging economic times we face, thanks to announcements made by the UK Government since Mr Swinney published his draft bill in September. The lack of any detail on how the resources are to be spent is unfortunate and makes Parliament's scrutiny of the bill all the more difficult. For our colleges, our housing sector and the many others across Scotland who are seeking answers, I hope that the details will emerge soon.

In the meantime, we will take up Mr Swinney's offer to discuss the issues in more detail but, for the time being, we cannot give the budget our support.

15:40

Clare Adamson (Central Scotland) (SNP): I welcome the opportunity to speak in the debate this afternoon.

The budget is being set in the most difficult of financial circumstances. The Scottish Government has highlighted a 12.3 per cent real-terms

reduction in the budget in 2014-15, with a 7 per cent fall in this financial year and the remaining 5.3 per cent reduction falling over the next three years. In these financial circumstances, decisions have to be made. I commend the Cabinet Secretary for Finance, Employment and Sustainable Growth on the budget, which will deliver so much in the way of transformational policies with so little. I particularly welcome the move towards preventative spend, as I know that it will impact most on the Government's early years agenda.

Early support and preventative spending for vulnerable children and families in Scotland will help to tackle problems before they turn into crises. That will be hugely beneficial for children and young people, as well as for society as a whole. It is estimated that, for every £1 spent on early years intervention, the taxpayer saves £9 in future spend.

We have an opportunity to tackle and address the problems of poverty that have led to low educational outcomes for young people and limited their options in life. Preventative spend is innovative and transformational, and it is an agenda that the Government is pursuing. It encompasses all areas of government, both local and national, and it works across our universal and targeted services. The cabinet secretary has embraced the agenda, despite the financial constraints in which we find ourselves.

The early years agenda will transform the lives of children and their communities. It is a principle that will enable partnership working, and it is a lever that will bring together NHS, education and local government services to deliver better outcomes for Scotland's children, enabling them to live in the way that Angela Constance described when she was Minister for Children and Young People:

"At the heart of everything we do and of all our aspirations for our children is to ensure that we have happy healthy bairns who reach their full potential."—[*Official Report*, 27 October 2011; c 2777.]

Following the publication of the report and recommendations of the Smith group—an eminent group that included Willie Haughey, Sir Tom Hunter and Rory Mair—Angela Constance moved position and has now been appointed Minister for Youth Employment.

The SNP Government is the Government of opportunities for all. It has already made the commitment to 16 to 19-year-olds of a place in education, employment or training, and it is committed to 25,000 new apprenticeships every year in the term of the Government. The appointment of Ms Constance to the role of Minister for Youth Employment shows that the

Government has recognised the potential gravity of the problem.

Ms Constance has already set out some of her priorities. She has brought together business leaders, the third sector and other agencies to look at the best way forward to tackle youth unemployment and to enable our youngsters to take advantage of the opportunities available in Scotland. She has also recognised that those most disadvantaged in Scotland deserve our help and support, and she has committed funds to looking after carers and those leaving care to enable them to achieve their potential.

I am very glad that the Government is supporting our young people in other areas, too. We have been able to protect the youth music initiative, which supports more than 300 projects across Scotland, ensuring that Scotland's talented youngsters get the support and opportunity to fulfil their potential that they deserve. We have also been able to commit an additional £5 million to the young Scots fund to invest in a national centre for our youth companies in Glasgow. The centre will be transformational and will give accessible rehearsal space, production facilities and administrative bases for the organisations. The Government also continues to fund the Edinburgh festivals expo fund, which showcases our young Scottish talent to the world.

Our new apprenticeships include those in the areas of conservation and heritage, which will ensure that traditional building and the maintenance of our historic buildings is secured for the future.

I finish by mentioning a trip that I took last week to Thornlie primary school in Wishaw. The school sits in a disadvantaged area of North Lanarkshire and the previous Government committed funds to create an open, free play area for it. It has a sandpit, a firepit that is used with teacher supervision, and areas where the children can climb and play on tree stumps that have been placed in the school yard. It is very much about encouraging the children to go outdoors. They also have areas in which they can put up tents, and they are encouraged to enjoy the open, free space and unstructured play. I am grateful that I was there to hear the announcement of a further £3 million from the Scottish Government for free play, which is so important to the development of our young people.

15:46

Paul Wheelhouse (South Scotland) (SNP): I will start by briefly referring to my support for the Government's initiatives on youth unemployment and the guaranteed place for all 16 to 19-year-

olds. John Park made a very positive contribution on that issue.

It is clear that investing in growth through measures such as opportunities for all, which will give us 25,000 modern apprenticeships, and other measures such as the infrastructure investment plan, which will deliver £60 billion of individual projects of more than £20 million in value will have a clear impact on accelerating growth.

In his speech, Mr Macintosh mentioned his party's support for preventative spending. I highlight to him and other members that the members of his party who were previously on the Finance Committee failed to support those elements of the committee's report that dealt with preventative spending when they had the opportunity to do so. He also talked about Labour's support for increasing the number of apprenticeships, but his party failed to vote for those 25,000 apprenticeships when they had the opportunity to do so during last year's budget process.

Ken Macintosh: I do not want to exaggerate our differences. We questioned, and we still question, whether the preventative spending agenda is being pursued as vigorously as it could be, but we welcome it. Similarly, it is accepted across the chamber that the only reason why apprenticeships are in the SNP budget now is the pressure that Labour put on the Government.

The member wants to talk about youth unemployment, so will he say how the £70 million cut to colleges helps to tackle youth unemployment?

Paul Wheelhouse: I was going to come on to college spending later, but I will deal with it now. Liam McArthur and Ken Macintosh mentioned college funding and a lot of heat has been expended on the issue of student support funding. My understanding is that the figure of £11 million that has been quoted as a cut to the allowance for student support in fact refers to an exceptional item on top of the baseline of £84.2 million in the previous year. There has been no cut to the baseline in this financial year, but there was a one-off exceptional increase to the amount of the student support last year, which has misled some people into referring to an £11 million cut in funding for student support.

Patrick Harvie (Glasgow) (Green): Will the member give way?

Paul Wheelhouse: I apologise to the member; I have given some time to Mr Macintosh so I need to move on.

We all know that there has been a 32 per cent cut to the Scottish Government's capital budget from Westminster even after the modest increases

that we have seen in the recently revised spending review. The Parliament should commend John Swinney and his colleagues for what they have managed to do through a combination of introducing NPD funding and the resource-to-capital switch. The result is that, instead of a £22 million fall in the capital DEL between 2011-12 and 2014-15, there will be a £578 million increase in annual capital spending over that period. We are doing what we can within the powers that we have. Many members have mentioned that already.

Speaking of the powers that we have, I will highlight the five-point plan to kick-start growth that Labour unveiled on 3 November 2011. Four of the five measures that it proposed were to do with another place: there were two proposals on VAT, one on national insurance and one on bank bonuses.

Labour members have criticised the increase in unemployment in Scotland and have shown a desire to blame that on the Scottish Government. However, all along, whenever it has made pronouncements about the plan MacB to which Labour members refer, the Scottish Government has said that many measures are outwith its control and has urged the UK Government to take a similar approach to ensure that recovery is sustained, which it has failed to do.

Gavin Brown: Will Paul Wheelhouse give way?

Paul Wheelhouse: I need to move on. I am sorry, but I am short of time.

Let us consider the powers that we could have. On the latest exchange rates—I checked only two days ago—the Norwegian Government pension fund global, which was established in 1996, is worth £370,002,865,000. Scotland's oil fund within the UK is currently £0.00.

We need to think seriously about that after today's announcements about the independence referendum. SNP members are clear that, with the full economic powers at our disposal as an independent country, we could take a similarly progressive approach to Norway. Who knows—perhaps we would not have some of the issues to which members from other parties have referred.

From some people, we hear scorn about the provision of universal benefits. Indeed, the council tax freeze comes under criticism from some Opposition members. I recommend to them the wise words of the Roman emperor Tiberius:

"It is the duty of a good shepherd to shear his sheep, not to skin them."

The council tax freeze has been highly popular for a good reason: it helps people. Council tax has been frozen for five years so far, and the freeze will continue through this session of Parliament. It

comes at a time of falling family budgets and when people have had some real pressure on their household spending. I spoke only yesterday to a grandmother who is a carer and who is just above the threshold for council tax benefit. Without the council tax freeze, she would be in even deeper financial trouble than she is. She was very supportive of our policy.

I welcome the announcement yesterday of the freeze in Scottish water rates. Under public ownership and under this Government, the average household charge for water will remain at £324—the same level as in 2009-10. That, too, helps household budgets.

15:52

Mary Scanlon (Highlands and Islands) (Con):

I noticed that even the Cabinet Secretary for Finance, Employment and Sustainable Growth had his head in his hands for many parts of that speech. [*Laughter.*]

John Swinney: I am all for a laugh in the parliamentary chamber, but Mary Scanlon will notice that I was reading the brief that is in front of me to enable me to respond fully to the points that she is about to make.

Mary Scanlon: I welcome that—it was said with such a look of kindness.

Many issues could be raised in this debate on the budget. However, as 88,000 people between 18 and 24 years old are registered unemployed, surely further education should be a priority for spending, not a target for cuts, if we are to be a wealthier and fairer nation, as the First Minister outlined earlier.

As an economics and business studies lecturer in further and higher education for more than two decades before becoming an MSP, I know from experience the opportunities that further education offers to reduce inequalities and to provide not only skills, training and qualifications but—equally important—the self-esteem and confidence that individuals need to progress to work and in work.

The Christie commission highlights that, in education, the inequalities gap between the bottom 20 per cent and the average learning outcomes has not changed at all since devolution. It also states:

“A cycle of deprivation and low aspiration has been allowed to persist because preventative measures have not been prioritised.”

If the Government is serious about realising our full economic potential, creating more and better employment opportunities and tackling the significant inequalities in Scottish society, further education should surely be the last sector to face cuts. If the Government is serious about driving

and supporting the development of a competent, confident and valued social services workforce through the Scottish Social Services Council, it should understand that that could be achieved in further education colleges. There is no doubt that that would be an excellent example of a spend-to-save policy as it would not only hugely benefit the workforce but enhance care in the community in general. It is not acceptable to expect carers to do the job that they do with as little as a disclosure check and minimal training.

Employability is a recurring theme in the Christie commission report, and there is no better place for people to start gaining the required skills than further education. Colleges have been innovative and enterprising and have been pruning their costs for years, including for many years before devolution. Given my experience in the sector, I find it difficult to understand how the Government can, at the same time, cut college funding, urge colleges to maintain student numbers and commit to provide a place in training, education or work for every 16 to 19-year-old.

Having criticised the cuts in further education, I will give two examples of good ways in which to save money. I think that it was Maureen Watt who said that not much has been said about that.

Clare Adamson: Will the member take an intervention?

Mary Scanlon: I ask the member to let me make some progress.

First, I highlight the ability of the public sector to procure and manage information technology contracts, and the cost of those contracts. Last month, the Auditor General for Scotland submitted two reports to the Public Audit Committee, of which I am the deputy convener: one on Registers of Scotland and one on the Crown Office and Procurator Fiscal Service. They are not two of the largest public sector organisations by any means, but they have worrying IT costs. Registers of Scotland's initial contract cost of projects was estimated to be £66 million by the end of the partnership in 2014. By April 2011, the £66 million had become £102 million and the estimated cost to the end of the partnership was £132 million, which is exactly double the original estimated cost. The impairment costs are currently £3.1 million. The Crown Office and Procurator Fiscal Service has an impairment charge of £2.3 million.

That brings me to the Finance Committee's report on the Scottish spending review 2011 and the draft budget for 2012-13. In paragraph 69, the committee reasonably asks the Government for

“a progress report ... on how its strategy is bringing savings in ICT across the public sector”.

The Auditor General has highlighted those two cases, stating that they raise

“wider questions about the extent to which public bodies are equipped to manage IT projects delivered by outside providers.”

When the previous Health and Sport Committee held an inquiry into telehealth and clinical portals, we discovered that there were almost 14 separate systems, with one for each health board. I welcome the fact that the Auditor General is to take a closer look at how such contracts are identified, defined and managed. The money that is wasted on poorly managed IT projects could be invested in employability skills and work to tackle inequalities.

My final point is on the absenteeism rate in the public sector. The Government had to abandon the health improvement, efficiency, access and treatment target to reduce absenteeism in the NHS to 4 per cent when it became unachievable. This week, I received figures in a parliamentary answer on the average number of working days that are lost per full-time equivalent over a 12-month period. Although the rates for some organisations such as the Office of the Scottish Charity Regulator and the Scottish Housing Regulator are less than six days, those in other organisations are more than 10 days, and at Disclosure Scotland the rate is three and a half weeks.

The Deputy Presiding Officer (Elaine Smith):

I am afraid that I have to ask you to close.

Mary Scanlon: There might be good reasons for those rates, but they need to be analysed.

I hope that the finance secretary will go home and think again about the savage cuts to further education.

15:59

Chic Brodie (South Scotland) (SNP): I am pleased to support the motion. In fact, I was pleased to be here to hear what was a selective rewriting of history from Mr Macintosh and a lack of understanding of the financial cycle from Mr Brown. He probably thinks that a financial cycle is something you ride round the ponds outside. In Mr Macintosh's speech, there was no mention of Alistair Darling. He talked about 30 years of child poverty and a dependency culture, but who was in charge over the past 30 years? From what he said, you would think that all that happened in the past four years.

Ken Macintosh rose—

Chic Brodie: Mr Brown must be the only person who pays his bills and his VAT before he incurs the expenditure. He knows what the financial cycle is.

When the budget proposal started its journey, international economic data highlighted the fragility of the global economic recovery, thereby putting investment in jobs at risk, here and abroad. Since then, the economic forecasts for growth have declined quarter on quarter, and today we received the sad news that UK GDP has declined and that the UK may well be on its way to recession. Underlying that is the impact on high-employment sectors such as construction, in which output is 0.8 per cent down, and manufacturing, in which output is 1.2 per cent down.

That prospect is the result of a UK Government that runs around like Corporal Jones, shouting, “Don't panic! Don't panic!” The Tory party panics only in a crisis of its own making. The UK Government tells us not to panic, yet it still seeks every distraction to avoid focusing on its extremely poor economic management. That leaves it to us in Scotland, under the current constitutional and financial arrangements, to try to do more, or as much, with less.

The budget is a tough one, but it is a good one. The Budget (Scotland) Bill is a mature bill, but one that is still open to suggestion, and I believe that it is incumbent on the two and a half main Opposition parties to advise us—now that they are in total accord on the economic policies of the London Government, which means, de facto, that they agree with the aggregate settlement for Scotland—to which areas they would direct expenditure and in which areas they would change the planned expenditure for 2012-13 and thereafter.

Ken Macintosh: I am intrigued, because Mr Mason did not accept our word on this, either. There are £660 million-worth of consequential. It is interesting that all the parties across the chamber have identified similar areas on which that money could be spent, among which housing and colleges are predominant. Does Mr Brodie accept that there is money to be spent and that those areas should be prioritised?

Chic Brodie: I believe that that is encompassed within the budget. Mr Macintosh will know, because an answer was given on the issue earlier, about the impact of inflation on some of the consequential.

We know what the Opposition parties are against; we need to know what they are for. I ask them to tell us please, with some lucidity, what they are for. The duty of the Opposition is, it seems, very simple—it is to oppose everything and to propose nothing.

John Park: I made a suggestion about extending procurement so that the living wage could be paid to people in the private sector when

companies benefit from public sector contracts. Does Mr Brodie support that?

Chic Brodie: Yes I do, but I am talking about the budget in the round. The member addresses one element of the budget, not the whole thing.

Now that the Opposition parties are as one, at least economically, it is their duty to the people of Scotland to spell out what items they want to spend money on and when, and in which areas of the financial settlement they would make cuts. They should go through the resource budget and the accrued cash schedules that are attached to the bill and tell us where they would switch expenditure. When they say that they want to raise expenditure in certain areas, they should tell us, openly and honestly, in which areas they would make cuts.

Globally and nationally, the current economic climate requires stability, competence and investment, and I believe that the Budget (Scotland) Bill establishes the continuity of competence that we need. Are we doing all the things that we want to do? Of course we are not, but we are harnessing the limited resources that have been imposed on us to a sustainable economic strategy. That is why the bill, in delegating powers and flexibility to the Scottish ministers, at a time when maximum flexibility is required, gives them the power to ensure that they optimise the spend that we have; and it is why it is right that, in the bill, our priority is to build a society in which people will work together to fund the essentials of the modern, progressive, socially fair and democratic nation that the First Minister talked of earlier.

The Opposition parties, who are clearly now at one on their newly adopted yet doubted shared position on the economy, must tell us about their shared social and political philosophy and objectives. They should make known their joint position on the economy and Scotland's future.

The bill locks in and builds on a social foundation and economic culture that are right for Scotland and our people. I think that the people accept and understand that. I support the motion.

16:05

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): It is quite right that we concentrate in the debate on the decisions that the Scottish Government must make within its powers and resources, but I must first address a point that Chic Brodie and Kenneth Gibson made. SNP members are spreading about a new myth, which is that somehow Labour and the Conservatives at Westminster have the same economic policy—the cabinet secretary, being a more reasonable man, merely implied that that is the case. The fact is

that the economic policy of Labour at Westminster has not changed. We remain adamant that the cuts that are being made are going too far and too fast. Mr Swinney quoted the IMF, which said that the overvigorous deficit reduction strategy is having an entirely negative effect on growth and employment and indeed on the longer-term prospects for reducing the deficit, and I quite agree.

Let us concentrate on what we can do in the Scottish Parliament.

Mary Scanlon: Will the member give way?

Malcolm Chisholm: I will do so in a moment.

As Kenneth Macintosh said, there is a larger measure of agreement about what Labour is proposing than people might think that there is. From the front benches, Ken Macintosh emphasised colleges and housing. I will talk about those two subjects, although if I have time I will also talk briefly about the budget for sustainable and active travel, which the Infrastructure and Capital Investment Committee, of which I am a member, has been considering.

We can address the problems of the housing and further education budgets within the money that has not been allocated. It might also be possible to make some shifts, but such a significant sum is available in the unallocated moneys, particularly in relation to capital, that there is ample scope to spend more on housing and FE. The two areas tick all the boxes that we want to tick: the economics box, the employment box, the social justice box and the preventative spend box. Why on earth is a Government that claims to prioritise youth employment cutting the FE budget by 20 per cent, with the cut front loaded at 13 per cent next year, on top of 10 per cent this year? Perhaps a 10 per cent cut can be accommodated this year through efficiencies of various kinds, but can that be repeated next year? I very much doubt it. The Government's decision is illogical and I hope that it will be reversed.

We all know about the social need for housing, but we must also remember what a profound boost to the economy a house building programme would provide. We are told that we will get 4,000 social rented houses a year. Notwithstanding that many of the organisations that know about such things are a bit sceptical about that happening, that is 2,000 fewer houses than were promised in the manifesto and will in no way meet our crying and urgent need for more houses.

Last week I visited the City of Edinburgh Council and East Lothian Council, in relation to the 2012 commitment on homelessness, and both councils told me that they will really struggle to meet the objective. There is an urgent need for more social

rented housing for social, employment, economic and climate change purposes, so let us ensure that unallocated capital goes into the area, as the Infrastructure and Capital Investment Committee recommended in its report to the Finance Committee.

Paul Wheelhouse: Does the member welcome, as I do, East Lothian Council's decision to buy back houses on the open market, to increase the supply of social housing at the pace that he says is necessary?

Malcolm Chisholm: That is certainly one of the things that the council is having to do, but the approach will not in itself solve the council's problem.

I mentioned the Infrastructure and Capital Investment Committee's report. There is not just agreement among many Opposition parties; the reports of many committees, which of course have an SNP majority, say much the same thing and ask that the number 1 priority be that unallocated capital be given to housing.

On active and sustainable travel, we are talking about relatively small sums of money. If we took £1 million from every line in the transport budget we could probably address most of the concerns that I will raise. I will focus on three recommendations of the Infrastructure and Capital Investment Committee. The committee recommended that the future transport fund

"be focused on capital projects that provide high economic return",

with a particular focus on cycling, because a 10 per cent modal shift to cycling is required under the report on proposals and policies under the Climate Change (Scotland) Act 2009. However, there is a massive cut to the cycling budget. Sustrans has received £5 million a year, but it will now get £1.5 million, possibly over two years, but perhaps four—it is not clear.

Another recommendation was that

"the Scottish Government should give consideration to setting the active travel budget as a proportion of total transport spending."

The Government said in its response to the committee that it refused to do that. We know why—it is because, last year, the figure was 1.21 per cent of the overall transport budget, whereas next year it will be 0.67 per cent. The figure will reduce from £25 million this year to £16 million next year. The committee also recommended that the cabinet secretary should maintain cycling, walking and safer streets funding at the current level of £7.5 million a year, but it has been reduced to £6 million.

The cabinet secretary is going against not only what Opposition members say, but what his own

party's members have said in committees. The freight facilities grant, which is a further small amount of money in the sustainable travel budget, will go down from £2 million to £0.75 million. The availability of that funding has been critical to shifting freight from road to rail.

In my remaining few seconds, I point out that the issues can be dealt with by small shifts in the transport budget. By taking £1 million or £2 million away from some of the many lines in that budget, I hope that the issues can be addressed without having to invade any other budget.

16:11

Rob Gibson (Caithness, Sutherland and Ross) (SNP): I will deal with matters relating to the rural affairs and environment budget and to climate change. The spending provisions for the rural affairs and environment portfolio are largely dominated by the provision made from the common agricultural policy, along with spending objectives that are related to non-departmental public bodies such as Scottish Natural Heritage, the Scottish Environment Protection Agency, Forestry Commission Scotland, Forest Enterprise Scotland, Marine Scotland, which is a collective of bodies, and a range of other initiatives including the research that is undertaken by the main research providers and other initiatives by non-governmental charities. The portfolio also includes spending on climate change provisions.

By and large, when we consider the way in which the budget has fared in the current round, it should be noted that the budgets for the single farm payment, the Scottish beef calf scheme, the less favoured areas support scheme, LEADER, technical and crofting assistance and common agricultural policy compliance improvements all remain static through to 2014-15. All those parts of the budget relate to the European Union and the common agricultural policy. I am glad that, at this time, those parts are stable. However, I am intensely worried that, if the euro zone crisis reached a point at which the budget for the CAP was cut, we would not be able to support what is a vital industry in this country with the level of funds that has been supplied in the past through our taxes and through the common agricultural policy and which has benefited and been welcomed by many farmers.

With those strictures in mind, we should recognise that, because of the overall picture, cuts had to be made to the Scottish elements of the budget although, in general, those are a much smaller part of the total budget than the common agricultural policy mechanisms that I have mentioned.

In particular, there have been discussions on the proposed reduction in spending on agri-environment schemes, from about £48 million to £40 million in the coming year. However, it is clear to the Rural Affairs, Climate Change and Environment Committee that the budget will be well spent, and we will monitor how it is spent. The cabinet secretary has said that there is a possibility of moving money around between various budget heads if a demand for services arises. We intend to keep a close watch on the budget as the year progresses to see that that money is spent. We believe that agri-environment schemes benefit the whole of agriculture enormously, because they usually occur alongside commercial agriculture and in areas where agriculture is difficult, such as the crofting areas of the Western Isles and the north of Scotland. We are concerned, but we recognise that some parts of the budget have to be cut. The cabinet secretary does not want to cut any part of the budget, but he has had to cut that one.

There are benefits in the budget, too. Around 79 people applied recently to be new entrants into farming and 63 were approved. Support for that amounts to a mere £2 million, but it has allowed 63 people to begin a farming career. We hope that as many as that will come into farming next year.

Land and sea research has been maintained and, in the colleges that do that research, so has the staffing. That is a success story, given the budget cuts that are being forced on us from further south.

The common fisheries policy is in a state of flux, but it is unlikely to change very much in the next year. We are keen for that budget to be maintained. Scotland, with 70 per cent of Britain's fisheries and the major share of sustainable stocks in Europe, must have Government support to ensure that those stocks are maintained. We welcome the funds that are being put in that direction.

One of the major elements of expansion that will create more jobs is the roughly 150 per cent increase in the budget for the food and drink industries. That is a great news story that is about our investing in success. Scottish food and drink is selling around this country, the rest of Britain and abroad in increasing quantities. I am sure that Richard Lochhead is happy to talk about that whenever the subject crops up. From the committee's point of view, the skewing towards the creation of jobs as a result of that funding shows that many areas in the budget are to our good.

In addition, we have delivered a manifesto commitment to a small land fund, which will allow communities to begin to buy their land again and bring it into productive use. I welcome that.

Above all, I suggest that we need to see much of what we do as preventative spend. We have said before in debates on the budget that the Rural Affairs, Climate Change and Environment Committee commends many of the climate change elements of preventative spend to the Parliament and recognises that they are positive contributions to this year's budget.

16:17

Hugh Henry (Renfrewshire South) (Lab): I was fascinated to hear Clare Adamson and John Mason talk about preventative spending as though it is something new—an idea that the present Government thought up that is somehow making a difference. The concept of preventative spending, however, has a long history. At the outset of devolution in 1999 and during the first two Administrations, there was a determination to follow through with preventative spending, which is why so much was spent on early years and education.

If we want to prevent the need for further expenditure down the line and avoid getting into problems in that regard, it is not enough to put a token amount into the budget and say that it is preventative spending; we must get to the heart of the services that are crucial for many people across Scotland. One of the problems that we therefore have with the budget is that the cuts across the board are making it more difficult for those who are charged with ensuring that prevention is better than cure.

Local government has had a poor settlement again. My area of Renfrewshire is again right at the bottom of the allocations to local authorities, despite the Minister for Local Government and Planning being an ex-leader of Renfrewshire Council. That allocation impacts on the council's ability to spend preventatively on the things that members have said that they want to see. For example, it is much better to spend money on protecting the elderly, infirm and disabled at an early stage than to have to fund expensive care packages for them further down the line. However, we are seeing significant cuts to services for vulnerable people, which will ultimately lead to much more in the way of expenditure.

If we want to prevent further tragedies like that of Declan Hainey from happening—God forbid that they should—we need to invest in social workers. We should not simply turn around and try to blame social workers when things go wrong. We need to ensure that we have more social workers, more support and more and earlier intervention, rather than complain when we see the tragedies unfolding because the problems have not been picked up.

If we truly want to make a difference, we need to invest in education. We need to invest not only in early years—and early years investment, in any case, should amount to more than having an early years teacher allegedly visiting a school once a week, or much less than that, in some cases. We need to answer this question: if we are cutting education so badly, how can we prevent the youngsters of today becoming the problems of tomorrow, failing, ending up in trouble, turning to alcohol and drug abuse and ending up in prison? The low numbers of teachers that we have under this Administration will lead, ultimately, to higher costs for society. Teachers complain that they cannot do their jobs properly because they have fewer support staff, which puts further burdens on those teachers and lessens their ability to deliver the results that we expect of them.

Nigel Don (Angus North and Mearns) (SNP): I think that I have agreed with every word that Mr Henry has said and I am grateful to him for articulating those points, but I am sitting here wondering how we will pay for all that. What are we not going to spend money on if we spend it in the way that he suggests?

Hugh Henry: That is a fascinating concept. This Government has already said that it believes in preventative spending and what I am articulating to the chamber—which Nigel Don has agreed with—is the fact that, if we do not spend money that way, we will end up spending more money down the line. Ken Macintosh and others have already outlined where the necessary money might come from, but we cannot have parents trying to fundraise for vital supplies in schools.

In Renfrewshire, to use it as an example again, pupils have fewer choices for higher and advanced higher, which reduces their ability to pursue the university courses and careers that they want, which in turn builds up a problem of young people not being able to play their full part in contributing to the economic wellbeing of our society.

Those are the kinds of problems that we are seeing.

I will finish on the issue that many others have discussed: the stupidity of the cuts to the further education budget. If any more money is promised in the coming financial year, I suspect that the Government will be pulling money further forward from years 2 and 3 and there will be a sleight of hand to make it look good. However, if we do not invest in our colleges, we will damn a generation to idleness and to not being able to reach their full potential.

While the Government talks about positive things and prevention, the reality of this budget is

that it is failing, and it is failing those who need our help most.

16:23

Patrick Harvie (Glasgow) (Green): Presiding Officer, I apologise for being absent for part of the debate, and to two members for missing their speeches.

It could be suggested, given the referendum feeding frenzy in the media, that today might be a good day to bury bad news. I cannot help wondering whether the criticism of the Scottish Government's budget falls into that category.

Over the years, I have voted for Government budgets and against them, and I have abstained. I have never made those decisions on party grounds—that applies to the current Government as well as the preceding Labour-Liberal Democrat coalition. I have decided on a case-by-case basis, on the strength of the arguments. Sometimes, those decisions have been difficult because, if we are honest, any budget is a mixture of good and bad, and it can be hard to see where the balance lies.

I want to start by recognising some of what is good in the budget. There is broad cross-party support for the preventative spending agenda, and not only for the idea that it goes back further than is sometimes suggested, but that we all need to challenge ourselves to come up with new and creative ways of pursuing it, which is quite right.

Hugh Henry: Does Patrick Harvie recognise my fundamental point that it is all very well talking about preventative spending, but if we cut vital services, we will end up with greater expenditure further down the line?

Patrick Harvie: I agree completely. I suspect that Hugh Henry will enjoy the second half of my speech more than the first, but I said that I wanted to mention some of the good things first.

I welcome the Government's emphasis on the concept of the social wage: the idea that, taken across the piece, the range of interventions that are intended to make life a bit easier for people need to be viewed holistically. Although a great deal of work is needed to put flesh on the bones of the concept of the social wage, it is important.

I also welcome the retention of some of the policies that we persuaded the Government to adopt during the previous session, including the climate challenge fund and the universal approach to home insulation, which at one point was in danger of being scrapped in favour of a more means-tested approach. The evidence is very clear that the universal approach is the one that works.

However, to put it simply—and this is where Hugh Henry might start to agree with me more—it is clear that there is too much in this budget that I cannot support unless substantial changes are made. I have argued since the draft budget was introduced that changes are needed in several specific areas. The first is FE, in which—as many members have said—colleges and courses as well as student support must be protected. Secondly, in housing, we need a retrofit programme on the scale of the one that we have been calling for for many years now, and not just small-scale pilot exercises.

Full funding is needed for the Government's programme on climate change—as set out in the report on proposals and policies—so that we do not move from a consensus on setting targets to a period in which delivery becomes an afterthought. We need funding for sustainable transport, not only because of the environmental benefits, but—as Malcolm Chisholm outlined—because of the economic and social benefits for communities, which is something that Government after Government has ignored.

Let us look at the briefings that we have received to see whether there is a clue about the Government's record in some of those areas. NUS Scotland has highlighted the emphasis on FE and the commitments that have been made. It talks not only about the cuts overall, but specifically about a cut of up to 8.5 per cent in the teaching grant. I find it inconceivable that cuts on the scale that is proposed can be pursued without being felt very clearly in course quality and teaching hours, and in other areas such as student support.

On housing, the Scottish Federation of Housing Associations has emphasised the 30 per cent cut for affordable housing—which is one of the biggest cuts anywhere in the budget—against the backdrop of a “dire need for homes”. It also emphasises the opportunity to achieve better-quality homes and to meet the greater need for homes, and points to the role of the house building industry as one of the major employers of apprentices.

Shelter Scotland, the SFHA and others have formed the existing homes alliance Scotland to argue and continue to lobby for the type of investment in a retrofit programme for our housing stock that I have mentioned. The SFHA points out that the proposed budget for energy efficiency and fuel poverty—despite the retention of the universal house insulation scheme that I mentioned—is just £65 million. That is a £10 million cut from the previous year, against previous cuts in the year before that.

Stop Climate Chaos Scotland states that it

“believes that this Budget Bill fails to fund even the ... Government's own plans to meet the legally-binding climate change targets”,

and it emphasises the retrofit programme and sustainable transport as means of achieving that. On sustainable transport, it states that the

“SNP manifesto commitment to ‘increase the proportion spent on ... active and sustainable travel’, funding to improve ... cycling and walking infrastructure is ... to be cut”

—yet again—

“by a third while ... the roads budget will increase by 16%.”

That cut is precisely the reverse of the SNP manifesto commitment.

I would like to have spoken about other areas, but I do not have time to mention the poverty truth commission's words on kinship carers and its critique of the council tax freeze, or other issues. I regret to say that it does seem that today is being used as a good day to bury a bad budget.

16:30

Kevin Stewart (Aberdeen Central) (SNP): I declare an interest as a member of Aberdeen City Council, which will no doubt come up in the debate. Like Mr Swinney, I have led on many a budget in another place. When one leads on a budget, one finds that there is often a lot of heat but not a lot of light and there are more priorities than one knows what to do with.

Some of the nonsense started right at the beginning of the debate. Mr Macintosh, who is no longer in the chamber, said that jobs are the priority. I do not necessarily disagree with Mr Macintosh, who went on to say a number of things about job creation. However, let us go back to 3 November 2011, when Labour published its five-point plan for jobs. Those five points included a £2 billion tax on bank bonuses—a Westminster-retained power, if I am not mistaken; a reversal of January's damaging VAT rise—a Westminster-retained power; a one-year cut in VAT on home improvements to 5 per cent—a Westminster-retained power; and a one-year national insurance tax break for every small firm—a Westminster-retained power. The only point within that five-point plan to get people back to work and get growth going again for which we hold the power was the proposal to bring forward long-term investment projects, which the cabinet secretary has been brave enough to do in moving moneys from the revenue budget to the capital budget.

Malcolm Chisholm: The member does not mention the many suggestions that have been made in the debate, such as that more money for housing would create jobs in Scotland. Nevertheless, I thank the member for quoting the five-point plan, which is still subscribed to by the

Labour Party. That belies the assertions that were made by his colleagues, Chic Brodie and Kenneth Gibson.

Kevin Stewart: I thank Mr Chisholm for that. I hope that he supports our plans to take those powers for the Scottish Parliament, so that we can create those jobs instead of waiting for the Conservatives and Liberal Democrats to do something about it, which they never will. It is unfortunate for the Labour Party that it would rather be ruled by that bunch following their misguided economic policies than allow the Parliament to take those powers for itself and do the best for the Scottish people. That, to me, is wrong.

Kenneth Gibson: Alistair Darling said that he would have raised VAT to 20 per cent if he had been re-elected chancellor. Did he not raise national insurance? Labour was in power for 13 years at Westminster but did not introduce a 5 per cent VAT rate for home improvements. Does the member agree that it is all a lot of hot air from the Labour Party, which had 13 years in which to do those things but didn't do them?

Kevin Stewart: I agree completely with Kenneth Gibson. I was going to go even further because, after that, Mr Macintosh talked about three decades of high unemployment. For 13 years of those three decades, Labour was in power. What did it do? Absolutely nothing. Time and again, Alistair Darling said that his cuts would be deeper than Margaret Thatcher's.

Ken Macintosh: Does the SNP accept that neither the UK Government nor the Scottish Government is currently doing enough to tackle our unemployment problem? What would the SNP do to reduce the level of unemployment?

The Deputy Presiding Officer: Mr Stewart, you have less than 2 minutes left.

Kevin Stewart: I say to Mr Macintosh that the SNP Government is doing a damned sight more than the Government south of the border. I have talked about the cabinet secretary moving money from the revenue budget to the capital budget in order to boost jobs. We have also recently created the post of Minister for Youth Employment. Unfortunately, she does not have all the powers that she needs to have at her disposal, either; however, I am convinced that she will make a difference.

We have heard a lot about college budgets. I feel for colleges in that regard. However, if the UK Government was in charge of college spending north of the border, we might face the same cuts as there are south of the border, where the UK Government is cutting colleges' budgets by 25 per cent in cash terms, from £4.3 billion in 2010-11 to £3.2 billion in 2014-15. That cut is 7 per cent

deeper in cash terms than anything that is proposed here, north of the border.

We have heard the suggestion of throwing money at things, with no idea of where that money would come from—that is typical from the Labour Party. Throwing money at things does not necessarily lead to improved services. That lesson needs to be learned. That is why I am so glad that the cabinet secretary has put the emphasis on preventative spending that he has, and more power to his elbow.

16:36

Gavin Brown: I note in passing that Kevin Stewart began his speech by saying that the debate had had more heat than light—I will say no more than that.

Everybody in the chamber—except perhaps the Greens—agrees that the budget must be about the economy, jobs and growth. However, there are divisions—particularly between the Government and others—about how that can best be achieved.

The Government should be judged by its own yardstick, which is whether it is doing everything in its power to help the economy and using every lever it can to create growth. I re-emphasise that we are talking about a real-terms cut—the Conservatives accept that entirely. However, I emphasise that it is a real-terms cut of 1.4 per cent and a cash-terms increase, according to the Government's figures. That is not the savagery that SNP front benchers and back benchers often portray.

The way to judge whether a portfolio or a part of a portfolio is being prioritised is to ask by how much it is being cut. If the budget as a whole has been cut by 1.4 per cent, can the Government really say that something that is being cut by 15, 20 or 30 per cent is being prioritised over other parts of the Scottish budget? Within the envelope, which we accept, the Government is making political choices and it must take responsibility for them.

The debate has centred on the areas of the Scottish budget in which the deepest cuts will happen. It is right that further education has taken up a lot of the time this afternoon. I do not know whether colleges will be too happy or too humoured to hear that Kevin Stewart feels for them—okay, their budgets are being cut, but he feels for them.

Paul Wheelhouse: Will the member take an intervention?

Gavin Brown: I am happy to do so.

Paul Wheelhouse: Mr Brown said that the deep cuts to which he referred suggested a lack of

prioritisation. Does he argue—in the light of Mr Stewart's point—that the UK Government places a lower priority on FE than the Scottish Government does?

Gavin Brown: Here is yet another smokescreen. SNP back benchers will do anything they can to avoid talking about what happens in this Parliament and about their responsibilities, talking instead about what happens at Westminster. We are discussing the Scottish budget for 2012-13 at stage 1. It would be far better if SNP members focused on and examined that.

Almost 90,000 18 to 24-year-olds are out of work and unemployed, compared with about 70,000 12 months ago. The problem has grown massively, which is why there is strong support across the chamber for further education.

Mr Wheelhouse did not feel for colleges; he just tried to pretend that there was no cut at all to college budgets. Anyone with even a casual understanding of mathematics will realise that 500 is not as big as 550, which is the scale of the difference this year.

Paul Wheelhouse: Will the member take an intervention?

Gavin Brown: I have given way already to Mr Wheelhouse, and he did not give way to me. I must make progress.

Members: Aw.

Gavin Brown: Well, okay—I will give way to Mr Wheelhouse.

Paul Wheelhouse: If Mr Brown had been paying attention to my speech earlier, he would have picked up that I was referring to the student support budget, which has not gone down. The baseline has stayed the same as it was last year, at £82.4 million. There was an exceptional item of £11 million in the previous financial year to support additional student places.

Gavin Brown: That is all right then. Clearly all the colleges, all the political parties and all of civic Scotland have just got it wrong. If only they had all been paying more attention to Paul Wheelhouse's speech, everything would be all right.

A big issue that captured most of the debate was housing—in which there is a deep cut, from £390 million to £300 million in a single year. That came after construction figures from last week. In Scotland, the industry's output has contracted for four quarters in a row. That is one reason why it is so critical that the Government listens to other parties and to the industry, and takes action on our housing industry. Who better than Michael Levack, the chief executive of the Scottish Building

Federation, to capture the essence of the point? He said:

"housebuilding has been one of the hardest hit sectors of the construction industry during the current recession. Rates of private sector new housebuilding are at a historic low, while the demand for affordable new homes continues to outstrip supply.

By bolstering public investment in the housing sector, the Scottish Government will be supporting the retention of jobs, skills and capacity in Scotland's crucially important construction industry while meeting a critical need for high quality affordable new homes throughout the length and breadth of Scotland."

That captures the essence.

Mike MacKenzie (Highlands and Islands) (SNP): Will the member take an intervention?

Gavin Brown: I have only 15 seconds left, so I am afraid that I cannot.

Mr Levack captured the essence of why the Government must reconsider the budget at stages 2 and 3. Everybody thinks that the economy is a priority; now the Government must ensure that its words and actions meet.

16:42

Rhoda Grant (Highlands and Islands) (Lab): We in the Labour Party will be voting against the Budget Bill, because we believe that it is so far off the mark that it is beyond repair. Even at this stage, we urge the Scottish Government to look again at its priorities. We firmly believe that the budget should be for jobs and the economy, and that the SNP Government has failed to produce such a budget. Instead, it has slashed funding to housing, further education and councils—directly hitting the economy, jobs and crucial front-line services.

It is inexplicable that the budget for housing is halved. We need good-quality housing. Elaine Murray eloquently presented the effect of poor housing on people's health and education—the human cost of poor housing. If preventative spend were an objective of the Government, housing would surely be foremost.

Where is the Government's manifesto commitment to 6,000 social rented houses a year? It has gone. As others have said, output in the construction sector has fallen by 1.2 per cent in the past quarter. That has affected our economy and jobs, and no apprenticeships are coming out of the housing sector. Investment in housing would not only help the people in need of good-quality housing; it would provide jobs and a much-needed boost to our economy.

The fuel poverty budget is part of the housing budget and was slashed last year, yet the Government has the cheek to boast of an increase

this year, coming from an all-time low—it will not reach its previous levels in this session of Parliament. If this is the progressive policy that the First Minister boasts about, we are all in deep trouble.

Others have mentioned retrofits, and Patrick Harvie spent some time—

Kevin Stewart: Will the member give way?

Rhoda Grant: Yes.

Kevin Stewart: Ms Grant says that we are all in deep trouble. That is the problem: we are in deep trouble and it is of her Government's making. Gordon Brown sold us all a pup and left us in debt—£1 trillion-worth.

Rhoda Grant: It is interesting that Kevin Stewart talks about the deficit that was left by the Labour Government bailing out the banks. This week, his leadership has said that it would be unable to bail out the banks in an independent Scotland. We would not have a problem with a deficit; we would not have a bank. The member should think again about that one.

I want to make an extremely important point about retrofits. Retrofits not only tackle fuel poverty, which is hugely important; they tackle carbon emissions and create jobs. If we are going to have “happy healthy bairns”—to quote Clare Adamson—retrofits are needed to ensure that people live in good-quality houses.

Many members have talked about young people, and unemployment among young people is one of the most important issues that we face. It is soaring, and we have the prospect of a lost generation, as Hugh Henry pointed out. Young people need the colleges and it is therefore unacceptable that the Scottish Government has chosen to slash college budgets by more than 20 per cent. If young people cannot get jobs in the economy, they need to obtain skills so that they are ready to work when the economy improves.

Clare Adamson: Is the member aware that John Birt of Angus College recently stated:

“It does seem likely now that Angus College, working collaboratively with local and regional partners, will be able to deliver the same number of funded student places as in previous years and this will assist us in meeting the Scottish Government's commitment to young people”?

Rhoda Grant: I welcome that intervention, but can Clare Adamson guarantee that every college can form such partnerships and that every college can give a guarantee on student numbers? I do not believe that every college can.

We need to ensure that the apprenticeships and training that colleges offer are meaningful and are not just exercises in manipulating numbers to take people off unemployment registers for short

periods of time. People are bringing evidence to me about that. We need investment in housing, for example, to create meaningful apprenticeships and take young people off the dole.

Bob Doris (Glasgow) (SNP): Will the member take an intervention?

Rhoda Grant: I have taken several interventions, and I want to make progress.

As other members have mentioned, the local government cuts are attacking front-line services. The Government promised to fund the council tax freeze, but it has failed to do that, and the people who deliver our front-line services are experiencing the brunt of the cuts. I am talking about people such as classroom assistants, home carers and people who provide services to our vulnerable people. It is about preventative spend again. If we do not spend on the most vulnerable people in our society, overall spending will rise, as the cost of picking things up later will be much more.

We need to consider the people who are affected by the job cuts in front-line services, a disproportionate number of whom are women. Women are put on zero-hours contracts so that the job cuts are ignored or hidden. If we are really going to invest in preventative spend, we must ensure that that spend is on the front line.

I want to touch on comments that other members have made. Liam McArthur talked about the air discount scheme and its removal from business travel to and from the islands. That is a tax on business; it is an anti-growth tax. That removal has been followed by the removal of the road equivalent tariff from hauliers in the Western Isles this week. Making the Western Isles hauliers pay for the roll-out of RET to the Argyll islands is robbing Peter to pay Paul. It is a house tax on people on those islands, with increases of more than 100 per cent on the cost of taking a lorry there.

The Government has looked to cut the freight facilities grant, which is another preventative spending initiative. There are cost savings on road maintenance through that grant, which has been cut, as Malcolm Chisholm and others have mentioned. There are also cuts to active and sustainable transport. Preventative spend options have had their budgets slashed.

I turn to the myth that the Government wishes to put forward about revenue-to-capital spend. It tells us that it will change £750 million from revenue to capital over the spending review period. As Gavin Brown pointed out, some £250 million of that is capital spend savings from the Forth crossing. One could ask, as the Forth crossing has not been built, how can there be savings? The Government also has £256 million revenue-to-capital spend on

enterprise agencies. The enterprise agencies tell us that that happens year on year, so it is not a change in spending.

It is ironic that the SNP Government has chosen today to launch its consultation on the separation referendum—a day when it refuses to use the powers that it has to improve the lives of the people of Scotland. It simply does not add up. Could it be that the Government is not using its power in order to create the impression that it needs separation to make a difference? If that is the case, it is unforgivable.

16:50

John Swinney: I am not sure whether I am making progress in my discussions with the Labour Party, given that Rhoda Grant rather closed off the opportunity for progress with her opening sentence, in which she said that the budget was so wide of the mark that it was unsupportable and irreparable.

It takes me back to the position we were in 12 months ago, when I suppose I was at the other end of the spectrum. I offered the Labour Party absolutely everything it asked me for in the budget and it still voted against it. I ask the Labour Party to think for a moment about the political strategy of which that was a part—a political strategy that led the Labour Party to the circumstances of the 2011 election and its somewhat denuded position in the Scottish Parliament.

Mr Macintosh had the brass neck to say that modern apprenticeships came about only because of the Labour Party. The Labour Party was offered 25,000 modern apprenticeships as part of the negotiations on last year's budget and it voted against the budget. Forgive me if I do not attach much credibility to the line of argument that Rhoda Grant is advancing in this afternoon's debate. That is in contrast to Mr Park's point, in a substantive contribution, about how Government procurement can be used to intensify skills training opportunities and the roll-out of the living wage and about taking every opportunity to utilise public sector procurement to maximise capability in those areas.

As I have explained to the Local Government and Regeneration Committee as part of its inquiry into the subject, the Government has communicated with the European Commission on the ability to include the living wage in the criteria under procurement regulations, because the position is far from clear at this stage. I have assured the committee that the Government will keep it fully informed of the response from the Commission.

John Park: I am sure that the cabinet secretary will recognise that there are various legal and

political opinions on whether the living wage can be delivered in the sense that I described earlier. Would he agree that where the legal position varies, taking things forward and ensuring they happen is often down to the political will of the Government?

John Swinney: I assure Mr Park that there is no absence of political will on these benches about the living wage. As Mr Park said, it has made a difference in the areas in which we have applied it, in relation to remuneration of staff, and we will continue to pursue it in that respect.

As time goes by, progress is made on different issues. I was sorry that Mary Scanlon did not complete her analysis of absence reduction strategies. She could have completed the picture with the information, which I think is at her disposal—if not I will ensure that it is—that there has been a 15 per cent reduction in one year in absence levels in the Scottish Government. Absence levels are down in the police service, the health service and the teaching profession into the bargain. I hope that Mary Scanlon will accept that we are making progress on some of the issues that she has raised in the past.

A great deal has been said in the debate about the utilisation of resources to support housing and colleges. I want to make a number of remarks on both issues.

On housing, Gavin Brown rather scoffed at the point that my colleague Maureen Watt advanced about using other financial instruments to deliver the same outcomes in relation to building affordable houses. That is an unusual approach for Mr Brown to take, because he is always in the vanguard of encouraging the Government to find better ways of delivering value for money for the public purse, so let me give him some examples.

Under the traditional form of support for the development of affordable homes, spending £1 million of public money generally gets us 40 houses. Under the national housing trust, which is one Government initiative, with £1 million of public money we get 350 houses. Why? Because it is a different and inventive financial model that my colleague Mr Neil has developed—and I am delighted that he is here to hear me saying these things about the project.

What matters is the outcome that is achieved. In that respect, the Government is absolutely confident that the commitments that we have given to construct 30,000 affordable homes over the five-year period will be achieved given the funding arrangements that we have put in place. We should not shy away from finding inventive financial models that enable us to build houses for a cheaper price.

Gavin Brown: I will never shy away from such models, but I will make this point. If the Scottish Government had been putting in an additional £100 million, ministers would have been boasting about it and telling us how many jobs it would create and what a great job it would do for the economy, whereas if ministers take out £100 million, apparently it makes no difference.

John Swinney: Mr Brown walks on to the territory beautifully; I thank him for obliging. If we had another £100 million that had not been taken away from us by the UK Government, perhaps, ipso facto, we might have been able to build more houses—which is the preposterous proposition that the Conservative Party has advanced today.

Gavin Brown: Will the cabinet secretary give way?

John Swinney: For a further round of entertainment, I will give way.

Gavin Brown: The cabinet secretary says what he might do if he had another £100 million. Can he confirm to Parliament the total Barnett consequential for 2012-13?

John Swinney: The total Barnett consequential in 2013 will be about £130 million, but let us put the figures in their proper context. Before the autumn budget statement, the cuts in our capital budget were 36 per cent. What is the crowning total after all the benevolence of the UK Government? The cut has been taken back to 32 per cent—and we should apparently consider ourselves lucky that we have been spared the horror. That puts the figures in their proper context.

The other big issue that has been raised is that of college funding. I appreciate the strength of opinion that has been expressed across the parliamentary chamber—although it was interesting that the quote from the principal of Angus College that my colleague Clare Adamson read rather deflated the argument that was being advanced by front-bench members of the Labour Party. At no stage in this debate did any Opposition member acknowledge that the Government has put in more money since the draft budget was published, with the £15 million college transformation fund that I have agreed with the Cabinet Secretary for Education and Lifelong Learning to put into the mix.

Ken Macintosh: Let me use the argument that the cabinet secretary has just applied to the Opposition. If he takes £70 million out of the college budget and then gives £15 million back, he should not pretend to us that that is an increase.

John Swinney: I presented it as an antidote to the miserable moaning that we have had from the Opposition today. That is all it was—something to

try to help them to recover from the miserable state that they have all been in this afternoon. That is why I advanced that argument in the way I did.

In the course of this afternoon's debate, I have been asked to increase the level of funding to tackle fuel poverty and for local government, housing, colleges, the air discount scheme and the road equivalent tariff. There are financial constraints on the Government, but I will consider all of the issues as I always do. I hope that the Labour Party will not close off the route to discussions that we might have; I am always keen to talk.

Finally, I say to Hugh Henry, who bemoaned the financial settlement for local government and the terrible situation that is emerging in Renfrewshire Council, that the SNP-led council was delighted that, among the supporters of its annual budget this year, was the Labour group in Renfrewshire Council.

Decision Time

17:01

The Presiding Officer (Tricia Marwick): There are six questions to be put as the result of today's business. The first question is, that motion S4M-01773, in the name of John Swinney, on the Budget (Scotland) Bill, be agreed to. Are we all agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Adam, Brian (Aberdeen Donside) (SNP)
 Adam, George (Paisley) (SNP)
 Adamson, Clare (Central Scotland) (SNP)
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Biagi, Marco (Edinburgh Central) (SNP)
 Brodie, Chic (South Scotland) (SNP)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Burgess, Margaret (Cunninghame South) (SNP)
 Campbell, Aileen (Clydesdale) (SNP)
 Campbell, Roderick (North East Fife) (SNP)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Constance, Angela (Almond Valley) (SNP)
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Don, Nigel (Angus North and Mearns) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)
 Ewing, Fergus (Inverness and Nairn) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Finnie, John (Highlands and Islands) (SNP)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hyslop, Fiona (Linlithgow) (SNP)
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
 Keir, Colin (Edinburgh Western) (SNP)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lochhead, Richard (Moray) (SNP)
 Lyle, Richard (Central Scotland) (SNP)
 MacAskill, Kenny (Edinburgh Eastern) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 Mackenzie, Mike (Highlands and Islands) (SNP)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West Scotland) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Aileen (South Scotland) (SNP)
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
 McMillan, Stuart (West Scotland) (SNP)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Robertson, Dennis (Aberdeenshire West) (SNP)
 Robison, Shona (Dundee City East) (SNP)

Russell, Michael (Argyll and Bute) (SNP)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Urquhart, Jean (Highlands and Islands) (SNP)
 Walker, Bill (Dunfermline) (SNP)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Wilson, John (Central Scotland) (SNP)
 Yousaf, Humza (Glasgow) (SNP)

Against

Baillie, Jackie (Dumbarton) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Beamish, Claudia (South Scotland) (Lab)
 Bibby, Neil (West Scotland) (Lab)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 Dugdale, Kezia (Lothian) (Lab)
 Eadie, Helen (Cowdenbeath) (Lab)
 Fee, Mary (West Scotland) (Lab)
 Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
 Findlay, Neil (Lothian) (Lab)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Harvie, Patrick (Glasgow) (Green)
 Henry, Hugh (Renfrewshire South) (Lab)
 Hume, Jim (South Scotland) (LD)
 Johnstone, Alison (Lothian) (Green)
 Kelly, James (Rutherglen) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Malik, Hanzala (Glasgow) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 McArthur, Liam (Orkney Islands) (LD)
 McCulloch, Margaret (Central Scotland) (Lab)
 McDougall, Margaret (West Scotland) (Lab)
 McMahon, Michael (Uddingston and Bellshill) (Lab)
 McMahon, Siobhan (Central Scotland) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McTaggart, Anne (Glasgow) (Lab)
 Murray, Elaine (Dumfriesshire) (Lab)
 Park, John (Mid Scotland and Fife) (Lab)
 Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Rennie, Willie (Mid Scotland and Fife) (LD)
 Scott, Tavish (Shetland Islands) (LD)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Stewart, David (Highlands and Islands) (Lab)

Abstentions

Brown, Gavin (Lothian) (Con)
 Carlaw, Jackson (West Scotland) (Con)
 Davidson, Ruth (Glasgow) (Con)
 Fergusson, Alex (Galloway and West Dumfries) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Goldie, Annabel (West Scotland) (Con)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McLetchie, David (Lothian) (Con)
 Milne, Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Smith, Liz (Mid Scotland and Fife) (Con)

The Presiding Officer: The result of the division is: For 64, Against 40, Abstentions 14.

Motion agreed to.

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

FINANCE COMMITTEE
EXTRACT FROM THE MINUTES

4th Meeting, 2012 (Session 4)

Wednesday 1 February 2012

Present:

Gavin Brown
Kenneth Gibson (Convener)
Michael McMahon
Paul Wheelhouse

James Dornan (Committee Substitute)
John Mason (Deputy Convener)
Elaine Murray

Apologies were received from Mark McDonald.

Budget (Scotland) Bill: The Committee considered the Bill at Stage 2.

Section 1, schedule 1, section 2, schedule 2, section 3, schedule 3, sections 4 to 11 and the long title were agreed to without amendment.

The Committee completed Stage 2 consideration of the Bill.

11:29

On resuming—

Budget (Scotland) Bill: Stage 2

The Convener: Item 3 is stage 2 consideration of the Budget (Scotland) Bill. Members will have received a note from the clerk and, of course, we discussed the matter in our pre-meeting session.

Before we start the formal proceedings, I thought that it might be useful to allow the Cabinet Secretary for Finance, Employment and Sustainable Growth to make some explanatory remarks about the bill and give members the opportunity to ask questions. With that, I welcome the cabinet secretary, who is accompanied by Andrew Watson, head of finance policy, and Terry Holmes, head of finance co-ordination, and invite him to make an opening statement.

11:30

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): Thank you, convener. First of all, I acknowledge the Finance Committee's work during this year's budget process, which is reflected in the scope of its report on the 2012-13 draft budget. I carefully considered the committee's points and recommendations and submitted my formal response on 18 January.

This session focuses on the content of the budget bill, as approved in principle by the Scottish Parliament. Although, as committee members will be aware, there are a number of differences between the draft budget and the budget bill in the way that budget information is presented, no changes have been made to the spending plans outlined in the draft budget.

To assist the committee, I will explain the main differences with reference to table 1.2 on page 3 of the supporting document. Column A sets out by portfolio the 2012-13 budget as shown in table 6.01 of the draft budget document, which was published last September; column H sets out the draft budget as it needs to be restated for the budget bill; and columns B to G provide details of the adjustments that are necessary to meet the statutory requirements of the parliamentary process.

The major adjustments are, first, the exclusion of £67.4 million of non-departmental public body non-cash costs that do not require parliamentary approval. These relate mainly to charges for depreciation and impairments and include bodies in our NDPB community, including the national institutions, Scottish Enterprise and Scottish Natural Heritage.

Secondly, there is the exclusion of judicial salaries and Scottish Water loan repayments to the national loans fund and the Public Works Loan Board, which again do not require parliamentary approval.

Thirdly, police loan charges have been included for approval in the bill.

Fourthly, international financial reporting standards adjustments of £90.5 million reflect the adoption of IFRS-based accounting across central Government from 1 April 2009. I again remind the committee that conversion to an IFRS basis is spending-power neutral and the adjustment simply reflects differences between HM Treasury's presentation of how it budgets for these items and our presentation, given how we are required to account for them.

Fifthly, portfolio budgets have been adjusted to reflect the requirement for separate parliamentary approval for a number of direct-funded and external bodies, including National Records of Scotland, the Forestry Commission, teacher and national health service pensions, the Food Standards Agency, the Scottish Court Service and the Office of the Scottish Charity Regulator.

Sixthly, the reduction of £434.8 million in the figure for annually managed expenditure for teachers and NHS pensions that is set out in the draft budget reflects the reduced current service costs as a result of the move to uprate pensions in line with the consumer price index rather than the retail prices index. That adjustment was made following notification by HM Treasury of a change in the interest rate and advice from the Government Actuary's Department on the current service cost.

Finally, table 1.2 sets out a restatement of specific grants included in the overall 2012-13 local authority settlement that remain under the control of the appropriate cabinet secretary with responsibility for those policies. For example, the police grant remains the responsibility of the Cabinet Secretary for Justice. Full details of all grants that are treated in that way are included in the summary table on page 73 of the supporting document.

I again make it clear that those essentially technical adjustments do not change in any way the budget that has been scrutinised by this and other committees and approved in principle by the Parliament. As I made clear to Parliament last week, I remain committed to an open and constructive approach to the 2012-13 budget process and continue to seek consensus on a budget that will meet the needs of the people of Scotland during these difficult times.

The Convener: Thank you, cabinet secretary. Do members have any questions?

Gavin Brown: Cabinet secretary, I have a couple of technical questions about certain differences between the draft budget, which was published in September, and the supporting document to which you have just referred.

With regard to the infrastructure and capital investment portfolio, at the bottom of the "2012-13 Draft Budget" column in the table on page 194 of the draft budget document, the figure for "DEL Resource" is £1,168 million and the figure for "DEL Capital" is £1,057 million. However, the table on page 53 of the supporting document states that, for the same portfolio, total DEL resource is £1,825 million and total DEL capital £483 million. Why are those figures different?

John Swinney: I think that I will need to send Mr Brown a note about that. The reason for the difference does not readily leap out at me from the material but I will get back to him on the matter.

Gavin Brown: I am grateful for that.

My second and perhaps slightly more straightforward question relates to Scottish Government staff costs. According to the top entry in the second column of the table on page 212 of the draft budget document, those costs are £139.9 million, but on page 69 of the supporting document, they are £156.4 million. Can you reconcile those two figures?

John Swinney: I have been advised that the £156 million is a gross figure that includes income from recharging other bodies for staff arrangements. The net figure is the one set out in table 14.01 of the draft budget document.

Gavin Brown: As has been pointed out, the Government responded to the committee's report on 18 January, and on page 24 of that response it mentions the issue of level 4 figures. This committee—and, I think, other committees—would have preferred those figures to have been provided earlier than we actually got them. Although I agree with the Government's statement that each committee had the figures before the appearance of the relevant cabinet secretary, the fact is that, before such an appearance, a number of committees had taken evidence from a number of Government agencies and others without having the level 4 figures.

For example, when the Economy, Energy and Tourism Committee took evidence from Scottish Enterprise, the figures were not available, but they became available when you appeared before it. The impression that I get from the Government's response is that it is not minded to provide the level 4 figures earlier than it does at present and that it is sufficient for the figures to be available before the relevant cabinet secretary appears. Nevertheless, will you reflect on my view that it

would be beneficial for committees to have such detail before any of the agencies appear?

John Swinney: I am certainly happy to reflect on the suggestion. However, we have to wrestle with the fact that not all level 4 detail will be worked out to the degree of clarity that some committee members would like. Generally, we should provide information on the same basis to all committees. Level 4 numbers are defined earlier in some parts of Government than in others and different considerations need to be taken into account. That said, I will certainly consider the point that the committee has made.

Elaine Murray: As you know, cabinet secretary, the Labour Party disagreed to the budget at stage 1, and without changes we will take the same view on the stage 2 discussions.

Yesterday, you announced the spring budget revisions for this financial year. When are we likely to get details of your thinking with regard to consequential for the financial year that is under examination?

John Swinney: I might have some more comments to make on that in advance of stage 3. Obviously, I am discussing the issue with the Cabinet and, depending on when it reaches its conclusions, I will be able to update Parliament on or before next Wednesday.

The Convener: As there are no further questions, we move to the formal proceedings.

Although there are no amendments to deal with, we are obliged under standing orders to consider and formally agree to each section and schedule and the bill's long title. We will take the sections in order, with schedules being taken immediately after the section that introduces them, and the long title last. Fortunately, standing orders allow us to put a single question where groups of sections or schedules are to be consecutively considered and, unless members disagree, that is what I propose to do.

The question is, that section 1, schedule 1, section 2, schedule 2, section 3, schedule 3 and sections 4 to 11 be agreed to. Are we agreed?

Michael McMahon: No.

Elaine Murray: No.

The Convener: There is no division on this question, Michael.

James Johnston (Clerk): Under standing orders, as no amendments have been moved to the bill, the committee does not have the option to disagree to the sections. That is set out in the advice in the clerk's paper.

The Convener: Which all members were supplied with. It is a legislative matter; indeed, it has always been the case.

Elaine Murray: I think that we can put our position on the record.

The Convener: Indeed. Although we cannot divide on the matter, you can, of course, note your disagreement. Are both of you so minded?

Michael McMahon: Yes.

Elaine Murray: Yes.

The Convener: That will be noted. Other members have indicated their agreement.

Section 1 agreed to.

Schedule 1 agreed to.

Section 2 agreed to.

Schedule 2 agreed to.

Section 3 agreed to.

Schedule 3 agreed to.

Sections 4 to 11 agreed to.

Long title agreed to.

The Convener: That ends stage 2 consideration of the bill.

At the beginning of the meeting, the committee agreed to take the remaining item in private. I therefore close the public part of the meeting.

11:43

Meeting continued in private until 11:45.

EXTRACT FROM THE MINUTES OF PROCEEDINGS

Vol. 1, No. 51 Session 4

Meeting of the Parliament

Wednesday 8 February 2012

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

Budget (Scotland) Bill - Stage 3: The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney) moved S4M-01960—That the Parliament agrees that the Budget (Scotland) Bill be passed.

After debate, the motion was agreed to ((DT) by division: For 70, Against 52, Abstentions 0).

Budget (Scotland) Bill: Stage 3

The Presiding Officer (Tricia Marwick): I am looking forward to a peaceful day. I call John Swinney to speak to and move motion S4M-01960.

14:33

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): I think that that represents exactly where I am today, Presiding Officer.

The Budget (Scotland) Bill confirms the spending plans that are set out in the draft budget and underpins the approach that the Government is taking to accelerate economic recovery, support economic growth and improve public services in Scotland. In doing so, we are tackling head on the challenges that are presented by the global economic climate, particularly in the euro zone, and by the course that the United Kingdom Government is taking on public expenditure.

We are taking forward a range of actions, with a particular focus on boosting public sector capital investment; improving access to finance and encouraging new private investment; enhancing economic security to support confidence across the Scottish economy; and taking direct action to tackle unemployment, in particular among young people.

I am committed to building consensus for the measures in the budget. I have listened carefully to the representations that members and others have made since September, and I will set out today how I propose to respond.

I remind members that, in taking forward our approach, we must deal with a landscape in which the United Kingdom Government has made severe cuts to Scotland's budget, including the removal of £6.7 billion in real terms from the capital budget over the four years of the current spending review period.

Gavin Brown (Lothian) (Con): What is the cash-terms cut between 2011-12 and 2012-13?

John Swinney: We have been through that before, and the point that I made to Mr Brown is that we are including the removal of £6.7 billion in real terms from our capital budget over four years. The importance of that point is that it puts into context the decisions that the United Kingdom Government made in November, which have an effect on our budget statement.

We have lost £6.7 billion in real terms, and the UK Government has replaced approximately £137 million in 2011-12 and approximately £450 million for the period from 2012-13 to 2014-15. Those are

welcome additional resources, although they are of course small in comparison with the scale of the cuts that we face this year and in the years ahead.

I will confirm today how I intend to provide additional resources in the Government's budget. First, I am pleased to announce substantial additional funding across our infrastructure and investment programme, including in the key areas of housing, digital infrastructure and transport.

The spending review sets out plans for completing 30,000 affordable homes in the life of the Parliament through a mix of conventional capital investment and other funding models. We are on track to meet our target, but I confirm today that we will provide additional support to the housing sector that is valued at £97 million in total over four years. Most of that will go directly into our programme for subsidising new supply, increasing the number of homes that we can deliver and ensuring that we meet needs throughout the country.

Ken Macintosh (Eastwood) (Lab): Does that mean that the cabinet secretary will meet his target to deliver 6,000 rented homes a year?

John Swinney: As I said, the Government has set out plans to complete 30,000 affordable homes, which is its commitment. That will be delivered through an additional £10 million of funding that we have already confirmed in the current financial year, which will accelerate expenditure on council house building; an additional £45 million for the affordable housing budget over the period 2012-13 to 2014-15, which will support affordable housing supply throughout Scotland; and £42 million to fund loans and equity investment over the spending review period, which will include the expansion of shared equity schemes and the housing infrastructure loan fund.

We have agreed an enhanced role for councils in determining the strategic priorities for affordable housing in their areas, and a strong and continuing role for housing associations in delivering new homes, leveraging in investment and promoting innovation.

The availability of next-generation broadband connectivity is critical to Scotland's economic future. I confirm today additional support that is worth around £68 million over three years, which will support our commitment to delivering world-class, future-proofed infrastructure that will deliver digital connectivity across the whole of Scotland by 2020. We aim to deliver next-generation broadband to between 85 and 90 per cent of premises by 2015, and to put in place measures to ensure that an uplift in service can be delivered to the remainder.

Although our broadband targets apply to all of Scotland, the greatest impact will be felt in those

areas with significant rural populations, as our investment will focus on places where it is uneconomic for the market to deliver without subsidy. A strong partnership approach with local authorities is therefore essential. I have therefore agreed additional funding for digital infrastructure amounting to £28 million for the rural affairs portfolio, and £40 million for local government funding over three years, which will be used primarily to support the roll-out of rural broadband.

A third key driver of growth is the quality of our road network. I confirm today additional funding of £72 million over three years for a number of key roads projects to improve the reliability and safety of the network. Those include the A75 Dunragit bypass, the A737 Dalry bypass and design works for the dualling of the A9. The Cabinet Secretary for Infrastructure and Capital Investment will announce further details in due course.

I also confirm today additional funding for sustainable and active travel worth £13 million over three years. That will focus on cycling and walking infrastructure and the contribution that it can make in supporting modal shift.

Patrick Harvie (Glasgow) (Green): The cabinet secretary has talked about an additional £72 million for road projects and additional money for sustainable and active travel. The Scottish National Party's manifesto commitment was to increase the proportion of the total transport budget that is spent on sustainable and active travel. Given that, so far, the cuts have been deeper in sustainable travel and the increases have been greater in the roads budget, how is that commitment coming along?

John Swinney: Mr Harvie will see in our proposals an increase in support for sustainable and active travel of £13 million over three years. In the course of this week, he will find out from Alex Neil and Keith Brown further details of the allocations that will be made through the third year of the future transport fund. Those allocations will be worth £18.75 million in 2014-15 and will be directed towards supporting modal shift into the bargain.

The infrastructure investment plan highlights the importance of maintaining our social infrastructure. Such action supports employment and strengthens the quality of services. I confirm that £60 million in capital spending will be applied to increase capital allocations to national health service boards to help to meet the demand. The benefits of that investment will be felt by staff and patients, and it will create additional opportunities for small and medium-sized enterprises throughout Scotland in the field of health maintenance and health infrastructure.

I am allocating an additional £54 million in capital funding for local government over three years above and beyond the £40 million that is being allocated for digital infrastructure in rural areas, recognising the vital role that local authorities play in supporting our economy.

I am pleased to announce additional capital funding of £20 million for the Scottish Prison Service, which will be targeted towards the needs of Scotland's female prison population.

Few can have missed the positive impacts of recent developments at the National Museum of Scotland and the Scottish National Portrait Gallery. I confirm today additional capital funding of £5 million over three years for the culture portfolio. Fiona Hyslop will announce further details of the allocations shortly.

Finally, I announce an asset management fund worth £3 million over three years, to be administered by the Scottish Futures Trust and aimed at maximising the value of asset disposals and property rationalisation across the public sector.

Together, those announcements represent additional capital investment of around £380 million over three years, supporting infrastructure development and jobs the length and breadth of Scotland. I will focus the remainder of my comments on revenue spending and two issues of fundamental importance: our approach to business rates, including the public health supplement, and employability.

As a Government, we are committed to matching the rates poundage in England. In December, I said that we would match the 45p poundage rate in England, and I confirm today that the 2012-13 large business supplement rate will also match the English rate of 0.8p.

I will confirm the details of the public health supplement, which will come into force in April 2012 for only the largest retail properties that sell both alcohol and tobacco. Increased preventative spending is key to the sustainability of our public services and the improvement of outcomes. On that point, I believe that Parliament is agreed. I think that it is reasonable, as part of that approach, to boost preventative spending with additional resources where we can. We therefore proposed the introduction of the public health supplement. It is important to put that measure into its wider context. Only 240 retail premises, or 0.1 per cent of all business premises in Scotland, will pay more, with some 63 per cent of Scottish retail premises—well over 30,000 shops—currently paying zero or reduced business rates as part of the most generous relief package in the United Kingdom.

Since we published our proposals, I have held constructive discussions with retailers. I have reflected on the points that they have raised and I confirm today that, within the constraints of delivering a balanced budget, I will reduce the amount that is paid by individual retailers and limit the length of time that the supplement will apply to the next three years. That will have the overall effect that the income generated by the public health supplement will reduce by an estimated £15 million to £95 million over the three-year period to 2015. That reduction will be offset in full by the income that is generated through our matching the English large business supplement.

Finally, I turn to employability. The spending review contains a range of measures to support people into employment, including the skills and training opportunities that we provide and higher and further education initiatives. I have reflected carefully on the position of Scotland's colleges. We are already working with the sector to make necessary reforms, including reforms through the new £15 million college transformation fund. Last week, we allocated an additional £5 million to support employability initiatives through the sector. In recent weeks, we have therefore announced £20 million of new investment in the college sector.

Unlike the UK Government, we are continuing the education maintenance allowance, to help those who need our support the most. We have increased baseline funding for student support by 25 per cent since 2006-07. That record substantially outweighs anything that our predecessors provided and was protected in the spending review.

However, I wish to send a strong additional message of support to Scotland's students. The Government is leading an ambitious programme of reform, but I recognise that reform takes time and that the economic climate continues to pose challenges for our students. I have considered the options for allocating the additional resources that have become available since September and I have listened carefully to the case that Scotland's student community has put to me.

I confirm that, on top of the £20 million of additional funding for the sector that has already been announced, we will repeat in 2012-13 the top-up funding for student support that was provided in 2011-12, which totals an additional £11.4 million. We will provide an additional £8 million in 2012-13 to the Scottish Further and Higher Education Funding Council to help colleges play their part in delivering our opportunities for all commitments. That is £40 million of additional investment, which should leave no one with a shadow of a doubt about the strength of the

Administration's commitment to our colleges and to Scotland's students.

That concludes the announcements that I wish to make today. In deploying the additional resources that are available to me, I must take account of the risks that the current economic climate poses and of some of the dangerous policies that the United Kingdom Government is advancing, not least on welfare reform. I will therefore hold in reserve some revenue consequential—about £20 million in 2012-13—until the picture becomes clearer.

As I have confirmed today, the Scottish Government has delivered a budget for growth. I have outlined how we will build on our original spending plans with the additional resources that are at our disposal. Capital investment is central to our approach. We are expanding our infrastructure programme through the £2.5 billion non-profit-distributing pipeline, by switching resource to capital spending and through a range of innovative financial mechanisms.

We are acting to build economic confidence, working to attract investment and tackling unemployment—youth unemployment in particular—through the opportunities for all initiative, a record 25,000 modern apprenticeships and the maintenance of college places. We are making a decisive shift towards preventative spending, including the three change funds, which are worth more than £500 million.

In considering the additional funding that I have announced, we have listened to views from across the chamber and beyond. We have acted decisively in response, in the interests of our economy, our public services and the people of Scotland.

I move,

That the Parliament agrees that the Budget (Scotland) Bill be passed.

14:49

Ken Macintosh (Eastwood) (Lab): I wonder whether colleagues across the chamber are as surprised as I am at how little fuss and fanfare the SNP has made about its budget. After all, this could be the defining moment of the Administration, as it is laying out its spending plans for the next three years. However, since the weekend, the normally on-message SNP back benchers have seemed more concerned about whether the First Minister could appear on BBC Scotland to talk about the rugby. That really would have cheered us up.

The Scottish budget might not present the same political spectacle as the equivalent annual announcement at Westminster, but it still provides

the SNP with its biggest opportunity to shape the Scottish economy and to set out not just its vision but what it is doing right here, right now to help Scots through difficult economic times.

The trouble is, I hear the words but I do not see the actions to back them up. The Cabinet Secretary for Finance, Employment and Sustainable Growth talks of a budget for jobs and growth, but there is no sign in this budget of a Government grabbing an economy by the scruff of the neck, no sign of the dynamism that is needed to galvanise the economy and no sign even of a Government taking all possible steps to create jobs and protect employment. In fact, the SNP's main economic argument is more of an excuse. It claims to be helpless to shape the economy, prevent service cuts or stop unemployment rising, because of the cuts that it faces from Westminster and its lack of control over the economic levers of power. Surely the SNP can do better than that. Where are the job creation schemes? Where are the interventions to maintain public sector employment? Where is the innovative use of procurement?

I have said before, and I say it again today, that I am sympathetic to the difficulties and challenges that face the cabinet secretary and I am not trying to lay all the blame at his doorstep. The Scottish, UK and world economies are not doing well. Cuts are tough. We do not agree with the austerity approach of the Conservatives at Westminster, but—and it is a big but—the SNP's supposed lack of control over the levers of power was not an argument that was deployed last year, when plan MacB was apparently such a success. Back then, when our economy was doing better—though only marginally—than that of the rest of the UK, that was because of prudent decisions that were taken by Mr Swinney, using the powers that he had, and within the budget coming from Westminster. This year, when things are not going quite so well, apparently only the normal powers of a normal, separate state will do.

That is not the argument of a can-do Government, or of a party that is intent on seizing the day and stamping its economic imprimatur on the country. It is an evasion of responsibility. It is the argument of a party that is looking for someone else to take the blame—a Scottish Government that is happy to take the credit when things go well, but which takes a low profile and hides behind the Tories at Westminster when times are tough and decisions are testing.

John Mason (Glasgow Shettleston) (SNP): We are three minutes into the member's speech and I do not think that we have heard a positive suggestion of how more jobs could be created.

Ken Macintosh: Actually, the member has already heard some—he clearly was not listening. He will hear more shortly.

What are the main concerns of the people of Scotland? I suggest that they are jobs and the rising cost of living. Two weeks ago, we debated a budget against a backdrop of rising unemployment and falling gross domestic product. Since then, we have had further bad news, including a record number of Scottish firms going bust last year and personal bankruptcies running at almost twice the rate of the rest of the UK.

In our stage 1 debate, I suggested that there is a problem with this budget on two levels. Not only has it failed to address the scale of the economic problems that face us but, even within its limited aims, it still does not do what it set out to do. The cabinet secretary suggests that his focus is on the economy and jobs, but a budget that set out to cut housing by more than 40 per cent and colleges by more than 20 per cent—even with today's welcome but limited backtracking—does not sound like a budget that is designed to get young people back into work or the construction industry moving.

The SNP promised 6,000 homes for social rent. I did not hear the minister confirm that claim again. Not only will the SNP yet again be unable to deliver on its manifesto promise, but it is missing the opportunity to breathe new life into a struggling part of industry.

Services for carers, for vulnerable youngsters and their schools and for old folk are all facing more than double the cut in spending that the Scottish Government is inflicting on the rest of our public services. However, our colleges—the very sector that does most to prepare people for work and improve their skills and qualifications—are the hardest hit.

I am pleased that Mr Swinney has listened to Labour, the other Opposition parties and the 80,000 students who have written in to demand that he thinks again. However, after saying that he will cut the budget by £40 million this year, rising to £74 million in two years' time, it is simply not enough for him to give back £19 million and expect a round of applause, although I notice that he got a round of applause from the sycophants on his back benches, who should be ashamed of themselves. [*Applause.*]

John Swinney: What about the sycophants over there? [*Laughter.*]

The Presiding Officer: Order.

Ken Macintosh: The interesting thing is, some people recognise that people who applaud a cut disguised by smoke and mirrors should be ashamed of themselves. At a time when 200 Scots

a day are losing their jobs, the last thing that the Government should be doing is cutting training places for young people. Scots are losing their jobs not just because of the Tory cuts at Westminster, but because the SNP is failing to put measures in place to stop that happening.

Joe FitzPatrick (Dundee City West) (SNP): Does the member regret voting against the SNP budget that introduced 25,000 modern apprenticeships?

Ken Macintosh: I do not know how many times we have to tell the SNP that Labour pressure is the only reason that it has ever put such things as apprenticeships into its budgets. We all know that. *[Interruption.]*

The Presiding Officer: Order.

Ken Macintosh: Not only that, we voted against that budget because, despite its improvement with the apprenticeships, it got rid of 4,000 teaching jobs and 2,000 nursing jobs. Of course we would not vote for such a budget.

What the Government should do—Mr Mason may wish to listen to this—is intervene more robustly to ensure that our taxes do more to create and maintain employment. However, instead of a future jobs fund, there is the Scottish Government's community jobs scheme. Perhaps that is a nod in the right direction, but it does not seem to have been a runaway success. Local authorities such as Glasgow City Council that have been trying to use their pension funds to secure and create jobs, for example, have been left isolated when they should be being encouraged.

We could be doing much more to use our procurement policies as a way of securing employment, introducing the living wage and reaching other desirable policy objectives. Just this week, the Jimmy Reid Foundation published a report that highlighted the millions of pounds and thousands of jobs that are leaving Scotland as big public sector contracts go to foreign firms. My colleague Michael McMahon has been campaigning tirelessly on behalf of Lanarkshire steel makers, whose interests are being ignored. Some 90 per cent of the steel in the Forth road bridge, which is an iconic feat of Scottish engineering, came from Lanarkshire. I am not sure whether any steel in the new Forth crossing will do so. Even the cement will be shipped in from across the world. That is sustainable transport at its best. I have no doubt that someone on the Government front benches would love to have the opportunity to open the glorious new Forth crossing only to look on its underside and see "Made in China" stamped underneath. Is the SNP's vision for a separate Scotland one in which

we go halfway round the world to try to undercut our own workers' pay and conditions?

What do we have instead? Ministers have fallen back on the old Government standard initiatives.

Mark McDonald (North East Scotland) (SNP): If the Labour Government was so interested in protecting procurement in Scotland, on how many occasions did it procure from outside Scotland?

Ken Macintosh: The thing about where the procurement contracts are currently going, not only for the Forth road bridge, but for the Southern general hospital, is that the SNP seems to have designed them so that Scottish firms cannot get them. *[Interruption.]* I am sorry, but the SNP is the Government of the day. *[Interruption.]*

The Presiding Officer: Order.

Ken Macintosh: Once more, a supposed Government with an absolute majority is failing to take responsibility for its decisions. It is always looking elsewhere, always looking at someone else's record and always looking for someone else to blame. The SNP Government has awarded contracts, and they are not going to Scottish firms.

Another measure that has been introduced and which shows the lack of economic coherence that exists is the public health levy. Its impact on jobs has not been assessed. The SNP says that it wants to introduce a corporate tax culture in Scotland that is friendly to businesses, but a series of new measures in the budget, such as increasing business rates and a special new business rate, will penalise business. The SNP is trying to create the illusion that Scotland can have high levels of public spending, but low levels of taxation—that it can have Scandinavian levels of welfare services, but American levels of taxation. That accusation has been made repeatedly, but I have yet to hear a rebuttal from the SNP front benches. Last year, the finance minister tried to make the claim once more in his attempt to outline the economic argument for a separate Scotland. That is a jam-tomorrow argument rather than grappling with hard decision making now. In fact, it is not an argument; it is an assertion that is collapsing under scrutiny.

Charged with the risks associated with separation, the SNP has found itself clinging to the benefits of union without, of course, the benefits of actually being in a union. The SNP wants to leave the UK but keep the pound; to leave the UK but keep the Bank of England; and to leave the UK but keep the AAA credit rating. At the same time, it wants to keep EU membership, keep the Queen, keep the Army, and keep British passports. It wants to leave the UK but keep everything that the UK gives us as a country.

In the previous Administration, the SNP—

The Presiding Officer: Mr Macintosh, I am afraid that you will have to start winding up. [*Interruption.*] Order.

Ken Macintosh: In the previous Administration, the SNP simply had to prove its competence; now, with an overall majority, people want to see what it will do with the powers at its disposal. This was the SNP's big opportunity; instead, it is its big disappointment.

15:00

Gavin Brown (Lothian) (Con): Every announcement made today about the budget, whether revenue or capital, and every announcement made last week about the spring revision to the 2011-12 budget, was made possible because of Barnett consequential from the UK Government. In an intervention, I asked the cabinet secretary what the difference was in cash terms between the cut in the budget for 2011-12 and the cut in the budget for 2012-13. He rolled his eyes and muttered, "We've been here before," but he did not answer the question. We certainly have been here before, because it was a trick question. As he knows, and as every SNP back bencher in this chamber knows, there is a cash-terms increase of about £250 million.

Chic Brodie (South Scotland) (SNP): Will the member give way?

Gavin Brown: Mr Brodie, do your worst.

Chic Brodie: I am afraid that I might. I have asked Mr Brown this question before. When he commits to personal expenditure, does he pay the bill plus VAT beforehand? He knows that the budget is committed in revenue spend and has nothing to do with later spend in cash terms. If he does not know that, he surprises me, as he is a financial man.

Gavin Brown: When I said, "Do your worst," I did not mean Mr Brodie to take me quite so literally.

Every bit of good news that the cabinet secretary had on the budget—and there was some—was described as three years or four years of good news, because if one adds all the figures together they sound just that little bit bigger. So Mr Swinney told us that an extra £97 million is going into housing over the course of four years, but he did not tell us—it is clearly in the documents—that there is a £113 million cut in a single year, or a £350 million cut over four years. The sum of £97 million over four years does not sound quite so good when one compares it with the real situation over that period.

John Swinney: Mr Brown's last remark rather makes my point. Welcome though the additional resources that we have received from the UK

Government are, that money makes up for only a very small proportion of the slashing of the Scottish budget that his party's Government has presided over.

Gavin Brown: Mr Swinney has fallen into the age-old trap of being wrong. The figures that I gave compared and contrasted the figures for 2011-12 with those for 2012-13, and the cut in the housing budget over one year is £113 million, while the cut in funding for colleges is £40 million.

I will move on to some of the announcements that have shaped the budget debate over the past couple of weeks. I think that the colleges will give a partial welcome to today's announcement, but I do not think that Mike Russell will welcome it, as it makes a bit of a mockery of his argument last week that the settlement was "fair, full and final". According to the Scottish Parliament information centre, the difference between last year and this year is £33 million—in other words, a 6 per cent cut to colleges in a single year. According to Scottish Government figures, the real-terms cut to the budget is 1.3 per cent so, if the Government is prioritising the economy, jobs and growth, as it continually says that it is, how can it make a 6 per cent cut to the colleges budget when youth unemployment is running at more than 100,000 people in Scotland?

John Swinney: What will Gavin Brown cut, then?

Gavin Brown: If Mr Swinney wishes to make an intervention, I invite him to take to his feet.

John Swinney: We look forward to hearing what Mr Brown will cut to make up for the money that he wants to give to colleges. He has one and a half minutes to tell us exactly where his cuts will fall.

Gavin Brown: The cabinet secretary really must do better than that. We all saw the spring budget revisions last week—[*Interruption.*]

The Presiding Officer: Order.

Gavin Brown: If I am allowed to speak, cabinet secretary, I will.

Last week, the cabinet secretary found an additional £8 million to spend on central Government marketing and communications.

John Swinney: No.

Gavin Brown: I will correct that: it was £7.8 million, not £8 million. In addition, the cabinet secretary found an extra £50 million to lend to Scottish Water.

Let us hear a bit less about his not having any options, because those were all political choices by the Scottish National Party. It has taken money out of colleges when youth unemployment is

running at more than 100,000 and has imposed severe cuts in housing when there have been four consecutive quarters of restriction in the construction industry. We also heard about a retail levy that will make Scotland less competitive than the rest of the United Kingdom.

The SNP wants more powers to make Scotland more competitive but, with the powers that it has, it makes us less competitive—without even assessing whether jobs would be lost. For that reason, we will vote against the budget.

15:07

Kenneth Gibson (Cunninghame North) (SNP): I congratulate the cabinet secretary on once again, under exceptionally difficult circumstances, delivering a budget that will deliver jobs, growth and opportunity while protecting the vital front-line services that are essential to the people of Scotland.

Gavin “Crocodile Tears” Brown, who is worried about colleges and housing, will notice that in England—where the Tories are in power—the cut to college budgets is more than 33 per cent and the cut to the housing budget is 60.1 per cent. It is a good job that his party does not have much influence in Scotland.

The cabinet secretary must be commended for his real attempts to achieve consensus on the budget across the parties, despite Rhoda Grant’s comment a fortnight ago that the budget was beyond repair.

Despite a 7 per cent real-terms cut in Scotland’s budget, throughout the budget process we have heard cries from the Opposition for increased spending on education, health, transport, local government, justice, the NHS, ferries and housing, without anyone once identifying where cuts would be made to finance those commitments.

Gavin Brown *rose—*

Kenneth Gibson: I would be happy to let Mr Brown in to answer the question that he failed to answer for Mr Swinney: where would he make the cuts?

Gavin Brown: If I heard the member correctly, he just said that there had been a 7 per cent cut to the budget. Will he explain where he gets that figure from?

Kenneth Gibson: The overall cut in the Scottish budget is 12.3 per cent in resource and 32 per cent in capital.

The Scottish Government has been working extremely hard to ensure that our shrinking budget goes further. Perhaps the most significant example is the commitment to preventative spending. The three change funds to deliver older

people’s services, support early years intervention and reduce reoffending will provide £500 million of investment over the spending review period. They will bring together new and existing expenditure, provide better outcomes and, ultimately, improve Scotland’s quality of life while reducing demand on hard-pressed services.

The budget addresses youth unemployment. Our opportunities for all initiative will ensure that all 16 to 19-year-olds in Scotland who are not already in work, education or training will be offered a learning or training opportunity.

We will fulfil our manifesto commitment to provide 125,000 modern apprenticeships over this session of the Parliament and will provide 14,500 training places this year through the training for work and get ready for work programmes. There will also be an additional 7,000 flexible training opportunities.

We will maintain the number of university and college places at a time when Opposition parties again seek to distance themselves from the Scottish tradition of free education that is based on the ability to learn, not the ability to earn.

I express my delight that the A737 Dalry bypass in my Cunninghame North constituency will be built. That infrastructure project will have a huge economic benefit for North Ayrshire.

Members of the Labour Party will also be delighted. In a recent press release on her website, Margaret McDougall stated:

“People in North Ayrshire want to benefit from an upgraded A737 which will give them a fast and safe route into Glasgow and beyond it would also open up employment opportunities and increase their life chances.

I will certainly be doing everything I can to have the A737 upgraded to benefit the residents of North Ayrshire and I am willing to work with Mr Gibson to that effect.”

I therefore look forward to Ms McDougall supporting the budget.

The Dalry bypass has been a hot topic in North Ayrshire for many years, and North Ayrshire Council, of which Ms McDougall is a member, has long declared it to be the key infrastructure project for opening up towns such as Ardrossan, Saltcoats and Stevenston to inward investment and economic development, and one that is essential in helping to bring jobs to some of the most deprived communities not just in Scotland, but in the UK.

Debate and discussion surrounding a bypass have reached fever pitch in recent years, with a host of Labour MSPs, MPs, councils and council leaders demanding that it be built.

“Labour have made provision for the upgrading of the A737 in their next capital budget but the SNP are spending the money elsewhere.”

That is what Katy Clark said in her 2010 election leaflet. Not to be outdone, in a leaflet for last year's Scottish Parliament election, Labour's Allan Wilson added:

"The SNP have shelved Labour's plans for a Dalry bypass, damaging the prospects for new jobs and investment in the area. A vote for Allan will ensure this project is put back on the agenda."

Despite the fact that in its wish list—sorry, manifesto—Labour listed improvements to the M8, the M73, M74, A82, A1, A9, A77, A75, A95 and A96, as well as the Forth replacement bridge, the Dalry bypass did not warrant a mention. In fact, the Scottish transport appraisal guidance report of 17 March 2006 said that an opening date of late 2015 would be achievable. That was when Labour was in power, which was, of course, before recession struck and we had to face the massive cuts to our capital budget.

I am glad that the project will be progressed. The Dalry bypass will add significantly to the positive impact of the Irvine enterprise zone, on which Labour is hopelessly confused. Following last month's announcement of the Irvine life sciences enterprise zone, David Pulman, president of global manufacturing supply at GlaxoSmithKline, said:

"The announcement of designated Enterprise Areas focused on life sciences demonstrates the commitment of the Scottish Government to support growth in this vibrant and important sector. GSK welcomes the announcement today that Irvine is among these designated areas. As a major employer for almost four decades, this move supports our ongoing operations as well as helping to attract other life science companies to invest."

Margaret McDougall added:

"This is good news for Irvine and will hopefully attract new jobs and new opportunities to North Ayrshire and the surrounding regions. This should also have widespread educational benefits, while boosting the Scientific Economy in North Ayrshire."

Sadly, Margaret's welcome comments were countered by those of her Labour colleague, prospective North Ayrshire Council candidate Allan Wilson, who, on 25 January, said about enterprise zones:

"The worry must be that they won't work now and areas and existing businesses outside the zone lose out on new jobs and investment opportunities."

The ability to spin a positive story into one of doom and misery is a real art, and the former MSP is a master at it.

The Presiding Officer: The member needs to wind up.

Kenneth Gibson: In the same article, he called for the restoration of the Glasgow airport rail link, on which Labour has been strangely silent recently, and funding for the Beith bypass. That will be the Beith bypass that was built in 1933,

which was one of Ramsay MacDonald's more notable achievements.

15:13

Richard Baker (North East Scotland) (Lab):

The budget process has undoubtedly lacked the drama of budgets in the last parliamentary session, although we have had quite a lot of comedy—ludicrous comedy at that—from Mr Gibson. The cabinet secretary could be forgiven for thinking that the absence of stress in his life is a good thing, but that should not lead anyone to doubt just how important the budget and the spending review will be over the next three vital years. I am not sure that Mr Gibson's speech recognised that.

The Scottish Government often talks about the new powers that it wants in order to grow the economy. For me, its case is not persuasive, but what should be beyond doubt is that the most important lever that it has to deal with our economic problems is how it deploys a budget that remains in the order of £30 billion.

A key area in which the Scottish Government can use that budget to stimulate our economy is investment in our infrastructure—in building and construction—about which the cabinet secretary spoke a great deal. On that basis, we supported the switch from revenue to capital, but the problem is that, again and again, those funds, which should mean significant amounts of work going to Scotland-based firms, are going outwith Scotland, overseas. I am pleased to hear about the A737, but Labour members are asking who will build that road. Only recently, the award of the £800 million steel contract for the new Forth crossing went abroad rather than to Scotland-based businesses. That makes a mockery of plan MacB.

The SNP makes great play of standing up for Scotland, but its procurement policy is failing Scottish firms and workers. If the capital spending that it set out today is deployed in the same way as the billions of pounds of contracts that have already been awarded, Scottish firms will continue to lose out on major contracts. That is highly damaging to our economy.

Clare Adamson (Central Scotland) (SNP): Will the member take an intervention?

Richard Baker: Yes.

Clare Adamson: I—

The Deputy Presiding Officer (Elaine Smith): Can we have Clare Adamson's microphone on, please?

Clare Adamson: Does the member acknowledge that, when the principal contract for

the new Forth bridge was awarded, 83.5 per cent of the contracts went to Scottish companies?

Richard Baker: It might have been better to leave her microphone off, Presiding Officer. Some £800 million of steel contracts went to India and China. I do not think that anybody could say that that represents a good deal for Scottish businesses.

Although I am not often in agreement with the economists Jim and Margaret Cuthbert, I note that their report this week made it clear that the Scottish Government is not getting it right on procurement, which is damaging for our economy.

We welcome the move to preventative spending, although we would like more clarity in that area. When the cabinet secretary says that he wants to invest in growth, we can, of course, agree with that sentiment. The problem that we have, as we have outlined repeatedly in debates, is that what is apparently the Government's intention is not matched by the decisions that it has made in the budget.

A fundamental problem with the spending review is that, even with the reduction in the Scottish budget, the cabinet secretary has said again and again that this is a budget to create growth and a budget to protect services. We do not believe that it is either of those things. If the cabinet secretary was genuine about reaching out to other parties in the process, he would have published his proposals for spending the consequentials somewhat earlier than two hours before the debate.

Let us be clear that, when the cabinet secretary suggests a huge cut that will have devastating consequences in a budget area, and then makes that cut somewhat less severe in the hours before a debate, that is not a victory. It still leaves us with a very bad budget. Even after the announcement this afternoon, we are left in a situation in which, far from protecting services from Tory budget cuts, as the SNP said that it would do at the election, the Government is making the cuts worse for councils. The Scottish Government budget has been cut by some 2.7 per cent, but the Scottish ministers have cut council budgets by some 6 per cent, which is more than twice the cut for the Scottish Government.

College budgets are still suffering, even after the cabinet secretary's announcement. The Scottish Further and Higher Education Funding Council's circular outlined a cut of nearly 10 per cent to teaching budgets. For Aberdeen College, in my region, that amounted to a £2.5 million cut, and the huge cut in student activity means that hundreds of full-time places or thousands of part-time places will go. Even with an extra £8 million for the teaching grant, those places will still go.

There will still be a huge and damaging cut to our college sector.

The same applies to our housing budget. The cut is being eased by the consequentials, but we will still be left with cuts of some 30 per cent. That extremely significant reduction in funding is bad news for not only all those thousands of people in Scotland who are waiting for social housing, but our construction sector. Again, the decision runs counter to the Scottish Government's stated aim of prioritising economic growth.

The Cabinet Secretary for Parliamentary Business and Government Strategy (Bruce Crawford): We have heard similar points from Mr Macintosh, from Gavin Brown and now from you, sir. The member has outlined many millions of pounds that he would like us to spend. Will he tell us one area in which he would begin to make reductions to match the spending requirements that he has outlined?

Richard Baker: We want the billions of pounds of capital spending to go to Scottish firms and companies. That is a major change that the Scottish Government could make in the way in which it uses its budget, and it would benefit our economy and have an impact by creating growth.

It would be folly for an Opposition party to support a budget of which the Scottish Government has not facilitated proper scrutiny and in which the sums do not add up. I remain completely unpersuaded that it is sensible to base the budget on a forecast of £850 million of additional revenue from business rates over the spending review period, given that gross domestic product growth is so low. That is just one area in the plans that threatens to lead to a black hole.

The Deputy Presiding Officer: Mr Baker, will you come to a conclusion, please?

Richard Baker: We cannot support a budget that makes cuts in key areas for economic growth and in which the capital spending that is allocated is not directed in the right way to provide the maximum benefit to our economy and Scottish firms.

The cabinet secretary might believe his assertion that, even with reduced funds, he has produced a budget for growth and the protection of services, but it is clear that he has not done so. We cannot accept that the budget will achieve its stated aims, so of course we must oppose it.

The Deputy Presiding Officer: Before I call John Mason, I inform members that this is a tight debate and that speeches cannot go over six minutes.

15:19

John Mason (Glasgow Shettleston) (SNP): It is clear that John Swinney had limited room for manoeuvre in producing the budget. It is disappointing that Labour and, I believe, the other parties have not suggested any amendments. When I was on Glasgow City Council and there were only two or three SNP members, we generally managed to propose amendments to the budget. Of course, that requires a proposal to save money in one place to spend it somewhere else. I wonder why Labour and the Tories can suggest nothing to improve the budget. It seems amazing that they have spent so many months on the issue but come up with absolutely nothing. Are they just scared of providing an alternative cut to go along with their wish lists? That says something about the credibility of the Opposition parties.

The cuts from Westminster have been extremely severe, particularly to capital spending. I welcome the additional funding that has been announced today of £380 million over three years, which is encouraging. We all agree that building houses and other capital projects gives us the infrastructure as well as jobs during the process. Linked to that is the fact that we still have no power to borrow. Borrowing powers would give us a huge boost. Even the proposal in the Scotland Bill would be something, although prudential borrowing would be better, because then we could borrow what we could afford. It is worth noting that, under prudential borrowing, local authorities have been prudent in their borrowing in recent years, whereas Westminster certainly has not.

Jim Hume (South Scotland) (LD): Mr Mason mentions the Scotland Bill and increasing borrowing powers. Does that mean that he supports the Scotland Bill?

John Mason: I was trying to say that the Scotland Bill has flawed powers and that we could do better if we had the same prudential borrowing powers as local authorities have. To give local authorities their due, they have generally been wise in their borrowing in recent years, unlike Westminster under Labour and the coalition.

I welcome the announcement of extra funding for housing—the £45 million that was announced today, the £10 million that was announced last week and the £42 million for loans. I hope that that will be welcomed across the board. Of course, we all want more money to be spent on housing. I have high regard for the Scottish Federation of Housing Associations. Its brief for today's debate rightly makes the case for more affordable housing, which would have advantages relating to energy efficiency and home adaptations, as preventative spend. All that is fine and good, but there is no question but that Keith Brown and his colleagues in Government are committed to

housing. Just yesterday, Keith Brown was in my constituency to visit two new housing projects. I welcome the fact that the Government has listened to the argument from the housing sector and from the other parties.

If the other parties are not satisfied, they need to tell us where the funding is to come from. To give Mr Harvie and his colleague their due, they are fairly open about that and say that they would drop the Forth crossing project and spend the money on other things. That is honest of them. However, we do not have an equivalent from Labour or the Tories. We can perhaps assume that they would drop the Forth crossing to build housing and thus damage a huge part of the Scottish economy.

Liam McArthur (Orkney Islands) (LD): The member might not have been at the stage 1 budget debate, but during it I stressed a number of times that we could not only deploy the consequential arriving from the Westminster Government—which has been done—but restructure Scottish Water as a public trust, which would have released £1.5 billion of additional resources.

John Mason: I am not sure that selling off the assets that we have left in public ownership is the answer. Once we hear a Liberal Democrat speech, we will hear that party's positive suggestions.

The colleges have not done badly at all on capital spending. In my area, John Wheatley College and North Glasgow College have excellent buildings, and the City of Glasgow College is getting about £193 million. The extra money for student support is extremely welcome. Today we heard about an extra £11 million for that.

Some of the other parties have asked for more funding for colleges. My assumption is that they want to take money away from universities to give more to colleges and to deal with that by charging students to go to university. In particular, we have recently had an indication that Labour wants to do that. I cannot agree with that at all. University or college education benefits not just the individual but the whole of society. If Labour is saying that rich families can send their kids to university but poor folk have to make do with college, that is not on. Colleges and universities both have a part to play. People have different gifts and we should not value academic above other, practical gifts. All people, old and young, if they are able, should have the opportunity to choose university or college.

Ken Macintosh: I am delighted to hear Mr Mason's support for colleges as well as universities. Why, therefore, is his Government

cutting the college sector by such a significant amount—£74 million by three years' time?

John Mason: If that £74 million was taken away from the universities, I hate to think what that would do to poor students who are trying to get to university.

It is ironic that while we discuss the housing, transport, universities and colleges budgets we are sending money down to the south-east of England.

The Deputy Presiding Officer: Mr Mason, you must conclude.

John Mason: Why are we subsidising the south-east of England?

15:25

Hugh Henry (Renfrewshire South) (Lab): We have heard a lot about encouraging economic growth and stimulating the economy. Ken Macintosh was right to express concern about the proposed levy on supermarkets and other major retailers, because although I do not disagree with the concept of taxing the people who have resources I cannot understand why the levy is being imposed without a full economic impact assessment being done and without consideration of the potential consequences for poorer communities and low-paid workers throughout the country. If the SNP is serious about encouraging jobs and economic growth, surely it should predicate its decisions on fact and not on assertion and prejudice.

Mark McDonald: In the context of the public health supplement on supermarkets, does Mr Henry accept that he and his colleagues contend that the minimum unit pricing of alcohol would inflate the profits of supermarkets? Either he is in favour of supermarkets making profits or he is not.

Hugh Henry: Those are two separate issues. What I am saying is that I see no reason for not carrying out a full economic impact assessment.

Something that can be seen clearly is the budget's failure to deal with the human impact and cost of the cuts that the SNP is inflicting, which I see regularly in my area. Renfrewshire Council has cut more teachers from its workforce and made more workers redundant, proportionate to the size of the workforce, than any council in the country has done. That is having an impact.

The Minister for Local Government and Planning (Derek Mackay): Will the member take an intervention?

Hugh Henry: I will certainly take an intervention from the ex-leader of Renfrewshire Council.

Derek Mackay: Will the member explain why the Labour Party not only did not put up alternative budgets during my time on Renfrewshire Council but supported the SNP's budget in the council this year, far from trying to undo the so-called damage to which the member referred?

Hugh Henry: If Derek Mackay cared to go back over the records, he would find that in previous years Labour did not support the cuts that he brought forward while he was leader of the council.

The SNP cannot disguise the fact that its cuts are having an effect on how teachers deliver education in our schools. It cannot disguise the fact that our social workers are struggling to cope with the pressures that they face daily. It cannot disguise the fact that the sick, the elderly and the disabled are paying more for their services and that many services are being cut or withdrawn. Those are the human consequences of the budget.

I want to dwell on what is happening in our colleges. The cabinet secretary trumpeted the extra money that he is putting into the colleges budget. What he has done is restore the money for student support that the SNP said that it had not cut, to bring us back to the position at the time of the SNP's pledge before the election, before it indicated that it would cut again. There is no advance on the position that previously pertained.

An extra £8 million is going to colleges, but that still leaves a cut of almost £30 million per year. It still means that jobs are being cut in colleges; that courses and places are under pressure; and that colleges' ability to respond to the economic crisis that we are facing in Scotland will be restricted. If we are serious about giving our young people in the most disadvantaged communities a decent start in life, we have to reverse not just £8 million of cuts, but the full amount of the cuts that this SNP Government is inflicting. We ignore at our peril this generation of young people who are looking for training, jobs and the opportunity to fulfil their potential in life. We need to listen not just to the college principals but to the lecturers who are saying that they are not able to do their job properly and that they are worried and fearful about what will be available to students the length and breadth of Scotland. If this generation is failed in the same way that the generation in the 1980s was failed and if it is unable to reach its full potential, we will pay a higher social and economic price.

This is a budget of despair; it is smoke and mirrors; and it does not face up to the real consequences. It tries to make out that we have somehow gained something from the pressure that has been applied by students across Scotland and by articles such as those in today's *Daily*

Record. In fact, the Government has given very little. It has not reversed the full impact of the cuts that it had previously outlined; it has merely mitigated to a small extent the worst of what it had been proposing. When all is said and done, this is about cuts, cuts, cuts that are being inflicted on our colleges.

15:31

Jean Urquhart (Highlands and Islands) (SNP): This has been an interesting debate. Before I begin reading out what I have written, I have to say that I am curious as to why the Labour and Tory members who have spoken so far have refused to recognise the differences between what is going on south of the border and what is happening in Scotland. Even as the gap gets bigger and bigger, and even as we prioritise in our budget the things that matter to people in Scotland and which have been disregarded by the Westminster Government, still they persist in declaring that we remain part of the United Kingdom. Can they still not see the difference?

This is one of the most difficult tasks that the Parliament has to carry out. We need to acknowledge the differences between urban and rural residents across the country and we need to meet the needs of everyone in Scotland, be they pensioner or newborn, pupil or student, apprentice or entrepreneur, homeless, sick or unemployed.

What message does the budget put out? How can our cabinet secretary satisfy so many growing demands with an ever-decreasing settlement from the UK Government? The Government's fairer, smarter, healthier and wealthier aspirations can all be identified in practical terms in the budget spend and there is nothing that we have talked about or to which we aspire that is not clearly funded.

We are maintaining council tax at the same level; indeed, it is probably the only household expense that has not increased and has given households more money to spend on other things. That is fairer. Meanwhile, the Tory-Liberal Democrat Government—

Hugh Henry: Will the member give way?

Jean Urquhart: No—I do not have time.

The Tory-Liberal Democrat Government increased VAT and added 5 per cent to almost everything. That is unfair. The move hits all development and the cost of council—in fact, all—services. It hits the poorest people hardest and has rendered some small businesses unprofitable and extremely vulnerable. The Labour Party is right to point out that small businesses are closing. It is no wonder; a 5 per cent increase in just about everything they buy—and the subsequent increase in what they have to charge—is about the

hardest thing they face. That has happened not at the hand of the Scottish Government, but at the hand of the UK Tory-Liberal Democrat Government.

Free further and higher education is fairer and smarter: I hope that the 80,000 students who took the time to e-mail us all will be delighted by the cabinet secretary's announcement this afternoon.

We are building the first council houses for more than a generation. The local authority house-building programme has to catch up on 30 years of neglect, so it will be inadequate. Whatever money we have to spend, we are not going to be able to catch up quickly, but I hope that a sustained Scottish National Party Government will catch up, because our ambition is to offer everyone who lives in Scotland a roof over his or her head. The house-building programme can only increase. It is fairer and healthier.

The maintenance of free personal care for the older generation is fairer and healthier, and taxing the largest and most profitable businesses is fairer. Such measures are all relevant and welcome across the nation. Whether people are in the Western Isles or the northern isles, east, west, north or south, the need for housing and older folk being in need of care are nationwide.

College reform is long overdue. As the Opposition parties are clearly lacking in ambition for our students, we need to know and we need the evidence. We do not have any money to waste and there is no place for disaffected young folk when we know that everyone has talent and an ability to develop.

I welcome the preventative spend programme, the robust programme on healthier lifestyles, the programmes to reduce smoking and drinking, and investment in cycle paths. A fitter nation is a healthier nation. We need progressive and positive options on living better, wellbeing and understanding. People need to be taking control of their own health and feeling better for it. The ambition for our country must be statistics that show fewer operations being carried out and no waiting lists for heart operations, not because there are more surgeons and hospitals but because there are fewer operations and we have less need. We are no longer governed to be at the bottom of the pile in European statistics, but to raise our aspirations and be better.

Our history is one of urban and rural poverty with children being already disadvantaged while they were still in the womb. The "Born to Fail" report on people born in the 1950s shows that things have changed little in more than 60 years. No wonder folk want something better.

When the budget is being set and spending commitments are being made, it is time to reflect

and take a look back at whether the investments that have been made have had the desired results. The scrutiny of the results will give us the necessary evidence. The SNP does not need the Opposition parties to pass the budget. The back benchers in this party are completely involved in the programme for development and we can more than do the job.

15:37

Willie Rennie (Mid Scotland and Fife) (LD):

We recognise that times are tough and that the budget settlement from Westminster is providing a difficult challenge for Parliament and the Government. We have to live within our means and Mr Swinney also recognises that there is no point in doing what the previous Labour Administration did in spending huge sums of money that we could not afford to repay, thereby losing the confidence of the credit ratings agencies, and threatening yields and borrowing costs.

The UK Government has delivered an additional £750 million for this spending review period, and we welcome that. Mr Swinney's earlier comments show that he also welcomes it. Obviously we would like it to go much further, but because we have to live within our means, the settlement is reasonable and it should help.

We have had some constructive discussions with Mr Swinney and we welcome his approach to engagement. We have made a number of suggestions for changes to the budget. Not everything is there, but the priorities that the cabinet secretary has set out for the additional money reflect some of the priorities for which we have argued. For example, on colleges—it depends on how one reads the figures—I think that we have gone roughly halfway to the £38 million cut, depending on whether we include the £15 million, the £6 million for youth unemployment and some of the other figures that the cabinet secretary mentioned. It is a step in the right direction within the constraints of the budget settlement. We welcome that; it is quite a major step forward and a significant change from the Cabinet Secretary for Education and Lifelong Learning's rhetoric last week, when he said that the settlement was "full, fair and final". We are pleased that John Swinney prevailed and persuaded the education secretary that his Scottish colleges should get more money. We welcome that step in the right direction; the National Union of Students Scotland and the colleges will also be pleased. We will have to scrutinise the detail to make sure that there are no strings attached that will mean deviation from the colleges' central purpose.

The announcement on housing is also a step in the right direction, although we are deeply concerned that the SNP Government will not be able to reach its target of building 6,000 affordable homes a year—in fact the manifesto talked about social rented homes—especially when 81,000 people throughout Scotland are on housing waiting lists and there are waiting times of more than two years. If we are pulling back from the 6,000 that were promised in the manifesto, we will not eat into those waiting lists, especially given the tough targets on homelessness that we need to meet by the end of year. Nevertheless, within the constraints of the spending review, it is a major step forward, although we would like to see much more on that.

Another area of concern for us is the air discount scheme for the islands. When he was a minister, Tavish Scott delivered the air discount scheme, which benefited charities, businesses and others. However, the SNP has withdrawn its use for work-related travel, which is having a significant impact on businesses. The SNP will say that Europe has imposed restrictions on use of the scheme, but we know that it can be restored to what it was. We hope that Mr Swinney will discuss with us how we can develop the scheme so that it can benefit the islands.

Liam McArthur: Will Willie Rennie take an intervention?

Willie Rennie: Certainly.

Members: Aw.

Liam McArthur: I thank Willie Rennie for taking an intervention—[*Laughter.*] It has come to my attention that unemployed constituents of mine who seek to attend interviews further south are ineligible for the air discount scheme as a result of the changes. Perhaps Willie Rennie might invite the minister to look specifically at those sorts of issues.

Willie Rennie: That is the best intervention that I have ever had. I will let Liam McArthur intervene more often. I hope that the minister listened to what my colleague said. It is a modest scheme—it is not a huge sum of money—but it will make a big difference to people who live in the islands.

The work that the SNP has identified on early intervention is another step in the right direction. It is something that we have argued for. In fact, we would go further. However, I am disappointed that despite our repeated reasonable requests about the £1.5 billion Scottish Water fund, which could make a significant difference in these difficult financial times by boosting the digital economy—some steps have been made towards that—on providing a science nation fund, and on improving the energy efficiency of homes and hard-to-heat

buildings. It would also make a big difference on early intervention.

The SNP has concerns that the Treasury would not give the money back and that it would somehow strip it away. Well, we can help. I know a Danny Alexander and I can have a word with him. We might be able to deliver. If the cabinet secretary is serious about extra investment in Scotland, will he engage in discussion with us to ensure that we make the best use of our resources?

My final comment is on the fossil fuel levy. The SNP argued for years for it to come to Scotland, but we have seen no announcement about how that money would be spent. Given that we have been desperate to get it for so long, it is disappointing that we have not had detailed announcements about it. Perhaps, when he sums up, the cabinet secretary could set out how that money could be used to help us to move forward on renewable energy so that Scotland can play its part in the climate change agenda.

15:43

Joe FitzPatrick (Dundee City West) (SNP):

That is the most positive speech that I have heard from Willie Rennie. The intervention was also constructive. *[Laughter.]* Maybe the other parties should take heed. If the cabinet secretary goes some way towards meeting Willie Rennie's demands, perhaps he should change his speech slightly. However, I totally disagree with Willie Rennie on the mutualisation of Scottish Water. As John Mason said, now is not the time to be selling our assets.

The budget demonstrates that our Scottish Government is working to protect households and businesses from the overzealous cuts agenda that is being imposed on Scotland by the Westminster coalition. However, we are limited in what we can do by the restrictions of devolution. Now is a good time to reflect on the Parliament's existing powers. There was a strong campaign in 1997 against allowing us to sit in this Parliament and make the budget decisions that we are making today. I believe that, at the time, Iain McMillan assured us that devolution would lead to the collapse of business in Scotland and that a certain bra tycoon threatened to leave the country, so not a lot has changed.

What has changed, however, is that as a result of having some—albeit limited—control over our finances, we have been able to ensure a fairer deal for businesses and families across Scotland. Without the Scottish Parliament and Government, people would be having to think twice before picking up their prescriptions, free education would have been consigned to the history books and

Scottish students would be saddled with tens of thousands of pounds of debts. In Dundee, 1,424 small businesses, and tens of thousands across Scotland would not have had their rates removed completely. My constituents in Dundee would be paying an extra £192 this year on their council tax bills. Our NHS would be under threat of privatisation, free personal care would not exist and there would be no educational maintenance allowance.

Those are all things that continue to be supported in this budget by this Government. Our Parliament has served the people of Scotland well, and today not even the Tory party—I hope—would dream of lodging a motion calling for the Scottish budget to be decided by George Osborne rather than John Swinney.

Just as this Parliament's authority to set a devolved budget is no longer challenged, except perhaps by some members of the unelected House of Lords, so it will be the case—when we achieve the full economic powers of independence—that no one will seriously argue for a return to decisions for Scotland being made in London by Westminster politicians. No one, not even the arch-unionist Jackson Carlaw, will come to the chamber and say “Hang on a minute, wouldn't it be better if we just set a budget based on what would be best for middle England rather than what's best for businesses and households across Scotland?”

Jackson Carlaw (West Scotland) (Con):

Would not it be the case that under the SNP's economic plans interest rates would be set for Scotland by the Bank of England and that therefore it would be England and Westminster that would determine SNP economic policy at the SNP's insistence?

Joe FitzPatrick: I am not sure whether Jackson Carlaw agrees with my point or whether he is saying that in an independent Scotland he would come to the chamber and argue that we should set a budget based on what is best for middle England rather than on what is best for households and businesses in Scotland.

It is clear that devolution is not enough and that it cannot protect families from the welfare reform cuts coming from Westminster, and nor can it protect business from lack of investment by the Tory-Lib Dem Government. Our Scottish Government is working hard to counter that lack of investment.

Ken Macintosh: I like to hear what the SNP's plans for separation are. Does Mr FitzPatrick intend to put up taxes to pay to protect us from welfare cuts?

Joe FitzPatrick: I believe that under independence this Parliament would be allowed to

sit here and have a real discussion about all issues, and to decide what is best for the people of Scotland and not be told and dictated to by a Parliament in London that is, largely, unelected by the people of Scotland.

The cabinet secretary has outlined what steps are being taken to keep the Scottish economy moving. I think that all sides in the chamber agree that the construction industry is central to that recovery, so I think that we should all welcome the Government's moves to find new and innovative ways to fund house building. Today's announcement of an extra £42 million for shared equity schemes and additional money for local authorities to help deliver another 30,000 affordable homes by 2016 will play a major part and is to be welcomed.

Ken Macintosh: Does Mr FitzPatrick think that the 30 per cent cut in finance for housing will help the construction industry?

Joe FitzPatrick: I think that what is not helping the construction industry is the cut in Scotland's capital budget that is being imposed on Scotland from Westminster, which was planned by the previous Labour Administration and which Alistair Darling said would be "deeper" and harsher than cuts that were made by Margaret Thatcher.

The budget goes as far as we can, but only the powers of full independence would ensure that Scottish jobs are never again threatened because of Westminster's economic incompetence. The people of Scotland are the people who are best placed to make decisions on how the country is run. I look forward to future budget debates in which we can make decisions with the full range of powers that are vital to supporting communities and providing sustainable economic growth for all Scotland.

15:49

Mary Scanlon (Highlands and Islands) (Con): First, I welcome the £60 million—which I appreciate is over three years—for health board maintenance. However, Audit Scotland recently highlighted that there is a maintenance backlog of £500 million, much of which involves essential work to achieve health and safety compliance, so there is a long way to go.

Secondly, I welcome the additional resources for broadband, particularly as I represent a rural area. I also think that providing £1.2 million to build two roads and carry out the design works for dualling the A9 within one year is a wonderful achievement of economic competence, and I look forward to progress being made on the A9.

However, it is important that we put Scotland's economy in the United Kingdom context.

John Swinney: I warmly welcome Mary Scanlon's remarks about investment in the digital infrastructure and in dualling the A9. How will she feel at 5 o'clock when she accepts the Tory whip and votes against the budget? She will be voting against those measures.

Mary Scanlon: That was the good news—here come the facts. Using £1.2 million for two roads and design works within a year will be a similar achievement to using the loaves and fishes to feed the five thousand.

We should put Scotland's economy in a United Kingdom context. The Bank of Scotland purchasing managers index showed that Scotland had one of the slowest rates of job creation in the United Kingdom regions. At 1.4 per cent for the past two years, economic growth north of the border is half the United Kingdom figure of 2.8 per cent. The growth rate for manufacturing is 2 per cent less than the rate for the rest of the United Kingdom, and exports continue to lag, despite the 23 per cent increase in our whisky exports last year.

Scotland's unemployment rate is also higher than the UK's rate, with no fewer than 88,000 young people aged 18 to 24 currently unemployed. That figure rises to more than 100,000 for 16 to 24-year-olds. Anyone who is looking for reasons to be cheerful need not read the SNP's list of alleged achievements on our economy.

The finance secretary has reduced the cut to further education from £40 million to £33 million, but that is still a huge cut—

Joe FitzPatrick: Will the member take an intervention?

Mary Scanlon: I am almost halfway through, and I have a lot to say.

That is still a huge cut in further education at a time of record high youth unemployment. Scottish Conservatives were right to use our debating time to highlight the cutback to colleges. Although the Cabinet Secretary for Education and Lifelong Learning states that those cuts will not affect higher education, I can say from two decades' experience in lecturing before coming to Parliament that further and higher education are totally integrated in our FE colleges. Any student can start with a national certificate, move on to a higher national certificate and then a higher national diploma: they are still in further education. They can go on to gain a degree at fourth year honours level. The point is that, with a loss of 1,000 lecturers from further education last year even before the cut was announced, colleges will inevitably cut back on courses at all levels, which will reduce the number of students doing degrees.

John Mason: Will Mary Scanlon agree that some students are staying too long at college, and that some universities are not very appreciative of what students are learning at college?

Mary Scanlon: I have no idea what the member is talking about, but any students who can stay long at college would have great difficulty financing themselves. One thing that I do know is that many students study by distance learning and have full-time jobs. If John Mason is criticising the length of time for which students are at college, he should seriously question his judgment.

We had hoped that the Government would think again about the retail levy, which is now a hypothecated tax; it has become the public health supplement. At the very least, as Hugh Henry said, the Government could carry out an economic impact assessment. The Government's response is that such an assessment would be disproportionate, which is laughable given that the cost to business is now £95 million, and that the Seed Potatoes (Fees) (Scotland) Amendment Regulations 2011, which had an impact on business of £91,000, were impact assessed. I wonder about John Swinney's constructive discussions with retailers, which have led to the timescale for the levy being cut to three years. What was the economic rationale for that and why is it being cut by £15 million? Those are serious concerns.

Given the huge success of the town centre regeneration fund in revitalising town centres throughout Scotland, why has the initiative been dropped? Instead of penalising out-of-town retailers, the Government could be using resources to incentivise people to return to our towns for shopping and leisure.

Why does the Scottish Government not intend to publish an efficiency outturn statement for 2011-12, and why are there no explicit targets for efficiency savings in 2012-13?

The Deputy Presiding Officer: I ask the member to conclude.

Mary Scanlon: Finally, I would like some clarity on pensions, given that an additional £21 million has been given to police and fire service pensions in this year.

15:55

Kevin Stewart (Aberdeen Central) (SNP): I declare an interest as a member of Aberdeen City Council. I thank the cabinet secretary for the more than £5 million of additional funding that the council will receive through the budget, which is more than welcome in the granite city.

In the stage 1 debate, I highlighted the fact that although, in November, Labour published a five-

point plan for job creation, four of those points concerned Westminster-retained powers and the only thing that we had power over in this Parliament was capital spend. Labour's plan says that capital spend should be brought forward; therefore, I am disappointed that there have been no congratulations from the Labour Party today to the cabinet secretary on increasing capital spend by another £380 million over the next three years. During Mr Macintosh's speech, which was supposedly about job creation, I noticed that he did not talk much about job creation or the four levers of power in Labour's plan that remain with Westminster. I would be interested in hearing what the Labour Party has to say about such issues if it were truthful and honest about the powers that Mr Swinney and the Scottish Parliament have. I would like us to have all those powers—if we had, we would have seen a very different budget today.

Ken Macintosh: Can the member clarify which powers Mr Swinney used when he was so successful in implementing plan MacB?

Kevin Stewart: One thing John Swinney did, which I have mentioned, was increase capital investment by moving funds from the revenue budget to the capital budget. If he had not done that, we would probably have been in a much worse position than we are in. Nevertheless, the main levers of power still lie with Westminster. I believe that those powers should be here and that we should be making those decisions, so that we could have a real budget for job creation using all the powers that we should have.

I also welcome the additional investment in housing that has been announced today. Aberdeen has benefited since the SNP Government came to power, with new housing in various places including Tillydrone, in my constituency, and current building in Stockethill.

Neil Findlay (Lothian) (Lab): On jobs and housing, the Alliance of Sector Skills Councils is a key organisation for developing skills and providing vocational qualifications. Is Kevin Stewart aware that it has had its funding withdrawn by the Scottish Government? A team of six that focused on Scotland is now based in London and deals with the whole UK instead of focusing on Scotland. Would he say that that is his party standing up for Scotland?

Kevin Stewart: This party, which is standing up for Scotland, is providing capital investment. The budget provides an extra £97 million for housing, £68 million for digital infrastructure, £72 million more for transport, £60 million for NHS boards, £54 million for local government, £20 million for the Scottish Prison Service and for female prisoners in particular, £5 million extra for culture and £3 million to ensure that asset disposal is done properly. What more does Neil Findlay want

at a time when Westminster has cut the block grant to the Parliament by £1.3 billion?

Claudia Beamish (South Scotland) (Lab) rose—

Mary Scanlon: Will the member give way?

Kevin Stewart: No—I am sorry; I have taken enough interventions and I need to finish.

Mr Gibson talked about crocodile tears, of which there have been a lot in the Parliament today. One of the things that really annoy me relates to colleges, which were one of the many priorities of the Conservatives and the Labour Party at stages 1 and 2. We have had some good news today, which I am sure that the NUS and others will welcome. I wish that the Conservatives and Labour would sit back and reflect on what has changed. Mr Rennie did that; I acknowledge that the Liberal Democrats took the time to appreciate what Mr Swinney has done.

Of course, we would not be in the current position if it had not been for the previous Labour Government's excessive spending. Gordon Brown—Mr Prudence—always went round saying, "Look how prudent I am." However, the reality is that the previous Labour Government was probably the most profligate Government in the history of these islands. Now, we all have to suffer the consequences of that profligacy. That is why we have had to deal with the cuts that we have had to deal with.

Drew Smith (Glasgow) (Lab): Will the member take an intervention?

James Kelly (Rutherglen) (Lab): Will the member take an intervention?

Kevin Stewart: I have taken enough interventions.

In this time of adversity, the Cabinet Secretary for Finance, Employment and Sustainable Growth is to be congratulated on his efforts in putting together the budget. I support the motion.

16:01

Jackie Baillie (Dumbarton) (Lab): I welcome the opportunity to contribute to the debate and I, too, welcome the Government's focus on prevention. Very few members would disagree that intervening early and preventing the need for more costly treatment or support later in life are absolutely the right thing to do.

In that spirit, I welcome the change funds. However, our history as a Parliament is littered with change funds, which have not been particularly effective in creating the lasting change that we seek. If we pause and think, £500 million over the spending review period is not 1 per cent

or even one tenth of 1 per cent of the overall spend—it is even less than one hundredth of 1 per cent, so it is extremely marginal. I encourage the Government to put its money where its mouth is and to take a sharper approach. We would support it in doing so.

We have been told the level of spend in the older people's change fund, the early years and early intervention change fund and the reducing reoffending change fund, but we have not—despite numerous parliamentary questions—been told how much is new money and how much is existing money. We know from local authorities that they are expected to contribute, but they do not even know how much. I would welcome enlightenment from the cabinet secretary.

I will take the older people's change fund as an example. The initial report on spending said that only 19 per cent of the fund was going to prevention, which is a damning indictment. A significant underspend is expected this year and the fund is being used to substitute for services that have been cut. I understand that, when local authorities were asked to contribute cash to the pot, there was—needless to say—considerable disquiet because of their tightened budgets, so the Scottish Government watered that down to contributing in kind. There is no new money, which is a shame, particularly if our collective ambition is to achieve and secure change.

I acknowledge that preventative spending is difficult at the best of times, never mind when money is tight, but the timidity and compromise in the Government's approach are disappointing.

Derek Mackay: Will the member reflect on the fact that Graham Allen, a Labour MP from England, came to Scotland to tell us how generous the Scottish Government was in allocating £500 million to the preventative spend agenda, when the equivalent sum in England was £5 million?

Jackie Baillie: It is clear that Graham Allen had not met me first, as I would have exposed the paucity of the Scottish Government's approach. If the Government's ambition is to be compared with a UK coalition Government that does not get prevention at all, that is disappointing.

The average reduction in the local government settlement is 6.1 per cent, as the minister well knows. Let us compare that to the overall reduction in the Scottish Government budget of 2.7 per cent. Some 13,500 people were out of the door last year and another 13,500 are expected to be out of the door this year. I know that the cabinet secretary and his minister will tell us that local government is terribly well off, but even a primary school pupil can work out that local government is taking a bigger hit than the Scottish Government is

experiencing. These are the SNP Government's cuts, not Westminster's.

Joe FitzPatrick: Will the member give way?

Jackie Baillie: No, thank you.

Nowhere is that more evident than in social care: care packages are being cut; preventative services are being cut; and priority frameworks that deal only with acute need are the order of the day—and they were agreed by the Scottish Government. Charges are now being introduced in 32 different ways, with 32 different rates and 32 different sets of criteria. That does not chime with the Government's approach to prevention and it is fundamentally unfair.

We are approaching a perfect storm. As a result of the UK coalition's Welfare Reform Bill, many people, particularly those with disabilities, will lose benefits—the very benefits that are used to pay for social care. Who will pick up the tab for those people who are most in need of support but who no longer have the means to contribute?

That brings me to the wider issues of welfare reform. Until today, there was not one word on the matter in the whole of the SNP's budget document. Now, we have £20 million in consequential. I have to say that that feels like an afterthought. That is from a party that wants control over the benefits system but so far has failed to explain what it will do about community care grants, crisis loans and council tax benefit. All of that is devolved. The Government has responsibility for those matters but it has not even bothered to tell us about what it will do, never mind about the impact on passported benefits such as free school meals or concessionary travel.

On health, despite what the First Minister and the Cabinet Secretary for Health, Wellbeing and Cities Strategy might say, the numbers do not lie. There is a real-terms cut of £319 million in the NHS budget, by the SNP Government. Some 4,000 staff are already out of the door, including more than 2,000 nurses. The Government cannot tell me that that does not have an impact on patient care. NHS staffing is now at its lowest level since the beginning of 2006.

This is not a budget for jobs; it is an SNP budget that is resulting in thousands and thousands of job losses.

The Deputy Presiding Officer (John Scott): You must close, please.

Jackie Baillie: The SNP cannot take money away and then, a few months later, give a little of it back and expect a pat on the back. That just does not wash.

16:08

Rob Gibson (Caithness, Sutherland and Ross) (SNP): Some remarks have been made during this debate that I would like to reply to because some of them have been, at best, misleading and others have been far from the truth.

There was a discussion about the air discount scheme. Unfortunately, the members on the Liberal Democrat benches are not here—

Jackie Baillie: There is one.

Rob Gibson: The members who were speaking are not here. I am referring to that famous intervention that everybody applauded so much.

The air discount scheme is available to individuals, which is wonderful. It means that people can fly from islands and from Wick out of the area and spend money one way or another. However, what we need is a public service obligation, as that allows remote communities to benefit from people coming into the area to spend money as well as allowing people to leave. We have never had a debate about that because although Barra, unlike most other places, has such a scheme, the idea of discussing something that would support our most remote areas through flights that would allow people to get to them for a reasonable price is for a future agenda. The air discount scheme was proposed by the Labour and Liberal Democrats coalition Government as a stop-gap measure because it was not prepared to pay for public service obligations.

The second point that I want to make is about out-of-town developments and regeneration in town centres. As long as people want to shop in large out-of-town supermarkets, there will be little reason for them to go into small towns such as Wick and other places in my constituency. With large regeneration funds, unless there is a rebalancing of the rates so that money from rates from out-of-town developments can be spent in town centres, we will get nowhere, and regeneration will be a fig leaf.

Thirdly, colleges in the Highlands and Islands have something important to offer the rest of the country. The University of the Highlands and Islands colleges are trying to cut out the duplication that happens in regions. Mary Scanlon mentioned distance learning, which is very much part of that approach. We do not have to have the same courses in seven or eight colleges in different geographical areas. The rest of the country must catch up with that approach. Distance learning can save on lecturers—indeed, it has probably already done so—but I would like to see greater savings in administration than there have been so far.

I turn to aspects of the rural affairs, climate change and environment budget. I am delighted that the Rural Affairs, Climate Change and Environment Committee has looked in detail at issues relating to cycling and a modal shift in transport, for which extra spend is included in the budget announced today. Such means of transport are not reaching the levels that we hoped that they would. I believe that more jobs will be created in the process of encouraging cycling and walking in the next three years with the money that has been invested and the modal shift money, which is even greater.

Patrick Harvie (Glasgow) (Green): Just to be clear, I am sure that Rob Gibson understands that the substantial cut in the active and sustainable travel budget—I believe that it is down £9.1 million in the next financial year on the current financial year—has been only partially reversed today by around £4 million. Is Rob Gibson still committed to the SNP's aspiration in its manifesto to increase that budget as a proportion of the transport budget? What proportion will that be? When will it happen?

Rob Gibson: It is obvious to everyone that if we had the levers of power to be able to meet that objective, we would certainly do so. Our aspiration is to do precisely such things. It is not good enough for people to argue, "It's terrible. There are cuts," without saying how they would pay for such things. I am sorry. Of course, the Green approach is to say that the Forth road bridge should be scrapped and that would pay for everything. Our argument is that our approach is healthier and greener.

The remarks that have been made about rural broadband are very helpful. In its submissions on that to the Finance Committee, our committee looked at the need to provide funds for the poorest broadband coverage areas in the country. I was glad to hear the cabinet secretary announcing that there will be specific funds within the £28 million and the £40 million for local authorities to take such approaches. Giving the people who live in the most remote areas a level of service that means that they, too, can take a full part in the life of the country and not feel second class can contribute far more to our economy and make life much more equal for people. That is an SNP aspiration. The announcements on investments in rural broadband are among the most important in the budget document. Many other things will happen, but it is a fact that if we create jobs by investing in capital in those areas, not only will the country be healthier, greener and fairer, but we will see a country that is moving forward.

I welcome the motion and the budget.

16:14

Mark McDonald (North East Scotland) (SNP): Like my colleague Kevin Stewart, I declare an interest as a member of Aberdeen City Council. I join him in welcoming the additional funding that will come to Aberdeen as a result of the 85 per cent floor, and I also welcome the money in the transport uplift, which will deliver money for the much-needed improvements at the Haudagain roundabout in Aberdeen. Those improvements are long awaited and very welcome.

Yesterday was the 200th anniversary of the birth of Charles Dickens, and it is pleasing that the Opposition parties have chosen to pay such a warm tribute to him by arriving in the chamber and saying, "Please, Mr Swinney, we want some more." However, it is not fair for them to hold out the begging bowl to ask for more from the cabinet secretary without giving him a constructive indication of how they would allocate money from other budgets. The simple fact is that, within a fixed budget, if money moves to increase one budget, another budget must be decreased. Coming to this chamber and assuming that they can ask for every budget under the sun to be uplifted while not telling us which budgets would have to be reduced is dishonest.

Ken Macintosh: Will the member give way?

Mark McDonald: No, I would like to make some progress. Mr Macintosh had 11 minutes in which to give us some indication of what Labour members would do, and instead all we got from them was moaning and girning.

Meanwhile, people outside who have engaged constructively with the Scottish Government welcome the improvements. Robin Parker, president of NUS Scotland, says:

"I'm delighted to say that the Scottish Government has delivered to protect opportunities at this difficult time. We fully welcome their decision to reinstate the £11.4m into college bursaries, their commitment to protect places and local access, and we'll work closely with colleges and government to closely monitor the quality colleges are able to offer over the coming year."

On the rest of the budget, Mr Parker goes on to say:

"This Budget provides additional funding to universities, it keeps Scotland free of tuition fees, it protects the EMA, it begins to provide the money needed for a £7000 minimum income for the poorest higher education students and, following today's debate, it now also provides the money we need for the poorest college students. This is all great news."

That is a direct quote from the president of NUS Scotland—[*Interruption.*] Jackie Baillie might want to disagree with the president of NUS Scotland, but I congratulate him and his colleagues, some of whom I met in advance of the budget, on their successful campaign.

Richard Baker was very quick to talk about the situation at Aberdeen College. Well, one of the people I met, along with Kevin Stewart, was Lani Baird, the student president at Aberdeen College, who announced today on Twitter that she will be

“CELEBRATING tonight!!! Well done to everyone involved in #ourfutureourfight WE DID IT!!!”

She told me that she is so happy about the Scottish Government’s announcement. People who actually care about students are pleased with what this Government is delivering because they recognise that we care about them, too.

Neil Findlay: If the member is right, the Cabinet Secretary for Education and Lifelong Learning has deliberately misled students over the past few months in saying that they had a fair settlement and that everything was okay. Will the member ask the cabinet secretary to apologise to all those students?

Mark McDonald: That is 10 seconds of my life that I will not see again. I wonder whether Mr Findlay, the class warrior in this Parliament, agrees with his colleague, Hugh Henry, about the public health supplement, given that he is obviously so keenly opposed to big businesses making exorbitant profits. I am sure that he will entirely support us on the public health supplement and the work that will be done in that regard. The Cabinet Secretary for Education and Lifelong Learning clearly stated that he would seek every possible opportunity to support students. He has done that, and the Cabinet Secretary for Finance, Employment and Sustainable Growth has delivered on it. I hope that Mr Findlay will welcome that and will vote tonight for the budget and all the measures that the cabinet secretary has announced.

On capital investment, I particularly welcome the announcement on broadband for rural areas, which will benefit many of the communities in the north-east that I represent. I also welcome the boost for shared equity housing. Many of the people I meet as a councillor and as an MSP are on the housing lists because they cannot afford to make the step towards becoming a first-time buyer, and shared equity schemes will help some of them to access affordable housing. I very much welcome the cabinet secretary’s announcement in that regard.

I am not the only person to welcome these announcements, because another person outside this chamber has said of the announcements on infrastructure:

“We welcome the broad tone of the Scottish budget within this context and in particular we welcome the additional funds that the Government have identified for investment in capital infrastructure. This is a sensible use of resources that will bring long term dividends for the Scottish

economy, especially in terms of the investment in broadband connectivity, transport and housing.”

That comes from Liz Cameron, chief executive of the Scottish Chambers of Commerce.

So, the people who speak for student and business organisations are welcoming what we are doing; the only people who seem to have a problem with it are Labour members who propose that they are the mouthpieces of those organisations. On Aberdeen City Council, I am used to Labour Party chicanery on budgets and to its failure to produce an alternative budget at any time. I thought that, perhaps, at a more strategic, national level, we might get a little bit more thought and focus.

I am sure that Jackie Baillie welcomes preventative spending and early intervention but, if she votes against them tonight as part of the budget, that will be a hollow welcome and the cry from Labour will be, “What do we want? Early intervention. When do we want it? Later.”

16:20

Claudia Beamish (South Scotland) (Lab): In his opening remarks in the stage 1 debate on the budget bill, the cabinet secretary spoke about the importance of the low-carbon economy and sustainability. He also spoke of his willingness

“to work constructively with all parties”.—[*Official Report*, 25 January 2012; c 5622.]

Although I welcome the changes that have been made to the budget, there are still many cuts in it. In many areas, the cabinet secretary and the Scottish Government have simply neither listened to expert opinion nor listened enough to dissenting voices in the Parliament.

However, having fought hard with Jim Hume and Patrick Harvie to get the Scottish Government to think again about the 45 per cent cut to the active travel budget, I find it refreshing that the Government has put its hands up and admitted to having made a bad decision. I am only sorry that Mr Swinney is not willing to reverse the cut completely when it is only a small part of the budget.

There will still be a 20 per cent cut in funding next year and a 30 per cent cut over the budget period. The Transport, Infrastructure and Climate Change Committee’s report on active travel recommended:

“the decline in the funding of sustainable transport and active travel line needs to be not only reversed, but significantly increased.”

The many groups and constituents who argued the case for a better active travel budget in terms of health, road safety, congestion, greener cities and tackling carbon emissions should be

congratulated. The local job opportunities have also been highlighted. However, there is still a cut in the active travel budget. Therefore, I ask the cabinet secretary to provide in his closing remarks reassurance on how active travel criteria can be integrated into the infrastructure plan, which is big on road building but says little about sustainable means of transport, such as space for walking. I appreciate that there is now £18 million for modal shift, but will that help us to develop travel infrastructure of the sort that is found in Holland, for instance, where cycle lanes and pedestrian opportunities are part of road systems as a matter of course?

The altered announcement on affordable housing is disappointing. The cabinet secretary talked of innovation in that context. Will he reassure me that new-build homes will meet ever more rigorous sustainability standards so that they are not only affordable, but move towards zero-heating standards, such as those demonstrated by Robert Gordon University in Aberdeen? He will know that existing housing is responsible for a staggering 25 per cent of Scotland's emissions and that reductions in those emissions are, therefore, essential if we are ever to meet our emissions targets.

No doubt the cabinet secretary also agrees that energy efficiency has the added benefit of reducing fuel poverty, which shamefully now affects one household in three in Scotland. In evidence to the Economy, Energy and Tourism Committee, Norman Kerr of Energy Action Scotland was clear that the sum required to achieve the Scottish Government's target of eradicating fuel poverty by 2016 is near £100 million per annum. Although the figure for next year has been increased to £65 million, it is not enough.

Investing in domestic energy efficiency by retrofitting homes is a win-win approach. It is one of the most cost-effective and sustainable ways of tackling fuel poverty and creating local jobs while reducing carbon emissions.

I welcome the fact that, on a number of occasions, the cabinet secretary has spoken in the Parliament about the importance of preventative spend. I am sure that he agrees that energy efficiency is a classic example of that approach. However, despite overwhelming evidence from experts, his Government is not investing at sufficient levels to achieve the required returns. The budget continues to fail to address domestic carbon emissions, and it stops short of providing adequate funding to eradicate fuel poverty. I hope that the cabinet secretary will take that point into account in his closing remarks, although he does not appear to be very interested in listening to what I am saying.

Bill Walker (Dunfermline) (SNP): I hear what Claudia Beamish says about wanting more money for certain things and reducing the cuts. I do not like the word "cuts", but sometimes that is what they are. If we are not to implement the cuts that she mentions, will she and her colleagues please tell us which budgets they would cut?

Claudia Beamish: We are discussing the SNP's budget, not ours. It is for the SNP to say how it would deal with the issue. I am talking about very small amounts of money that would help people in fuel poverty. Many groups outside the Parliament, including non-governmental organisations and environmental organisations, are asking for such a commitment. I emphasise that we are still talking about a cut in that area.

The programme monitoring committee that oversees the implementation of the Scotland rural development programme suggests that

"there is a mismatch between budgets and demand."

I highlight that

"papers demonstrate that decisions had already been taken or steps were being discussed in order to manage current demand and future demand for agri-environment options in rural priorities."

The UK Committee on Climate Change has stressed that there was an emissions rise in 2010. The Scottish Government must ensure that climate change targets are a priority across all portfolios, and this budget must surely be the starting point for that.

16:26

Patrick Harvie (Glasgow) (Green): During time for reflection, we were all reminded of the importance of trying to remain calm and peaceful during our debates. Perhaps not all of us have managed to do that during this afternoon's debate, but I must admit that I often fail in that regard, and that has happened again today.

I will follow the same pattern I followed in the stage 1 debate by beginning by identifying some of the areas in which I welcome the Government's position, before moving on to some criticisms. On housing, which I thought was to suffer one of the most serious budget cuts, I welcome the fact that the Government has gone a substantial way towards reversing the cuts, albeit that it is not reversing all of them. I look forward to seeing the detail on that. The devil will be in the detail; we will have to see the detail on the loans and equity schemes to find out exactly what will be delivered through the additional spending in that area.

On colleges, we have heard that the NUS is happy to welcome the reversal of the cuts to student support. Student support is an important issue and one that I raised with the cabinet

secretary. I am glad that there has been a partial reversal in that area, too, and a repeat of the top-up.

However, we must accept that that is against the backdrop of a huge cut to the teaching budget. Although I am pleased with the change that the cabinet secretary has announced, I ask him to acknowledge that the cuts to the teaching budget will do great harm. We should not kid ourselves about the extent to which the college sector will be able to deliver in that context.

On active and sustainable travel, the response of Rob Gibson was breathtaking. Transport is an entirely devolved area of spending, so it is entirely within the Scottish Government's power to decide to implement right now the manifesto commitment that the SNP went to the electorate with, which was that it would

"continue to increase the proportion of transport spending that goes on low-carbon, active and sustainable transport."

That was the commitment, but what do we see? We see a massive increase in the road-building budget and cuts, cuts, cuts to the sustainable and active travel budget. In particular, the active travel budget will go from 1.21 per cent of the transport budget in 2010-11 to 1.03 per cent in 2011-12. In 2012-13, the figure will be 0.84 per cent and in 2013-14 it will be 0.79 per cent. We will see decrease after decrease after decrease in the proportion of the budget that is spent on active travel.

We are moving further away from the SNP's commitment, and not closer to it. I would accept that it might take a few years to reach 3 per cent or 4 per cent, but that is where we ought to be heading instead of moving from 1.2 per cent to 0.79 per cent—we are moving in the wrong direction. It is entirely within the cabinet secretary's power to reverse that right now. I would like him to answer the following question in his closing speech. If he is going to increase the proportion, to what will it be increased, and by when? We will not be fobbed off with a commitment that it might happen at some future date. Year after year, we see budget lines in the area decreasing.

I cannot support the budget on those terms. I look forward to hearing some further information, because transport and housing account for some 40 per cent of carbon emissions and if the Government is serious about fully funding its report on proposals and policies on climate change, it must start to reverse what is happening in those budget lines right now.

16:31

Chic Brodie (South Scotland) (SNP): I support the budget on several bases. First, it secures the

good husbandry of the nation's account for the fifth year running—a view that we know would be shared by Labour's former finance minister Andy Kerr. Its production has been a difficult job in difficult circumstances.

Secondly, it accepts the challenges of the consequences of a nonsensical hand-me-down reduced fund allocation from a UK Government that not only wavers in the face of international economic fragility but adds to the uncertainty, not just through its economic policies but through its social policies at home, such as on the NHS in England and on welfare reform.

Thirdly, it promotes investment before consumption.

Fourthly, it follows the Scottish Government's economic strategy to secure not just sustainable economic growth, in the right circumstances, but the strategy's aims on public sector reform, the low carbon economy, investment to save future costs, and reducing the income gap.

Fifthly, it continues to create the culture change—which is readily being grasped—that is increasingly making our workforce and communities more adaptable and flexible, and making them seekers of more efficiency.

Without being dogmatic, I believe that it is not just the instinct but, as we have heard today, the proven will of the Government to listen to and agree with the arguments of others where properly allocated revised expenditure will contribute to the factors that I have mentioned. On that basis, constructive proposals, budget impacts and social returns should be considered in any promotion of flexibility in the budget and expenditure going forward. Will we always agree? Of course not, but that makes it even more pressing for proposed budget revisions to be cogently put, rather than members' opposing the budget for opposition's sake.

Together, we have to work on and galvanise support for financially sound job and wealth creation, and then secure the fair distribution of that wealth as our nation goes forward independently. Of course, there are people with different priorities who rightly voice their concerns, but I believe that the fundamentals of the budget and spending are understood and that the imposed constraints on budget allocation—which are reflected in small growth, no growth or, indeed, limited growth in areas of concern—do not limit people's ambitions to achieve their targets and goals.

For example, Scottish Development International continues to confound not just the rest of the UK but our global competitors by being one of the top inward investment agencies in the world. It is driving and helping companies that

wish to internationalise, and attracting world-leading companies to Scotland, under a restricted budget. That is also the case with Scottish Enterprise, Highlands and Islands Enterprise, energy companies, tourism and, yes, education, the public sector and the third sector. They are doing more with the same or with less—some with more. The culture is changing. They are creating a lean, fit, productive, efficient and ambitious Scotland.

The budget bill further builds on the change in our economic culture, which is right for Scotland.

Mary Scanlon: Will the member give way?

Chic Brodie: No. I have only 20 seconds left.

The people of Scotland increasingly accept that. Even in tough times, they know and recognise financial competence when they see it, which is why they are moving to us in greater and greater numbers.

16:35

Gavin Brown: From the beginning of the budget process, the Scottish Conservative approach has been that the budget had to prioritise jobs, growth and the economy. That is the yardstick by which the Government asked to be judged. In his press release of 4 February, Mr Swinney said:

“The Scottish Government is using every lever currently available to us to secure new investment and create and safeguard jobs”.

In the stage 1 debate, he said:

“The budget that is before Parliament today is focused on economic growth. It uses all the powers that we have”.—[*Official Report*, 25 January 2012; c 5624.]

We agree entirely with the narrative that the budget ought to be about jobs, growth and the economy, but we intend to judge it on the reality: the numbers that were in it at stage 1 and those that have subsequently appeared at stage 3.

As I said in my earlier speech, there is a 1.3 per cent real-terms cut to the Scottish budget from the current year to the next year, but a £250 million plus cash-terms increase. I reiterate that Mr Swinney has more money at his disposal for the next financial year than he has for the present one. No amount of talking about what the Government will get over five years or four years or trying to conflate different budgets will disguise the fact that, although Mr Swinney has choices to make for the next financial year, he has more money at his disposal.

The reason why we have been adamant about supporting jobs, growth and the economy is that, since the draft budget was produced in September, things have taken a turn for the worse.

Sadly, unemployment has increased and is higher in Scotland than in the rest of the United Kingdom. In particular, youth unemployment is dangerously high, with more than 100,000 unemployed 16 to 24-year-olds. Significantly, there has been a 25,000 increase since May, when the Government was re-elected—with an overwhelming mandate, I have to say.

That is why we have been adamant about college funding and why we have not asked simply for some of the money to be put back, but said that college funding must be an absolute priority. The situation now is very different from the situation when the draft budget was produced.

Clare Adamson: Will the member comment on the 32 per cent cut in college funding south of the border and say how his sentiments marry up with that?

Gavin Brown: SNP back benchers are nothing if not predictable. It must have been Clare Adamson's turn to ask that question—it was somebody else's turn last week. Let us focus on the powers that the Parliament has and on the areas that are entirely devolved to the Government, such as transport, which Mr Harvie mentioned, or education. It is about time that the Government stepped up to the plate and took responsibility for the powers that it has. The SNP made a political choice to slash college funding in Scotland.

It was astonishing to hear the deputy convener of the Finance Committee, John Mason, suggest that one problem with colleges is that students are staying on for too long. That was an absurd remark.

John Mason: Will the member give way?

Gavin Brown: Mr Mason can salvage his case on somebody else's time, but not on mine. I look forward to hearing whether Mr Swinney agrees with John Mason's analysis that students are staying too long at college.

Although we welcome any increase for housing, the proposed increase is a paltry sum in comparison with the huge cut of more than £100 million in a single year. Mr FitzPatrick said that we should all welcome the innovative plans for housing. That is all well and good, but I do not know whether, when he said that, he had seen the numbers and realised that there will be a cut of more than £100 million in the housing budget.

Time and again, we hear from the Government, “If only we had more powers we could do so much more.” However, the Government fails to use the powers that it has on issues that are completely devolved. When it comes to taxation, although the Government has power over business rates, instead of trying to make Scotland more

competitive next year it wants to bring in a retail levy and make Scottish retailers less competitive than retailers south of the border. That is happening without any impact assessment being undertaken.

Neil Findlay: Will the member give way?

Gavin Brown: If I did not have only 34 seconds left I would happily give way to Mr Findlay.

The SNP wanted to be judged on jobs and the economy, but it is taking too many measures that could harm the economy and it is failing to take measures that could help the economy. On that basis, as I said in my opening speech, we will vote against the budget at 5 o'clock.

The Deputy Presiding Officer: Before I call Rhoda Grant, I remind the Parliament that members who have taken part in the debate should be in the chamber for the closing speeches.

16:41

Rhoda Grant (Highlands and Islands) (Lab): At stage 1 we said that the budget was beyond redemption, and the cabinet secretary has proved that today.

Despite the consequentials, cuts have not been reinstated in crucial areas such as housing, front-line services and education for young people. I welcome the additional funds for housing, but it is clear that the funding is still 30 per cent down on last year. The promise of 6,000 social rented houses per year remains broken.

Kevin Stewart: Will Rhoda Grant say what Labour would do instead? What is beyond redemption, as far as I am concerned, is that neither the Tories nor the Labour Party will say exactly what they would do in the current circumstances. That is wrong.

Rhoda Grant: I cannot rewrite the budget in eight minutes, given the state that it is in. However, I can give the member one example of an area from which we could take money. We could take money from the referendum campaign that the Government will run, which is not highlighted in the budget. The money would be better spent on housing. We could invest it in our people—[*Interruption.*]

The Deputy Presiding Officer: Order.

Rhoda Grant: SNP members might not like what I am saying, but if they were willing to invest in housing they would make a huge difference to the people whom we are here to serve. Such investment would create jobs in the construction industry, kick-starting our economy. Apprenticeships would be created for young people, about whom the SNP appears not to care

much. Investment in housing would provide an economic boost, help to cut carbon emissions and fulfil the basic human right of everyone to live in a warm, dry home. It would be preventative spend, saving money in health and education. A 30 per cent cut will not achieve that. I ask the Government to support investment in housing.

Members talked about retrofitting and fuel poverty, the budget for which was cut last year and will not reach previous spending levels during the spending review period. We have been told that a minimum of £100 million is required from the Government if we are to meet the 2016 fuel poverty targets; £65 million is not enough.

John Mason welcomed the decrease in the amount of cuts. In the stage 1 debate I did not hear him or indeed any SNP back bencher ask for a single penny more, but they have lined up today to welcome every penny that has been deducted from the cuts.

I welcome the additional money for further education and for grants to enable students to stay in further education, but there is still a cut, as members pointed out. The budget is still down £30 million, at a time when record numbers of young people are unemployed.

Mark McDonald: Will the member take an intervention?

Rhoda Grant: We have a lost generation—and I am not sure whether Mark McDonald has anything to say for that lost generation.

Mark McDonald: Will the member not at least have the grace to join NUS Scotland in welcoming what the Government is doing? NUS Scotland welcomes it; why can the member not welcome it?

Rhoda Grant: I suggest that the member listen a little more closely, because I started by saying that I welcomed the additional funding. The cut is now only £30 million, which is less than it was before—but it is still a cut at a time when we need places in further education for young people. We need to train them and to give them skills now, in order to prepare them for an economic upturn if it comes. If we do not do that, we stand to add another lost generation to the generation that was lost—as Hugh Henry pointed out—in the 1980s. As we all know, the country is still paying for what happened to that generation, and the cost to this generation will be much higher than the £30 million that we are cutting from funding for college places now.

Kenneth Gibson: We might have the money to replace the £30 million cut that Rhoda Grant talks about if public-private partnership payments were not having to increase from £903 million this year to £951 million next year. Labour's PPP payments

are rising year on year, taking money from the Scottish economy.

Rhoda Grant: I apologise to no one for building schools and hospitals; I only wish that this Government would build them too.

This Government complains about cuts that it has received from Westminster, and I join it in that. The cuts are too fast and too severe, and they will damage our economy. However, with the same voice, the Government doubles the cut and passes it on to local government. It is local government that provides the services to our communities. It provides care in the community—Jackie Baillie talked about preventative spending and about providing care. Others such as Jean Urquhart have talked about free personal care being provided by this Government. The only problem is that that is the only kind of care now available to older people in our communities. They do not get care at home any more. If they can wash themselves and dress themselves, they are on their own. That is not preventative spending. Those people end up in hospital, costing the taxpayer more.

The Government cuts from local government, cuts from the front line, and cuts from classrooms—it cuts classroom assistants and teachers, which creates problems further on. The Government cuts from local government with a road maintenance backlog of £2.5 billion. It passes on double the cut with no understanding of the situation in which people find themselves, and no pity.

I welcome again—members will note that I said “welcome again”—the additional funding for broadband. The cabinet secretary talked about £40 million—[*Interruption.*]

The Presiding Officer (Tricia Marwick): Excuse me, Ms Grant. There is far too much noise in the chamber.

Rhoda Grant: Thank you, Presiding Officer.

The cabinet secretary talked about £40 million from local government for broadband. I would like him to clarify whether that is the same £40 million that was announced last week in the digital action plan. I am pleased that the Government is putting more money into an essential service, and I would be keen to learn how it plans to lever in additional funding. The Government is more than aware that the figure quoted for the roll-out of superfast broadband to the Highlands and Islands alone is around £300 million. We have a long way to go if we want to bring rural services up to the levels enjoyed in our cities. I accept that funding should not be provided entirely by the Government, but it needs to use its investment to lever in other funding—especially from providers that will use the infrastructure to make money in the future.

Other members have spoken about transport, and it was rightly said that the air discount scheme is a tax on business. When in difficult times, we must not tax business further. However, we must also ensure that we do not place a tax on communities—I am thinking of the road equivalent tariff for hauliers in the Western Isles.

This budget is the budget of a Government that is asking for more powers. At the same time, it is proving to this Parliament that it cannot use the powers to govern that it already has. The budget is a wasted opportunity—and while we face the financial cost of that, the people whom we serve are facing the human cost.

16:49

John Swinney: Rhoda Grant said that the Government has been unable to prove to the public that we could use the powers and resources that are at our disposal to meet the needs of the people. That is rather strange, especially given the verdict of the people in the May 2011 election after I had to steward through Parliament the most significant reduction in public expenditure in post-war Scotland and I had to face difficult decisions. The election resulted in the return of the Government with a majority and the humiliation of the Labour Party.

Rhoda Grant: The cabinet secretary got that majority on the back of a promise to build 6,000 social rented houses a year for the Scottish people. That promise was immediately broken.

John Swinney: The Government is allocating the resources to build 30,000 affordable homes and we have supplemented those resources in today's budget.

The most realistic speech today came from Willie Rennie, who made the fairest contribution to the debate. He gave an account of the financial pressures that the Government is under and acknowledged that they arise out of the settlements that have been decided at Westminster. He marshalled the issues about which he had been concerned and had made representations to me during the budget process. He was dealt with in the budget process in exactly the same way as every other party was dealt with, so, on the basis of what he said, none of them can have any complaint about the process.

At the conclusion of his remarks, Mr Rennie asked me a number of questions about the allocation of fossil fuel levy money. The Government will make announcements on that in due course, but Mr Rennie is aware that the budget allocates £200 million over a three-year period for renewable energy schemes. He also asked me to explore the issue that Mr McArthur raised in his intervention about the impact of the

changes to the air discount scheme on people who are unemployed. Keith Brown will get to the bottom of that issue.

Mr Rennie's speech was the type of contribution that Parliament should expect from an Opposition politician, because he did not turn up, moan about the reductions in public expenditure, and demand funding for a bottomless pit of commitments, which is what the Labour Party and the Conservatives have done today.

I have worked to create consensus and today I have substantively addressed the issues that Opposition parties and stakeholders around the country have raised, whether it be housing, transport, colleges and provision for students, or support for local government. We will put those proposals to Parliament in the vote at 5 o'clock and we will be interested to hear Parliament's response.

Of course, all judgments have been made in the context of the severe reduction in public expenditure that we are facing. Gavin Brown is correct to say that there has been an increase in cash terms between 2011-12 and 2012-13. I cannot deny that statistical reality, but Mr Brown must accept that we have had a substantial reduction in our budget from 2010-11 to 2011-12, so we are starting from a much lower baseline, which affects our ability to make commitments and the scale of the commitments that we can make.

In my earlier exchanges with Mr Brown, I should have given him the total figure for the reduction of the departmental expenditure limit over the four-year period. It is £10.4 billion in real terms, which is made up of £6.7 billion in revenue budgets and £3.7 billion in capital budgets. I hope that those figures clearly set out to Parliament the financial issues and pressures that the Administration is wrestling with. Against the backdrop of a £10.4 billion real-terms reduction in public expenditure, it is difficult for me to believe that members can, in all honesty, come to Parliament and ask me for more money for health—

Gavin Brown: Will the cabinet secretary give way?

John Swinney: I will give way before I give Parliament the list.

Gavin Brown: I notice that Mr Swinney said that it was Willie Rennie who made the fairest speech and not one of his back benchers.

The critical point is this: we were not talking about college cuts over the course of a five-year period; we were comparing 2011-12 with 2012-13, and the same with housing. We were talking about a 6 per cent cut to colleges when there is a 1.3 per cent real-terms cut in the budget. How is that prioritising the economy and jobs? *[Applause.]*

John Swinney: I see that there is some sycophancy among the Tory back benchers. *[Laughter.]* By the way, I would never try to suck up to my back benchers. In my political life I have made a habit of never doing that.

The point that I am making to Mr Brown is that the Government has got to live within a fixed financial envelope, which means that hard decisions have to be made. That makes it difficult for us to allocate more resources to health, which Ken Macintosh, Jackie Baillie and Mary Scanlon asked for; to teachers, which Ken Macintosh asked for; or to colleges, which Richard Baker asked for. Richard Baker was very expensive today, asking for funding for colleges, housing and local authorities. Rhoda Grant also asked for more money for local authorities.

Mary Scanlon: Will the cabinet secretary take an intervention?

John Swinney: No. We are not finished. We will have a wee break in a moment.

Jackie Baillie wanted money for welfare reform, and Claudia Beamish and Patrick Harvie wanted money for sustainable and active travel. Even when we try to raise revenue, as we are doing through the public health supplement, to invest in preventative spending, Ken Macintosh disagrees with us. The Opposition parties take an incredible approach to budget setting.

Mary Scanlon: If the cabinet secretary reads the *Official Report*, he will see that I welcomed the £60 million for maintenance of our hospitals. I also pointed out that the Audit Scotland report highlighted the £500 million that was required for essential work and asked where that would come from.

John Swinney: It certainly would not be coming from Mrs Scanlon or any of her proposals.

The solution to the financial crisis and the difficulties that we face was provided by the solitary suggestion from the Labour Party, when Rhoda Grant told us that the cost of the referendum would pay for it all. That is £10 million spread across health, teachers, college funding, housing, councils, welfare reform, and sustainable and active travel. On the Jackie Baillie test, by which half a billion pounds in preventative spending is described as minuscule, I cannot imagine what the terminology is for £10 million of referendum costs.

Jackie Baillie: The cabinet secretary will recognise that members on all sides of the chamber support preventative spending. However, the amount that he is spending is one hundredth of 1 per cent. That is minuscule.

Kenneth Gibson: You cannae count.

The Presiding Officer: Mr Gibson. Please.

John Swinney: It is more than Jackie Baillie has ever proposed to spend. If it is not enough for Jackie Baillie, where is one iota of a suggestion about where the money might come from? It is the politics of an incredible place in which the Labour Party has found itself.

I do not know what other parties intend to do at decision time, but a number of Labour and Conservative members have indicated that they will vote against the budget. I remind them that they will be voting against the small business bonus scheme. They will be voting against rural broadband. Next time I see *The Courier* filled with demands from the Tory party for more money for rural broadband, I will send a letter to the editor to say that they voted against it when they had the chance in Parliament. They are going to vote against modern apprenticeships and all the capital expenditure projects. It is beyond belief.

Hugh Henry—I always seem to conclude my speeches on Hugh Henry these days—said that the budget is just cuts, cuts, cuts. I will share some comments with him:

“there’s going to have to be cuts. There would have to be difficult decisions. We would have to have cuts in police. We’d have to have cuts in the schools budget. We’d have to have cuts in the defence budget”.

Who made those comments? Ed Balls. The Labour Party is prepared to cosy up to the Tories in London and say, “We’re with you on the cuts agenda,” then come here and posture, with not a scrap of credibility, about the choices that have to be made. It is little wonder that the Labour Party was devastated in the May 2011 elections; the devastation will continue after the lack of credibility that it has demonstrated in this debate.

Decision Time

17:00

The Presiding Officer (Tricia Marwick): There is one question to be put as a result of today's business. The question is, that motion S4M-01960, in the name of John Swinney, on the Budget (Scotland) Bill, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Adam, Brian (Aberdeen Donside) (SNP)
 Adam, George (Paisley) (SNP)
 Adamson, Clare (Central Scotland) (SNP)
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Biagi, Marco (Edinburgh Central) (SNP)
 Brodie, Chic (South Scotland) (SNP)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Burgess, Margaret (Cunninghame South) (SNP)
 Campbell, Aileen (Clydesdale) (SNP)
 Campbell, Roderick (North East Fife) (SNP)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Constance, Angela (Almond Valley) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Don, Nigel (Angus North and Mearns) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)
 Ewing, Fergus (Inverness and Nairn) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Finnie, John (Highlands and Islands) (SNP)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hume, Jim (South Scotland) (LD)
 Hyslop, Fiona (Linlithgow) (SNP)
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
 Keir, Colin (Edinburgh Western) (SNP)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lochhead, Richard (Moray) (SNP)
 Lyle, Richard (Central Scotland) (SNP)
 MacAskill, Kenny (Edinburgh Eastern) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 Mackenzie, Mike (Highlands and Islands) (SNP)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West Scotland) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McArthur, Liam (Orkney Islands) (LD)
 McDonald, Mark (North East Scotland) (SNP)
 McInnes, Alison (North East Scotland) (LD)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Aileen (South Scotland) (SNP)
 McMillan, Stuart (West Scotland) (SNP)

Paterson, Gil (Clydebank and Milngavie) (SNP)
 Rennie, Willie (Mid Scotland and Fife) (LD)
 Robison, Shona (Dundee City East) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Salmond, Alex (Aberdeenshire East) (SNP)
 Scott, Tavish (Shetland Islands) (LD)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Urquhart, Jean (Highlands and Islands) (SNP)
 Walker, Bill (Dunfermline) (SNP)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Wilson, John (Central Scotland) (SNP)
 Yousaf, Humza (Glasgow) (SNP)

Against

Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Beamish, Claudia (South Scotland) (Lab)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 Brown, Gavin (Lothian) (Con)
 Carlaw, Jackson (West Scotland) (Con)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 Davidson, Ruth (Glasgow) (Con)
 Dugdale, Kezia (Lothian) (Lab)
 Fee, Mary (West Scotland) (Lab)
 Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
 Fergusson, Alex (Galloway and West Dumfries) (Con)
 Findlay, Neil (Lothian) (Lab)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Goldie, Annabel (West Scotland) (Con)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Harvie, Patrick (Glasgow) (Green)
 Henry, Hugh (Renfrewshire South) (Lab)
 Johnstone, Alex (North East Scotland) (Con)
 Johnstone, Alison (Lothian) (Green)
 Kelly, James (Rutherglen) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 Macdonald, Lewis (North East Scotland) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Malik, Hanzala (Glasgow) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 McCulloch, Margaret (Central Scotland) (Lab)
 McDougall, Margaret (West Scotland) (Lab)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McLetchie, David (Lothian) (Con)
 McMahon, Michael (Uddingston and Bellshill) (Lab)
 McMahon, Siobhan (Central Scotland) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McTaggart, Anne (Glasgow) (Lab)
 Milne, Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Murray, Elaine (Dumfriesshire) (Lab)
 Park, John (Mid Scotland and Fife) (Lab)
 Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)

Smith, Liz (Mid Scotland and Fife) (Con)
 Stewart, David (Highlands and Islands) (Lab)

The Presiding Officer: The result of the division is: For 70, Against 52, Abstentions 0.

Motion agreed to,

That the Parliament agrees that the Budget (Scotland) Bill be passed.