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Scottish Parliament

Tuesday 19 November 2024

[The Presiding Officer opened the meeting at 14:17]

Time for Reflection

The Presiding Officer (Alison Johnstone):
Good afternoon. I apologise for the delay. We have been experiencing some connectivity issues.

The first item of business is time for reflection. Our time for reflection leader today is William More, head of operations in Scotland, Aid to the Church in Need (UK).

William More (Head of Operations in Scotland, Aid to the Church in Need (UK)):
Presiding Officer and members of the Scottish Parliament, thank you for inviting me to address you today.

Before I worked for Aid to the Church in Need, I was a music teacher, and, to this day, I still find the fusion of words and music fascinating. So, I am going to begin by quoting Bob Dylan.

"Freedom just around the corner from you,
But with truth so far off, what good would it do?"

Tomorrow evening, Aid to the Church in Need's annual global campaign, red Wednesday, aims to shed light on the persecution of Christians and other faith minorities. That day asks us to stand in solidarity with those who suffer on account of their faith. The truth of the suffering of our brothers and sisters is not so far off. Understanding of the global situation not only demands a response from us but confirms what we believe about freedom, which is the supreme value in our culture—not the freedom to be indifferent, which is in the air that we breathe in our culture, but the freedom to not stand by and let that suffering happen.

I stand before you today with the relative freedom to say anything that I want to say and to express my emotions, my feelings and my experiences of faith, but some of the people we help do not have that freedom. They cannot voice their emotions, their feelings and their experiences of faith for fear of harassment, arrest, torture or death.

Akash Bashir, who was 20, was on the welcome group at his church in Pakistan when he stopped a suicide bomber from entering the church, saving the 1,000 massgoers inside—all because he believed in Jesus. Ayman Labib, a 17-year-old high school student from Egypt, was killed by his classmates and his teacher after he refused to remove a crucifix he was wearing—all because he believed in Jesus. Diego Valencia, a volunteer at

Our Lady of La Palma parish in Spain, was mistaken for the parish priest by militants and was chased out of the church and killed with a machete—all because he believed in Jesus.

Very often in society, we are asked to privatise our faith, but that is opposed to the New Testament, which tells us to proclaim the gospel to all nations.

I invite you to reflect on the persecution of Christians and of other faith minorities, to stand up for faith and freedom even when it meets with opposition, and to be willing to declare the right to religious liberty confidently and with love. I leave you with the words of St Francis of Assisi:

"Lord, make me an instrument of your peace. Where there is hatred, let me bring love."

Topical Question Time

14:21

Income Tax

1. Murdo Fraser (Mid Scotland and Fife)

(Con): To ask the Scottish Government what its response is to reported comments from the Institute for Fiscal Studies that its income tax increases on the highest earners may have reduced the revenue raised. (S6T-02197)

The Cabinet Secretary for Finance and Local Government (Shona Robison): The IFS was clear that it did not have any definitive evidence of any suggested reduction in revenue raised from the highest earners in Scotland in recent years but that it welcomed our work on policy appraisal. An evaluation is being developed as part of our forthcoming tax strategy, which will be published alongside the budget and will help to ensure that we continue to take an evidence-informed approach to taxation policy.

The evidence shows that our tax base continues to grow strongly, with real-time information about pay-as-you-earn taxation showing that Scotland outperformed the rest of the United Kingdom on tax per head and on earnings growth in both 2022-23 and 2023-24. Scottish income tax policy for 2025-26 will be announced as part of the Scottish budget on 4 December.

Murdo Fraser: I will quote directly from David Phillips of the Institute for Fiscal Studies, who said:

“increases in the top rate of tax are unlikely to raise much—with evidence from the first of Scotland’s reforms in 2018-19 suggesting that they may even reduce revenue.”

Those are his words, not mine, and those warnings from the Institute for Fiscal Studies should be a wake-up call to the Scottish National Party. For years, we have warned that continually increasing tax on the highest earners will be counterproductive. That same message has come from Scottish business, and we now hear that warning from the respected and independent Institute for Fiscal Studies.

Will the Scottish Government finally listen to all those warnings, put economic growth first in its forthcoming budget and commit to reducing the tax burden on hard-working Scottish families rather than further increasing it?

Shona Robison: I repeat that the IFS is clear about the very high level of uncertainty around the behavioural impact of our tax policies. It is, of course, vital that we understand any behavioural change, which is why, as I said in my previous answer, we have funded His Majesty’s Revenue and Customs to undertake research on that topic.

If we look at the facts, we see that, from the introduction of Scottish income tax, in 2017-18, more taxpayers have come to Scotland than have left, with net inflows averaging almost 4,200 people a year, and that more high-earning taxpayers came to Scotland than left in 2021-22, which is the latest year for which we have data.

As for Murdo Fraser’s final comment about reductions in tax, the Scottish Conservatives have to show where that money would come from. Analysis that was published alongside the budget shows that a 1p cut to the intermediate rate, which the Tories seem to be pushing, would cost around £172 million—money that would not be available to go into public services. It is all very well to suggest tax cuts, but they have to be able to explain the other side of the coin, which is where those cuts would fall.

Murdo Fraser: Having looked at the figures, the cabinet secretary will know that the population of Scotland is growing more slowly than the population of the UK as a whole, which suggests that there is an issue.

Does the cabinet secretary agree that any MSP—or even any former First Minister—who voted for these crippling and counterproductive tax hikes on higher earners and who then sets up a private company into which future earnings will be paid, potentially as a means of avoiding the higher taxes that they voted for, is guilty of the most outrageous hypocrisy?

Shona Robison: On Murdo Fraser’s point about population growth, I note that that is why the Government has argued to have the full range of powers over migration—so that we can encourage people to live and work in Scotland. However, as I said in my answer to the previous question, more people are coming to live and work in Scotland, including higher earners.

I will share with Murdo Fraser some information from the Office for National Statistics bulletin “Low and high pay in the UK: 2024”, which shows that Scotland has among the lowest levels of low pay—it is second only to London—and the highest level of high pay after London and the south-east of England. That suggests to me very strong earnings performance, which is important for economic growth.

As for Murdo Fraser’s final question, I will not comment on anybody’s individual circumstances or position on such matters.

Audrey Nicoll (Aberdeen South and North Kincardine) (SNP): As has been referred to, HMRC research has indicated that, across all tax bands in 2021-22, more taxpayers chose Scotland as their home than left the country. Does the cabinet secretary agree that that highlights the fact that Scotland is an attractive place for people to

live and work in, while the SNP Scottish Government's progressive approach to taxation continues to raise an additional £1.5 billion to support vital public services by asking those who earn more to contribute more?

Shona Robison: That is absolutely right. That latest research from the HMRC shows that, since the introduction of Scottish income tax, in 2017-18, net inflows to Scotland have averaged almost 4,200 people a year, which is more people coming to Scotland.

Our income tax policy protects the majority of households in Scotland while supporting investment in our public services, with the Scottish Fiscal Commission having estimated that our income tax policy choices since devolution will raise an additional £1.5 billion in 2024-25, which would not have been raised if we had matched UK Government policy. That money would be at risk with those who advocate tax cuts. It supports a wide range of social contracts, with the people of Scotland benefiting from a wide range of services and social security payments that are not provided anywhere else in the UK, including our flagship Scottish child payment, free prescriptions and free higher education.

Willie Rennie (North East Fife) (LD): I am sure that the minister agrees that setting tax rates is a delicate balance. Taking into account all the tax rises in recent years at UK and Scotland levels, does she believe, in principle, that there is tolerance and capacity for further tax rises here?

Shona Robison: Obviously, I will set out the detail of the tax policy on 4 December, and we will publish the tax strategy alongside that.

I remind Willie Rennie that it is a delicate balance and that, in coming to the judgments that we will come to, we will look at everything in the round, including the steps that have been taken on tax so far by this Government and the actions that have been taken elsewhere. Those decisions are taken very carefully indeed. I want to make sure that the position that we land in is that a majority of taxpayers in Scotland continue to pay less than they would pay elsewhere in these islands.

Craig Hoy (South Scotland) (Con): The cabinet secretary is sounding complacent on the issue, because it is becoming increasingly clear that the Scottish Government's high-tax policies risk undermining Scotland's tax take.

Given that formal studies into the behavioural impact of tax changes on high earners, in particular, will reveal the problem only after the damage has been done, will the Government commit to developing rapid indicators to track the impact of its tax policies? Specifically, will it adopt the recommendations from the Institute for Fiscal Studies and commit to gathering and publishing

monthly figures based on pay-as-you-earn information in tax submissions and releasing anonymised details of taxpayer address changes, so as to provide real-time information on the effects of the Government's decisions on tax?

Shona Robison: There is no complacency, but I would likewise expect members to look at the evidence. The evidence shows that our tax base continues to grow strongly, with RTI PAYE data showing Scotland outperforming the rest of the UK on tax per head and earnings growth in both 2022-23 and 2023-24. That may not be what Conservative members want to hear, but those are the facts.

I say to Craig Hoy that we have engaged in a lot of detailed work with HMRC because we want to monitor the data, including in relation to behavioural impact. The point is that the figures on earnings growth show a very strong base, which I thought would have been welcomed across the chamber.

Fergus Ewing (Inverness and Nairn) (SNP): The cabinet secretary argues that those who have the broadest shoulders—the highest incomes—in Scotland should pay more tax. Is she therefore concerned that the overall tax revenue from income tax is being reduced by some people—I mention no names—who choose to set up a limited company and who then appear to be able to insert into that company's income income from, for example, book royalties or television appearances, thereby reducing their income tax liability and the amount of money for Scottish public services? Does she deprecate the use of that device?

Shona Robison: I say to Fergus Ewing that our approach to tax is founded on core principles that ensure that everyone pays their fair share of tax. We support very strong measures to tackle tax avoidance and evasion.

We continue to work with HMRC through our service level agreement to ensure that Scottish income tax is collected efficiently and reliably. To date, there has been no evidence that Scottish taxpayers have been more likely to engage in non-compliant behaviour than those in the rest of the UK. We continue to monitor that closely with HMRC.

The Presiding Officer (Alison Johnstone): That concludes topical questions.

I will allow a moment or two for front-bench members to organise for the next item of business.

Rural Economy (Impact of United Kingdom Government Budget)

The Presiding Officer (Alison Johnstone):

The next item of business is a debate on motion S6M-15508, in the name of Mairi Gougeon, on the impact of the United Kingdom Government's budget on Scotland's rural economy. I would be grateful if members who wish to speak in the debate were to press their request-to-speak buttons.

14:34

The Cabinet Secretary for Rural Affairs, Land Reform and Islands (Mairi Gougeon): Being in government presents both the opportunity and the challenge of making choices that have the potential to change people's lives and livelihoods. Making such choices means that ministers bear an awesome responsibility, individually and collectively. Among much else, it demands that we must understand the impact of those choices as fully as we can. It is regrettable that the new UK Government appears to have failed to embrace that approach and, perhaps worse, appears to be ignoring that basic tenet of governing. Worst of all, when those who are affected by a Government's choices believe that their outcomes will be very different, the least that it can do as a Government is to listen, reflect and perhaps offer to reconsider its approach.

The fact that huge numbers of people are marching on London today to make their anger and anxiety known suggests that the new UK Government has got this one badly wrong. The unnecessary worry, stress and concern that the UK Government's budget of 30 October has caused up and down rural Scotland is testament to such a failure. I will put it very simply: this is unacceptable. It is unfathomable that the UK Government made choices without publishing or even undertaking impact assessments on its budget proposals. We are left with the conclusion, which I am sure is shared by our farmers, crofters and rural businesses, that they were entirely arbitrary decisions.

Agriculture and rural development have long been fully devolved to Scotland. That was the case even before the Scottish Parliament was reconvened. Indeed, that devolved policy status is what allowed Scotland to keep the Scottish Agricultural Wages Board when Thatcher abolished the wages boards for all other sectors. However, in the UK autumn budget, we saw that choices had been made without any engagement or consultation to change budget allocations and reserved taxes—changes that will impact very directly on those devolved competences.

Our limited experience of the new UK Government appears to be demonstrating that it is no better than the old one. Labour is not listening to rural Scotland any better than the Tories did. Worse, perhaps, is that, if the Prime Minister's remarks at the weekend are anything to go by, Labour does not appear to care about the alarm and worry that it has caused thousands of families and households here in Scotland.

What all of that makes clear is that Westminster is not working for rural Scotland. There is still time for change, of course. Funding decisions such as those do not need to be imposed; they can be arrived at collectively, after meaningful engagement with not just other Governments but key stakeholders, too. That is especially needed when, as a result of the choices combined, we will see Scottish farmers paying more to the Treasury, with no guarantee that they will get any of that back in fair future funding settlements.

To say that I am disappointed that the chancellor made the announcements with absolutely no discussion with the devolved nations or consideration of the net effect of the decisions is really to undersell my concern. I know that the colossal contribution that agriculture makes to the Scottish economy, fuelling our rural communities and making our world-class food and drink sectors possible, is well recognised across the Parliament. That that contribution is not seen as being so critical elsewhere leaves me with no option but to conclude that, at best, rural Scotland is treated with indifference by this UK Government.

I will take our crofting sector by way of an example. Crofting plays a significant role in the sustainability of many rural and island areas, with over 33,000 people living in crofting households across the Highlands and Islands. Our crofters undertake a wide range of activities and, without the relevant assessments and analysis, it is impossible to gauge the impact that the policy could have on them. In preparation for crofting law reform, officials engaged extensively with key stakeholders to ensure that the proposals that we put forward for consultation would meet the sector's needs and command a good measure of consensus. That was then promoted through public events while the consultation was live. The process is also supported through a wide range of impact assessments.

The proposals that the UK Government announced, in stark contrast, came without warning to our rural communities. How could the changes that are being imposed through inheritance tax relief have been seen coming when there was no consultation on them?

Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): Did the SNP consult before

it snatched £46 million away from the agricultural budget? Did it do an impact assessment?

Mairi Gougeon: I am more than happy to address that point. The member is well aware of where that funding came from. It was from underspends on demand-led schemes. It did not come from farmers' pockets and it therefore did not have that detrimental impact. We do what we will always do, which is to protect the interests of our farmers and crofters.

How could the changes have been seen coming, given that the then shadow environment secretary, Steve Reed, stated explicitly before the election that Labour had

"no intention of changing APR"?

I make no apologies for repeating my words of last week's debate, because the message is unequivocal:

"this Government wants a tax system that supports rather than hinders orderly succession planning and the transfer of land to the next generation of custodians."—*[Official Report, 13 November 2024; c 23.]*

However, that is not what the new UK Government has done. Although I welcome the fact that future funding allocations will be a Scottish Government decision, I have to emphasise that baselining the funding allocation on 2018 and removing ring fencing for agriculture must necessarily add to pressures.

Many have noted that funding is now firmly and exclusively in the hands of the Scottish Government, following the baselining. To an extent, that point is correct, but it must be recognised that the Scottish block grant is significantly affected by decisions that are taken by the UK Government. That means that the grant's overall size is a product of any changes to public expenditure that are made by the UK Government—which now includes the funding that was previously ring fenced for agriculture and rural development.

The Scottish Government is committed to maintaining direct payments and ensuring that there are no cliff edges in support.

Finlay Carson (Galloway and West Dumfries) (Con): On the argument that you make, who, when it comes to funding, is best placed to set the priorities for agriculture in Scotland: Westminster or the Scottish Government?

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

Mairi Gougeon: I have been clear in my comments that, of course, we welcome the fact that we can take decisions on that funding, but that does not take away from the fact that we have had a completely inadequate settlement—which I

will come on to, if the member will listen to my further comments. That settlement is based on a figure from 2018 that does not even take into account the impacts of inflation or the size and importance of our agricultural and marine sectors in Scotland.

Other Governments across the UK take different approaches. If there were to be a reduction in support for agriculture in England, the consequences of that choice would, in turn, filter into the Barnett formula mechanism for the block grant.

To emphasise my point, I will say that although it is right that funding allocations are to be a choice of the Scottish Government, and I welcome that, we must be clear that the announcement comes with some very big catches. We now have annual uncertainty, a total that is impacted by choices on policy that have been made elsewhere, and no multi-annual budget window. That is the replacement for the certainty of a multi-annual budget settlement that came from European Union membership. It is the cost of a Brexit that Scotland did not vote for but which has, regardless, been imposed on us.

Unlike other farming nations, we no longer have long-term funding certainty. Some might say that we can ring fence our own budget over multiple years ahead, but that utterly fails to understand the EU approach of a total budget that can be profiled according to need over multiple years—an approach that is most effective for supporting the cycles that our producers work through.

I will add the stark truth that, right now, we have no line of sight of the Scottish budget beyond 31 March 2026. In the spring, we are told, there is to be a UK spending review, which will perhaps give us three years of funding certainty, but only in the context of annual budgets under the wider Barnett formula considerations, rather than the multi-annual package that we would have received from the EU.

Jamie Halcro Johnston (Highlands and Islands) (Con): Will the cabinet secretary give way?

Mairi Gougeon: Not at the moment, as I need to make some progress.

What has been allocated—£620 million—is wholly inadequate. That sum fails to account for inflationary pressures since 2018, when it was calculated; fails to acknowledge the potential of Scotland's land to help to feed the nation and deliver for climate and nature; and fails to respect devolution and rural Scotland, by imposing a settled sum instead of working in partnership on outcomes that are shared.

Previously, Scotland received 17 per cent of what was common agricultural policy funding in the UK, and that continued through the years 2021 to 2024. It was from that share that the figure of £620 million was reached, back in 2018. Not only has that sum failed to account for inflation, but the share itself failed to account for the potential of our land. It is a missed opportunity to recognise the potential and contribute to goals that we share across nations.

Work from some, including RSPB Scotland, made the case for Scotland to receive at least 23 per cent of the total land-based spend across the UK that contributes to food, nature and climate outcomes. It is obvious that the settlement continues to penalise rural Scotland by failing to reverse the real-terms cuts of previous years.

Any move to break the link between the area of land that is farmed and funding increases for Scotland ignores our on-going commitment to active farming and direct payments, and risks our efforts to transform our industry for the future. The Barnett formula simply fails to account for Scotland's unique relationship with the land and the significant contribution that our farmers and crofters make to our nation, and especially to our rural economy.

Fergus Ewing (Inverness and Nairn) (SNP): I have a simple question. I understand that the balance of the convergence money that was recommended by the Bew review, which is entirely for the benefit of Scottish farmers, has been withheld, although it is supposed to be paid back at some unspecified date. Will that date be during this financial year?

Mairi Gougeon: The outstanding recommendation from the Bew review relates to the discussion that was due to take place between the four nations about the intra-UK allocations of the convergence funding. Despite our pursuing those discussions, they have never taken place.

The imposition of a new funding approach and the changes to relief from inheritance tax have made the headlines, and the impact of the budget will be felt throughout rural Scotland. Tenant farming is a key part of Scottish agriculture and the rural economy. Improvements made by tenants, particularly those in secure tenancies over generations, have the potential to make the value of those leases subject to the inheritance tax threshold. For productive tenancies on good land, it is highly likely that the tax will apply on any tenancies of 300 acres or more. Agricultural leases are subject to capital gains tax, but the improvements made by a tenant farmer on a holding are not. In Scotland, more than half of agricultural tenancies are secure. Those are a unique feature of Scotland and might be disproportionately affected due to the

incentivisation of generational planning of improvements.

Our rural economy is a major source of growth and prosperity for Scotland. It plays a vital role in Scotland's journey to becoming a prosperous net zero economy, and it will continue to do so. Food and drink is a major contributor to Scotland's economy and is Scotland's biggest non-energy export. In 2022, around 17,495 food and drink enterprises were registered in Scotland, and they employ around 125,000 people. That is where the UK Government's decision becomes even more curious and ill thought out, because Scotland's food and drink successes are also the UK's. Whisky, for example, depends hugely on arable crops that are grown on some of Scotland's best, most productive and potentially most valuable land. Labour could be hurting not only farming, but the wider food and drink industry and all the jobs that go with it.

The removal of agricultural property relief is not the only tax change in the budget that could harm Scotland's rural economy. Many farms are also employers. Many of the supply chain businesses that support farming are employers, including processors, retailers, producers and manufacturers. Rural business leaders have been reaching out to the Scottish Government, concerned that the changes to national insurance contributions will adversely impact small rural businesses.

The whisky industry and the wider spirits sector play a vital role in our economy and support tens of thousands of high-value jobs, especially in rural and island regions. The chancellor's decision to raise alcohol duty while reducing draught duty widens the disadvantage that the spirits sector faces and creates an inherent unfairness in alcohol duty, which disproportionately affects Scotland's national drink. The Scotch Whisky Association criticised the UK Government's decision, saying that it represents a broken commitment, after Keir Starmer claimed last year that his Government's trade strategy would

"back Scotch producers to the hilt."

Fergus Ewing: Will the member take an intervention?

Mairi Gougeon: Sorry, no. I need to make some progress.

As we know, actions speak louder than words, and I am proud of the work that we do to support Scotland's farm, croft and land businesses. Our 2024 payment strategy is on track, with basic payments and greening payments starting in September this year, as planned. More than 16,000 businesses have received more than £388 million to date, which represents 95 per cent of businesses and 93 per cent of anticipated

expenditure. Payments from those schemes continue, and less favoured area support payments are on track to start issuing from December.

The Rural Development (Continuation of Operation) (Miscellaneous Amendment) (Scotland) Regulations 2024 have now been approved by the Scottish Parliament and will allow payments to be made under legacy support schemes that range from the agri-environment climate scheme to the forestry grant scheme and crofting support. Extending those schemes will ensure that there are no cliff edges in support and that there is a just transition that is in line with our route map. That appears not to be what is happening in England, with arbitrary reductions made to current payments and huge delays in processing claims for the new environmental scheme funds. All in all, the first Labour budget is a boorach for rural businesses and communities all over the UK.

In contrast, I and my ministerial colleagues will continue to champion and fight for our rural communities. We will continue to press the UK Government to review and roll back its proposals on inheritance tax and to engage with rural communities and devolved Governments. We will carry on making the case for Scotland to get a fair share of future funding and for our commitment to the land and food production to be recognised in funding allocations, including budget uplifts. We will argue for multiyear funding to give Scotland's farmers the same certainty as Ireland's. We will demand reimbursement for all the rural employers who simply will not be able to afford the hike in national insurance contributions. We will keep making it clear to Labour that it is not too late to change its mind and its approach to taxation and funding for rural businesses in Scotland and everywhere else in the UK.

I move,

That the Parliament is disappointed that the Chancellor of the Exchequer chose not to work with the Scottish Government before her Budget on 30 October 2024, nor to consult with farmers, crofters and other rural stakeholders about the Budget's effects on Scotland's rural economy, including breaking the vital link between funding for Scotland's farmers and its land mass, and the changes to agricultural property relief, which will affect succession planning in farms throughout Scotland; is concerned at the apparent failure of the UK Government to fully assess the impacts of those budget changes on Scotland's rural economy or to publish any such assessments, and calls on the UK Government to urgently do so.

The Presiding Officer: I call Jamie Halcro Johnston to speak to and move amendment S6M-15508.2.

14:50

Jamie Halcro Johnston (Highlands and Islands) (Con): I remind members of my entry in the register of members' interests, which sets out that I am a partner in the family farming business of J Halcro-Johnston and Sons and that I am a member of NFU Scotland, Scottish Land & Estates and the Royal Highland and Agricultural Society of Scotland.

I am pleased to open the debate for the Scottish Conservatives. I was disappointed that circumstances meant that I was unable to speak in last week's debate, in which the Parliament sent a clear message to the Labour UK Government that it should drop its damaging family farm tax.

Opposition to the budget is growing. Labour's plans will make it harder for farmers to pass on their farms to their children, and they risk seeing some family farms being split up or sold off entirely. Labour will claim that the tax will hit only a handful of the largest farms, but it is increasingly clear that it has not done its homework properly. Figures on the number of farms that will be impacted vary, but the Country Land and Business Association estimates that some 70,000 farms across the UK could be affected. Comparing the UK Government's data with Scottish farming figures suggests that more than 12,000 farms in Scotland might be impacted. Despite Labour's protestations, farmers who are assessing their own situations are warning that the impact will be considerably greater than Labour ministers claim.

It appears that even the Department for Environment, Food and Rural Affairs, which was kept in the dark about the changes until the night before the budget, has recognised some of the issues and made efforts to soften the impact of the changes—efforts that have been blocked by the Treasury.

This new tax burden, on top of other rising costs and tightening margins, threatens the sustainability of many Scottish farms. Maybe that is what Labour wants—family farms to be broken up to pay the new tax burden. Only last week in the chamber, Rhoda Grant said:

"If this policy has an outcome of ensuring that land holdings are smaller ... it will have a wider benefit for society as a whole."—[*Official Report*, 13 November 2024; c 28.]

In the past few weeks, senior Labour figures have called farmers rich and privileged. They have said that farming

"is an industry we could do without"

and that we do not need small family farmers.

The UK Secretary of State for Environment, Food and Rural Affairs, who represents a seat in greater London, said that farmers need to

“learn to do more with less”,

clearly ignorant of the fact that we have been doing that for far too long already and with tightening margins. One Labour peer even downplayed the importance of domestic food production by sharing a tweet that claimed that we import enough food to keep the country fed—so much for Scottish Labour’s 2024 manifesto commitment that food security is national security. If the Covid pandemic taught us anything, it was surely the need to build more resilience in our economy, and that should start with food. The NFUS is clear that Labour’s budget threatens food production.

Labour simply does not understand Scottish farming or seem to care about the damage that it risks doing to our rural economies. It certainly does not appear to understand the anger and fear that its budget is causing the farming community. The changes to agricultural property relief were only one part of this dreadful budget. Farmers will be impacted by the reclassification of double-cab pick-up vehicles, by the changes to the national living wage and national insurance and by increased tax on fertiliser.

Sarah-Jane Laing of Scottish Land & Estates was quite clear. She said:

“The cumulative effect of these measures threatens the immediate viability and future sustainability of thousands of rural businesses across Scotland.”

That is why farmers are so worried and so angry, and it is why, this morning, farmers from across the United Kingdom, including my colleague Tim Eagle and Conservative MP colleagues, attended the protests in London—protests that I cannot be at but which I fully support.

Last year, Keir Starmer told the NFU that

“Losing a farm is not like losing any other business, it can’t come back.”

Last weekend, as Prime Minister, he hid from those who were protesting in Cardiff because they are worried about the risk of losing their farms. He refused to look them in the eye and tell them why he has backtracked on that position and betrayed them. This morning, farmers have taken their protests to the gates of Downing Street. Keir Starmer will not be able to hide from them today.

However, it is not just in London where farmers are gathering. This morning, farmers and supporters in Orkney rallied at the auction mart in Kirkwall. Those who gathered included people in the sector who were there to protest the impact of Labour’s policies on the sector, but they also included people who are not farmers who recognise agriculture’s vital role in rural communities such as Orkney.

We farm in Orkney and have done so for too many generations to remember. We do not have a large farm. Excluding hill land, which is used mainly for wintering sheep, we farm about 400 acres. We employ three people, some on a part-time basis, and we contribute to the salaries of local contractors, seed suppliers, engineering companies, equipment sellers, builders, vets, hauliers, fencers, ditchers and drainage companies. We are a key part of our local rural economy.

Given my commitments here, I am not as active on the farm as I could be—and as, I think, my father would want me to be—but I have lambed, calved and been up in the early hours of winter mornings to cover the milking when needed. I know all too well how tough a job it is, especially for those who do it day to day and in all weathers.

The new tax burdens only add to the pressure on farmers, particularly those who are nearing the end of their careers, who are involved in succession planning and who now have increased concerns about how to leave their farms to their children.

I am sorry not to see Rhoda Grant in the chamber today. Her response to my colleague Fin Carson’s intervention last week, telling his constituent that he should

“put his affairs in order”,—[*Official Report*, 13 November 2024; c 26.]

was absolutely shameful. I have known Rhoda Grant for a fair few years now, and I believe that she misspoke. I do not believe that that is what she would have said to any of our constituents in the Highlands and Islands in a similar situation or in any situation in which Labour’s changes to agricultural property relief have impacted them. I would have asked her to reflect on that, and I would have been happy to take an intervention to give her the chance to clarify what she feels those who did have their affairs in order—until Labour, without consultation or, it seems, reliable assessment of the impact, changed the rules—should have done now.

I meet local farmers in Orkney regularly, both as a politician and as a friend and colleague. Confidence in farming—confidence in what the future holds—is falling. There is so much uncertainty about what future agricultural support will look like, how it will be delivered and the levels of such support. Labour’s raid on rural communities only makes the situation worse.

I recently attended a farm visit in Orkney that was organised by NFU Scotland. Members might think that a bit of a busman’s holiday, but the challenges that farmers face can differ widely, even on a farm that is very close to and very similar to my own. Some farmers at the start of

their careers are growing their businesses. They are looking to invest in cattle, equipment or buildings—new buildings that meet modern standards for animal welfare or that can accommodate the size of vehicle that we now have to use. All of them are committed to building their family farms. They are committed to the sector, regardless of the hardships. They are committed to their local communities and the part that they will play in them. All of them are worried about what the future holds.

Fergus Ewing: Does Mr Halcro Johnston agree that two positive things that the Scottish Government could do, if it so wished, would be to help further diversification by the agricultural business improvement scheme, which was successful about two decades ago, and to extend permitted development rights to enable farms to make a contribution to solving rural housing issues and to use their land to maximum purpose? If that need was pressing before—goodness me—in the light of the inheritance tax raid, it is certainly urgent now.

The Deputy Presiding Officer (Liam McArthur): I can give you the time back for that intervention, Mr Halcro Johnston.

Jamie Halcro Johnston: I am grateful to Fergus Ewing for that intervention. Believe it or not, in 11 minutes, as somebody who is involved in the sector, I do not have time to cover everything. Otherwise, I would have got more into diversification and the opportunities that there are. I certainly agree with Fergus Ewing's points. Such a move would be a real opportunity.

Much has been said in debates on this subject about farmers being asset rich but cash poor. It is already a job with inconsistent financial returns. Costs always seem to go up, but yields and prices can fluctuate widely. In some years, we make a modest profit; in other years, we do not. There is an old farming joke about the farmer who wins the lottery and is asked what he is going to do with the money. He says that he will keep farming until it is all gone.

I turn to our amendment to the Scottish Government's motion. Governments working together requires commitment from both sides, and our amendment calls for just that. The Scottish Government and the UK Government should work together to deliver the ring-fenced multiyear funding that we—and, I think, SNP members—want.

Our amendment recognises that, in Barnettising agricultural funding, Labour has broken with more than 50 years of certainty. It has ended a social contract that recognised the vital role that farmers play in producing food and as stewards of the

countryside, and that rewarded that with some stability.

Our amendment calls on the Scottish Government to ensure that all agricultural funding is allocated to the sector, not diverted for use in other portfolio areas. That has not previously been the case. Although the First Minister has repeated the commitment that £46 million of funding will be returned to the agriculture budget, there is still no commitment on when that will happen, and it is disappointing that the cabinet secretary has not committed to a timescale today.

Given the growing pressure on the farming sector, a longer, more concrete commitment from the Scottish Government is needed to protect rural budgets from having much-needed funding siphoned off to plug gaps in other parts of Government spending. Farmers are also worried about the next Scottish budget and what future Scottish policy holds. They see money being taken from rural budgets, including the £46 million that I just mentioned, the £80 million that has been lost from the rural affairs budget overall and the cuts to pillar 1 payments and the less favoured area support scheme. They have seen the impact of the Scottish Greens in government, and they fear what the Greens might extort from a minority SNP Government that is desperate to pass its budget.

Farming has got harder in the past few years—costs have risen and there is more form filling and box ticking than ever before, but there is still pressure to keep costs as low as possible. Despite efforts to become more efficient and meet increasingly stringent environmental targets, farmers, particularly those of us in the red meat sector, feel more under attack than ever.

Many farmers feel that they are not a priority for the Government, and it is hard to argue against that when, in Orkney, nearly £8 million has been spent on a stoat eradication scheme but only a few thousand pounds has been spent on efforts to combat the damage that geese do to farmland in the islands. That is before we start talking about the challenges in relation to access to land; encouraging new entrants to farming; vital local infrastructure, such as abattoirs; and reliable ferries to get products to market. The Scottish Government has responsibility for all those things but, too often, has been found wanting.

The previous Conservative UK Government delivered multiyear ring-fenced funding, as well as the largest-ever round of grants to support agricultural funding. Labour promised a new deal for farmers, but it has delivered a raw deal that threatens the future of the sector. Anger is at an all-time high, while confidence is low. Those protesting in London and in Kirkwall this morning, as well as those who will be outside this Parliament next Thursday, are not just fighting one

bad policy by one bad Government; they are fighting for the very future of farming. Scottish Conservatives will always stand with them, because we will always be on the side of our rural communities and those who live and work in them.

I move amendment S6M-15508.2, to insert at end:

“; recognises that ring-fenced agriculture funding has been delivered by previous UK administrations for over 50 years; urges both the UK and Scottish governments to work together to ensure certainty for Scotland’s farmers, crofters and rural stakeholders by delivering multi-year ring-fenced funding for agriculture, and calls on the Scottish Government to ensure that all agriculture funding is allocated to the sector and not diverted for use in other portfolio areas.”

15:01

Colin Smyth (South Scotland) (Lab): My amendment recognises that last month’s UK Government budget delivers the largest funding settlement for the Scottish Government in the history of devolution. There is an extra £1.5 billion this year and £3.4 billion more next year. There is a record £47.7 billion for Scotland’s devolved budget.

The budget fills the black hole left after 14 years of Tory chaos and ends the era of austerity. It means that the SNP can no longer play the budget blame game to cover up its waste and financial mismanagement, including diverting millions from agriculture. It provides billions more for Scotland so that this Parliament can ensure a fair funding settlement for our farmers and crofters. It also delivers the investment that is needed to begin to rebuild Scotland’s public services and infrastructure in our rural and island communities.

Michelle Thomson (Falkirk East) (SNP): The member is obviously enjoying iterating the budget settlement for the Scottish Government, but could he specifically address how this disaster of a budget will address the black hole in the UK economy? I suspect that his party would argue that that black hole is part of the reason for the changes in tax.

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

Colin Smyth: Labour has made it absolutely clear that difficult and tough choices are being made on taxation. We have heard today that the SNP opposes the changes in inheritance tax and in national insurance. The black hole would be the £40 billion over the next two years that would be missing if those decisions were not taken. One cannot argue for no tax rises and at the same time mislead people by saying that we can continue the same level of public spending.

Every day I see the devastating impact of the austerity caused by Tory and SNP incompetence in the rural communities that I represent. After 17 years of decline under the SNP and 14 years of chaos under the Tories, Scotland faces a housing crisis that is strangling economic growth in our rural communities. Every week, I speak to businesses in rural areas that are struggling to recruit. They tell me that even when they can find workers who are interested in posts, they cannot take them up because there is nowhere affordable for them to live near the place of work.

Kevin Stewart (Aberdeen Central) (SNP): Will the member take an intervention?

Colin Smyth: Yes, if I have time.

Kevin Stewart: Mr Smyth will be aware that this Government has delivered more affordable housing per head of population than anywhere else in the UK has. I would certainly welcome more housing investment, but only last week, experts said that the Labour policies that have been put in place so far will deliver less housing than the previous Conservative Government did. What will the member do to persuade his colleagues at Westminster to invest in housing?

The Deputy Presiding Officer: I can give you the time back, Colin Smyth. However, interventions should generally be brief.

Colin Smyth: The Labour budget delivers extra funding for our public services, which the SNP has made clear that it opposes. Kevin Stewart’s claim about the SNP’s record will be no consolation to my constituents in Dumfries and Galloway, where there has been a record number of homelessness applications this year—more than 1,000, a quarter of which have involved families with children.

Between 2011 and 2020, there was a 60 per cent drop in new homes for sale in the south of Scotland compared with the previous decade. However, this year, the Scottish Government slashed housing investment by a fifth. That stifles growth and fuels depopulation by driving young people out of our rural and island communities.

Rural businesses face not just labour shortages but skills shortages. However, astonishingly, the Scottish Government has cut funding to colleges in real terms by 17 percent since 2021-22, which includes a reduction in the number of apprenticeships. My local college in Dumfries and Galloway has had a cut of 13 per cent in places while demand is at peak levels. The college now has a waiting list for apprenticeship places in construction. That is the economics of the madhouse.

We see the consequences of cuts across education, with rural schools being mothballed, learning support staff axed and teaching posts cut.

Finlay Carson: When it comes to the economics of the madhouse, does the member think that the attack on family farms will put additional burdens on low-income families by increasing food bills?

Colin Smyth: The challenge that the Tories have is that, if they want to oppose every change in inheritance tax, they have to say where the funding shortfall will come from. So far, they have failed to do that.

Clare Haughey (Rutherglen) (SNP): On a point of order, Presiding Officer. I am offended by the language that Finlay Carson just used and I ask him to withdraw his comment about the “economics of the madhouse”. The language is stigmatising and should not be used in the chamber.

The Deputy Presiding Officer: Thank you, Ms Haughey. I appreciate the sentiment. I do not think that, in the context in which the phrase was used, it was intended to be offensive and I did not regard it as such.

Colin Smyth: The cuts also impact on health. Cottage hospitals are being shut. Our rural and island communities have become dental deserts where no one can register with a national health service dentist. Older people are being abandoned in hospital or shunted off to care homes miles from their families when they should be at home because there are no care workers to support them. Getting an appointment with a general practitioner is now rarer than a lottery win.

More and more health services are being centralised, thereby denying rural communities even a basic level of healthcare. Take maternity services in Dumfries and Galloway, for example. Mums to be in Wigtownshire are now forced to make a round trip of up to 200 miles on dangerous roads starved of investment if they want to give birth in hospital because cuts mean that the local maternity unit in Stranraer remains closed. With the SNP dismantling bus services route by route and presiding over a near 40 per cent fall in passenger numbers since it came to power, getting to a hospital appointment, college or work by public transport in our rural communities is not an option.

It is also noticeable that, in a debate on the UK Government budget, the SNP and Tories have failed to mention the key budget decision to raise the minimum wage to a real living wage, which delivers a pay rise for 200,000 of the lowest-paid Scots, a disproportionate number of whom are in our rural communities, where they are too often plagued by poverty pay.

Our rural communities are crying out for a change of direction, an end to low pay and new investment. That means tough decisions on tax.

This is the third debate that we have had on inheritance tax in a week. I said in the previous two debates that there is a discussion to be had about where a threshold should lie in any tax change.

Oliver Mundell (Dumfriesshire) (Con): Will the member take an intervention on that point?

Colin Smyth: I want to try to make some progress. Oliver Mundell will appreciate that I have taken three interventions.

There should be a debate on thresholds, including the level of agricultural property relief—or, indeed, income tax thresholds, which the Tories and SNP chose to freeze, thereby hammering ordinary workers in the pocket.

At a time when difficult decisions are needed to rebuild the country's public finances, it is not credible for the SNP and Tories to continue to say that agriculture should be the only business that is completely exempt from any inheritance tax whatever, no matter the value of a farm, whether that is £1 million or £20 million.

The SNP believes that an ordinary farm worker in Scotland on £29,000 a year should pay more income tax than their counterpart in England, while Anders Holch Povlsen buys 89,000 hectares of land in Scotland to avoid paying hundreds of millions of pounds in inheritance tax—and, by doing so, is driving up land prices for local families. That is a growing problem that the SNP and the Tories want to ignore.

I have listened carefully today to the SNP and Tory spokespersons saying that they oppose any changes to inheritance tax. They have also said that they oppose the changes to national insurance. In fact, almost all the £40 billion of additional income that is proposed in the UK budget for the next two years will come from the windfall tax. They are just not being honest with the public. It lacks credibility for them to fail to admit where they would make £40 billion-worth of cuts in public spending, and that is the biggest threat to the agriculture budget, which is vital to ensuring that we deliver fair funding to Scotland's farmers and crofters in order to support food security, sustainable farming and environmental restoration.

That is why I will always take on those who argue that agriculture is too heavily subsidised—I know that that support puts quality affordable food on our tables at a time when families still face a cost of living crisis. That is why I will continue to stand up for our food producers drowning in the sea of red tape caused by the Tories' Brexit deal and sell-out trade deals, and by the delays and dithering of the SNP Government, which still does not have a clear plan for future rural support. That is why I will fight to ensure that the record public

sector investment that the UK Government budget provides will lead to more of the food that is purchased across the public sector being locally produced.

When I see damage being inflicted on rural communities, with closed cottage hospitals, dental deserts and all the other issues that I have raised, I will make no apology for also standing up for more public sector investment. That means being honest with the public and saying that we have to restore our broken public finances so that we can provide certainty and security of funding for Scotland's farmers and crofters, and, ultimately, end austerity and support Scotland's rural and island communities.

I move amendment S6M-15508.1, to leave out from "is disappointed" to end and insert:

"welcomes the increase to the Scottish devolved budget of £1.5 billion in 2024-25 and £3.4 billion next year, which will deliver the highest ever devolved budget settlement of £47.7 billion in 2025-26 as a result of the UK Government's Budget; agrees that the Scottish Government should use the record devolved settlement in the forthcoming Scottish Budget to ensure fair funding to Scotland's farmers and crofters to support food security, sustainable farming and environmental restoration, and to invest in Scotland's public services and infrastructure, recognising the long-term challenges facing rural and island communities in housing, public transport, including ferries, education, health and social care, poverty and depopulation, and further agrees that restoring public finances is vital to provide certainty and security of funding for Scotland's farmers and crofters and to support Scotland's rural and island communities."

Clare Haughey: On a point of order, Presiding Officer.

I apologise to Finlay Carson for accusing him of using offensive language; it was Colin Smyth who used it. Perhaps he would like to apologise.

The Deputy Presiding Officer: I can only repeat what I said before. You have put your concerns on the record, which are duly noted.

15:12

Ariane Burgess (Highlands and Islands) (Green): Although I always welcome debates about the rural economy, it feels a bit like groundhog day, given that we are hearing many of the same things that were raised last week. We need clarity on the detail of the UK Labour Government's plans for agricultural property relief so that we can move beyond the speculation and fearmongering that is making farmers anxious and stressed.

We should be talking about the issues that farmers and food producers are facing in the here and now. For too long, their industry has been exploited. They find themselves trapped in a vicious cycle: the taxpayer subsidises them so that they can keep growing food, while supermarkets

are in a race to the bottom on the price that they pay for their produce. Essentially, that means that the financial support that we give them ends up in the hands of the major retailers, leaving growers squashed in the middle.

Brexit and our increasingly unstable growing climate are further headaches that food producers must face. The hurt is not just economic. Farmers are so much more than people who run businesses. Farming is a way of life, and it is no wonder that the industry is in the middle of a terrible mental health crisis. The severe stress that farmers are under is likely to only have been worsened by the uncertainty about the UK Government's farm inheritance tax changes. The debate that is playing out in the media and in this chamber is generating more heat than light. It is also harks back to rural debates of the past, with small-scale producers being used by wealthy interests to front the fight.

Rachael Hamilton: Yesterday, I spoke with Farmstrong Scotland. We know that Change Mental Health and RSABI are doing such good work. They are inundated with farmers with mental health issues, because of the decisions by the Labour Government. Does the member agree that we should ensure that we fund those charities to make sure that farmers have that support?

Ariane Burgess: I have spoken at length with Change Mental Health and about Jim Hume's work, which is tremendous. He has even been on my podcast. That kind of work should be supported.

The problem is that the UK Government has created an information vacuum and, as I said a moment ago, that void is being filled by scaremongering. For example, we have today heard claims by an influential public figure that the tax change will end UK farming. It might change industrial-scale farming, but reports of farming's demise are greatly exaggerated.

Finlay Carson: Will the member take an intervention on that point?

Ariane Burgess: I want to make some progress.

As I said last week, we need the Labour Administration to give more information about tax changes, who they will impact and how they will impact farms.

We know from tax advisers and succession planners that it is a nuanced picture. For example, beyond the headline grabber of £1 million, if a farmer and their spouse are seeking to pass their land on to family, the land allowance threshold is more like £3 million, and any tax that is due can be paid over 10 years. In short, we need to see a proper Treasury analysis of how the reforms will

work. The longer that we carry on without the facts, the less trust that farmers will have in Government. That is bad news for members, because we need to work together in good faith if we are to tackle the climate and nature crises and make it so that our food security is climate resilient.

Finlay Carson: Maybe it would be helpful if the Greens set out exactly what they think a family farm is, to put all this into perspective.

Ariane Burgess: I appreciate the question, but I do not have the time to set that out. I want to continue talking about the clarity that we need and the situation that family farms and farms face.

I also urge the UK Government to ensure that its inheritance tax alterations hit the intended targets. The principle of the changes is a good one. We simply cannot allow the wealthy to continue buying up land to avoid paying tax. Stopping that tax dodge should reduce the price of land, which would allow more new entrants into the farming sector. Westminster must step in immediately if we start to see land being hidden behind corporate trusts or structures, or being consolidated into fewer hands. Equally, if it becomes clear that smaller food producers, tenant farms and crofters are being negatively affected, the new rules must be urgently reviewed.

That brings me to another point—*[Interruption.]*

The Deputy Presiding Officer: I say to members that, even when they are sitting at the back of the chamber, they are more audible than they think.

Ariane Burgess: I appreciate that, Presiding Officer, thank you.

I am concerned that the debate around agricultural property relief has been captured by a narrow but powerful subsection of society that does not believe in tax and that does not believe that it has a duty to pay it. I remind those people that tax creates the infrastructure that we all use. It gives us key services, such as the NHS and schools, and it delivers infrastructure such as the internet and roads—things that the private sector would be unable to operate without. It should ensure that the least well-off and the most vulnerable can afford not only to survive but to live. Inheritance tax is a key part of that picture, and it means that we can pre-distribute wealth. That might not be in the interests of a small number of rich individuals, but it is certainly in the interests of everyone else.

The UK budget was about a lot more than the agricultural property relief changes. The £25 million for the Argyll and Bute growth deal is welcome, as is the £500 million investment in broadband infrastructure, which will hopefully see

our rural and island communities get better internet access.

One of the biggest positives is that the Scottish Government now has full control over its agriculture and fisheries budget. Not only does that end the farce of our Government being forced to send money that it has not used back to Westminster, it means we are also in charge of our future. I urge the Scottish Government to be brave with that new power, to use it to deliver the objectives of the Agriculture and Rural Communities (Scotland) Act 2024, to reward those who produce our food in regenerative and nature-friendly ways and to set multiyear settlements for farmers and crofters. Doing so will provide certainty to businesses and help to maintain our food security for decades to come.

The Deputy Presiding Officer: I call Beatrice Wishart, who joins us remotely.

15:19

Beatrice Wishart (Shetland Islands) (LD): Thank you, Presiding Officer. I understand that the connection between Shetland and Holyrood this afternoon is a bit ropey, but we will do what we can.

The title of this afternoon's debate implies that the rural economy is one homogeneous entity, but of course it is not; instead, it is a patchwork of rural economies, highlighting the diversity of our rural, coastal and island communities, which are interwoven across Scotland. Those economies and communities, from north to south, should be championed and commended for their contribution to Scotland's economy in increasingly difficult circumstances.

Just as the weather varies across the country from one area to another, so, too, do the landscapes, environments and growing seasons. Food production costs vary, too, and are felt at source and throughout the supply chain. Geography and the impact of transport costs from mainland Scotland add to island costs. Those rural economies have shared goals—providing food for the nation and the valuable food and drink export economy—and they also have similar challenges.

The UK Government budget has achieved unity across all those rural communities, because of the impact that the proposed changes to farm inheritance tax rules could have on the succession planning of family-run farms. During a similar debate last week, I highlighted how crofters, farmers and growers have serious concerns about the loss of ring-fenced agriculture funds, as well as the implications for family farms of the tax changes in the autumn budget.

Those tax changes are driven by spreadsheets, with the Treasury pouncing on the capital-rich figures and ignoring the cash-poor experience of many in the sector. As the briefing from Scottish Land & Estates highlights, the cumulative effect of those and other announcements in the budget disproportionately impacts rural businesses. The Barnettisation of agricultural funding and increases to capital gains tax and employer national insurance make for a perfect storm of tax hits on the rural sector.

Modern farming is looking for research on the most climate-friendly, innovative and profitable means of production but, with universities paying additional employer national insurance, we may see a decline in capacity for such important work.

Liberal Democrats have been highlighting general practitioners' concerns at the announcement of the increased employers' contribution to national insurance, which will have an effect on small to medium-sized business. Ed Davey has called on the Prime Minister to put in place an exemption for GPs, pharmacies and healthcare providers. That will have particular resonance for rural and island healthcare providers, considering the challenges of providing services in those settings. Staff recruitment and retention are already difficult in some areas.

In the wake of the UK budget, my party highlighted the £70 million cut to DEFRA's food and farming budget, which was hidden in the fine print of the chancellor's plans. Our rural areas will not be immune from other big-ticket cuts in the budget, such as the slashing of the winter fuel payment, which was announced in July and confirmed in the budget, and which will hit some of those who are on the tightest of fixed incomes. That decision will stop pensioners in the most northerly, windiest and most fuel-stricken parts of the UK receiving a cash top-up that many have come to rely on.

I urge the Scottish Government not to use the upcoming budget to make things any harder for our rural economies. Like other communities in Scotland, our rural, coastal and island areas need investment in communication, transport, health and education, and those who grow our food on land need multiyear, ring-fenced and stable support to continue to do so in the future.

The Deputy Presiding Officer: Thank you, Ms Wishart. This is one of those unusual occasions when the connectivity in Shetland is probably better than it is here in Edinburgh.

We now move to the open debate.

15:24

Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP): I hope that you have not just said something that you will regret, Presiding Officer—that happens in here.

I initially had 12 years in this Parliament representing the rural South of Scotland region and, for the past 13 years, I have represented Midlothian South, Tweeddale and Lauderdale, a constituency that has many farms and which runs from the Eildon hills to the Pentland hills. As I have said previously, during those 25 years, I have visited many estates, such as Burncastle in the Borders and Arniston in Midlothian, as well as farms, such as Baddinsgill in the Borders and Moorfoot and Eastside in Midlothian.

Although this debate is about the appalling impact on family farming of the Labour Government's changes to inheritance tax, which, when combined with changes to agricultural property relief, are bad enough, there is also an impact on local businesses, suppliers, hauliers and so on. All that, combined with increases to employer national insurance contributions, will have a devastating impact on the rural economy.

The Labour Party appears to have little concept of rurality or of Scotland's farming landscape. Of the 37 Labour members who were privileged to be elected at the recent general election, I have yet to find one who has broken ranks to criticise those policies. I have written to Kirsty McNeill, the newly elected member for Midlothian, who has rural and island issues as part of her ministerial brief, to see what she has to say about the changes both to agricultural property relief and to national insurance.

What do Labour members here say? Their silence speaks louder than words. During the debate on this issue last week, I felt heart sorry for Rhoda Grant, a decent colleague who, in some discomfort, had to defend the UK Labour position. I see that she has escaped having to reprise that defence here today. Colin Smyth spoke about practically anything but the injustice of inheritance tax changes for Scotland's farmers. I have a health warning for Labour: if you are merely a megaphone for the UK Labour Party and if you speak and behave like a branch of UK Labour, perhaps you are merely a branch of UK Labour, as Johann Lamont foretold. Perhaps I am being too generous to Labour members, who may be less of a branch and more of a twig.

I will take an intervention from Colin Smyth.

Colin Smyth: I will ask Christine Grahame the question that I asked every other member earlier. When you oppose the changes to inheritance tax and national insurance and when you oppose every single tax change in the UK Government

budget, that comes to £40 billion over the next two years. How can you credibly say that you do not want public spending cuts if you are prepared to give up that £40 billion? Where would those cuts be made, Christine Grahame?

The Deputy Presiding Officer: I remind members to speak through the chair.

Christine Grahame: You are taxing the wrong people, Mr Smyth. You have taken the winter fuel payment away and you are taxing farmers.

The Deputy Presiding Officer: Members should direct their remarks through the chair.

Christine Grahame: I beg your pardon; I got carried away.

The Labour Party should be taxing the rich, not farmers who are struggling as it is. The failures of Labour members to speak up on the levy on family farms, on the impact of the hike in employer national insurance that also affects farmers, on the means testing of the winter fuel payment, on the two-child benefit cap or on the rural visa to alleviate the loss of a labour force following Brexit are all testament to those members' status.

If that were not bad enough, it is compounded by the promise before the election from the then shadow and now Government Secretary of State for Environment, Food and Rural Affairs, Steve Reed, who said that the Labour Party had no plans to change inheritance tax or agricultural property relief. That is a betrayal and it is endorsed by Labour members here.

Many family farms across Midlothian South, Tweeddale and Lauderdale will be affected, because it does not take much for assets to be worth more than £1 million. We might take the UK Labour Government at its best by believing that various reliefs for spouses and so on will mean that the impact will mostly be on assets worth more than £3 million. That looks like a lot on paper, but when we look in farm sheds at the combine harvesters, tractors, quad bikes, milking parlours and feed for stock, let alone the farmhouse and the land, we can see that even £3 million is an easy figure to reach. A new high-end combine harvester can cost at least £750,000. Farmers might look rich in assets, or even be so, but they are poor in revenue.

We must remember that, for many, farming is a family matter. It is a generational and intergenerational vocation 24 hours a day, seven days a week, from dawn to dusk and in all kinds of weathers. Farming is literally—to abuse that word—under farmers' fingernails as they provide not only the quality food on our tables, high standards of animal welfare and exports but the very landscape that we take for granted. Ironically, family farms might be forced to sell up and

become the property of the commercial investors that this policy is meant to target. There are levies with no impact assessment or engagement with farmers, which also completely fail to respect devolution because of a lack of engagement with the Scottish Government.

What more does the Labour UK Government intend to do to undermine our farming and rural communities, many of which are reliant on the trade of local farms? As I understand it, according to the UK Government, all of this is to raise £240 million in the first year, but how many millions of pounds will be lost to the rural economy and how much will be lost in the heartache and concern of farming families? It is time for Labour members, at least in the Scottish Parliament, to speak up, for once, or are they going to remain twigs?

15:30

Finlay Carson (Galloway and West Dumfries) (Con): Today, farmers from across the country gather in London, while here in Holyrood, we once again debate the profound and far-reaching impacts of the recent UK Government budget on Scotland's rural communities. As representatives of our rural communities, it is our duty to ensure that their voices are heard and their concerns are addressed.

The changes to agricultural property relief and business property relief that were announced by the Chancellor of the Exchequer, Rachel Reeves, are nothing short of devastating for our family farms. The reliefs are not loopholes; they are essential mechanisms that allow multigenerational businesses to thrive, ensuring food security and economic growth. The financial and mental pressures that the changes will impose on family farm businesses across not only Scotland but the whole UK are frightening and, unless these ill-conceived and ill-thought-out moves are not swiftly reversed, the stark reality is that many farmers will not be able to pass their family businesses on to their children.

Last week, I highlighted the case of a local farmer in my constituency who had invested more than £1 million in his milking parlour. Circumstances might have meant that his son would not have been able to inherit the business but would have been landed with a seven-figure tax bill. The new policies come into force next April so, despite calls for him and others to get their tax affairs in order, there is no time to do the right thing, even with the best intentions. That highlights Labour's total lack of consideration for the unique challenges that our farming and rural communities face.

However, that is clearly Labour's approach, because another of its politicians has remarked

that farmers should be made to suffer just like the miners did under Margaret Thatcher. Even when questioned on the risk to our food security, he refused to back down and said that supermarkets would manage. Really? Is that honestly what the British public voted for?

Equally worrying are the potential consequences of removing ring-fenced agricultural funding from Westminster and transferring it to the Scottish Government. That shift could have significant implications for Scotland's agricultural sector.

Having said that, it is quite bizarre that SNP members are complaining about the removal of ring-fenced funding, because, in theory, it should lead to greater flexibility for the Scottish Government to allocate resources according to Scottish priorities. It could ensure adequate funding and enable more tailored support for Scottish farmers, addressing specific regional challenges and opportunities, giving the Scottish Government the levers that it all too often bleats on about not having.

However, there are undeniably risks with the approach, given the track record of this anti-rural SNP Government in stealing tens of millions of pounds of agri funding. What a bunch of hypocrites—criticising Labour for not sticking to the Bew review recommendation to reject the Barnettisation of agricultural support, only to nick the £60 million of additional funding that was part of the review recommendations, and which people such as back bencher Fergus Ewing fought for.

Without dedicated ring-fenced funding, there are concerns that agriculture might receive less financial support overall—especially since the SNP Government's smash and grab—if budget pressures arise in other areas. Without guaranteed multiyear funding from the SNP Government, the transition towards Barnettisation will create more uncertainty for farmers who rely on consistent funding.

Colin Smyth: Finlay Carson has highlighted the importance of ring fencing particular funding. Does he agree that it is important to then spend that funding? Why does he think that the UK Conservative Government underspent the agriculture budget by £318 million in the final three years of that Government?

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

Finlay Carson: I am not sure about the UK Government underspend; we certainly know that the Scottish Government underspent by £46 million or more because of demand-led schemes, which suggests that the schemes were not fit for purpose.

Without guaranteed multiyear funding from the SNP Government, the transition towards Barnettisation will create more uncertainty for farmers, who rely on that funding. Any disruption to financial support—

Emma Harper (South Scotland) (SNP): Will the member give way?

Finlay Carson: I give way to Emma Harper.

The Deputy Presiding Officer: Briefly, please.

Emma Harper: Thank you—I appreciate it, and I will be quick.

Did the member, in his position as convener of the Rural Economy and Connectivity Committee, negotiate with the previous UK Government in support of multiyear funding? Did you do that in any of your communications with the previous Government?

The Deputy Presiding Officer: Through the chair, please.

Finlay Carson: I am not here today to speak on behalf of the committee. However, Rishi Sunak set out a multiyear funding settlement over five years, which lasted for the duration of the previous Conservative UK Government's last term in office, and that is quite unlike what we have seen from the SNP. It is clear that any disruption in financial support or confidence could hinder long-term investment and innovation in the sector.

It is crucial, therefore, to ensure that the sector continues to receive adequate and stable financial support in order to thrive. Balancing those factors will be key to maintaining a robust and resilient agricultural industry in Scotland.

While the Scottish Government will receive an extra £3.4 billion in its block grant, there is, as yet, no guarantee that it will spend that money to help the farming fraternity, or even a guarantee as to when the £46 million will be returned.

It is imperative that the Scottish Government steps up and—for once—delivers for the rural sector. As a former NFUS president, Jim Walker, said:

"It is utterly remarkable that after years of endless, mostly worthless, consultations the farming and food industry are still not a step further forward on the policy detail or leadership required to allow agri businesses to make informed investment decisions to protect their future. This is"

particularly

"evident in the livestock sector."

Worryingly, the SNP Government is still making little visible progress on the rural support plan, which should—as the industry demanded—have been published long before now. Despite being in the midst of the biggest change to agricultural

support, which is likely to have the biggest impact on the very fabric of rural Scotland, in a generation, there remain serious concerns that agricultural funding will, again, be reprioritised in the future. The editor of *The Scottish Farmer* wrote:

“In future, raiding rural payments to plug gaps in public finances will be easier than ever ... there is no guarantee that funding will continue, as we are left to rely on assurances from Scottish politicians.”

The cumulative effect of these budgetary changes presents a perfect storm for our rural economy. It is clear that the UK Government has failed to consider the unique challenges that rural communities face.

With the additional £3.4 billion in Treasury funding, there is an opportunity for the Scottish Government to demonstrate a commitment to safeguarding the future of our rural economy. Let us stand together to protect the backbone of our rural communities and ensure a thriving future for them.

15:37

Emma Roddick (Highlands and Islands) (SNP): The UK budget represents a wrecking ball taken to Scottish agriculture, and the worst part is that, yet again, in the same style as we were used to under the Tories, there was no opportunity for Scotland's Parliament, Government or sector leaders to feed into the decision making. It is unfathomable that the UK Government has taken decisions that impact on Scotland in particular without speaking to the Scottish Government or to farmers, crofters and other stakeholders in Scotland—or, apparently, to anyone here—first.

Any one of those people could have raised the issues that have been put forward publicly since the public announcement of the budget, and a way could perhaps have been found to meet policy aims without cutting funding to Scotland's agriculture sector. Every member in the chamber heard from the cabinet secretary earlier that she was perfectly willing to enter into constructive discussion and make tough decisions together.

For stakeholders, the Barnettisation of funding for agriculture and marine activity in Scotland has been a huge fear since Brexit. Labour coming in and doing that in its first budget, without warning, will be a huge letdown to all those people who turned their backs on the Tories, thinking that the change that Labour offered was going to be positive. It seems to have been one letdown after another, from false promises in the Brexit campaign all the way to the Scottish Government now being unable to plan for our farmers and instead being dependent on unpredictable, year-on-year settlements from a Labour Government

that is intent on cutting Scotland out of decision making.

The announcements around the agricultural property relief could be described in a kindly way as being clumsy. I am not opposed to reform, but the huge discrepancy in the figures that are being used by the Treasury and by the sector, and the—to be frank—insulting commentary around the importance and value of farms and farmers clearly show that the UK Government did not know what it was doing when it made those calculations and announced those changes.

Apart from anything else, we cannot blame or punish small farms for the distorted land market that exists here. I look forward to having a detailed debate on that when the cabinet secretary progresses this session's land reform bill. I am not sure that any party here would support the change of use of farmland to whatever those who can afford the actual market value choose to do with it.

People should be in no doubt that what Labour has announced is a wholesale devaluing of Scotland's farmers. The UK Government will continue to benefit from Scotland the brand in relation to trade—including in whisky, which it has just hiked duty on—and the food resilience that we provide to the whole of the UK, but it chooses to squeeze the Scottish Government's budget and pick on those who are producing our food and drink.

It is obvious to anyone who is paying attention to this pattern of announcements that Labour is employing any tactic possible to cut the money that is available for spending in Scotland and to blame it on the SNP. Changing how funding comes to farmers across the UK in a way that disadvantages Scotland, removing funding for the winter heating payment and then devolving it midway through a financial year, and talking over and over about how the block grant is higher when all of Scotland's public services are now having to pay out for Labour's hike in national insurance are all blatantly political choices. I hope that farmers, pensioners and people across the country can see Labour's game playing with their lives and livelihoods for exactly what it is.

That is not the only uncertainty that exists in policy making and budget setting. The United Kingdom Internal Market Act 2020 remains in place despite its obvious incompatibility with the principles of devolution that are set out in the Scotland Act 1998. The Subsidy Control Act 2022, which it then allowed, has agricultural support within its scope. The principles in schedule 1 of that act risk constraining the Scottish Government's ability to tailor support to Scottish farmers and crofters. Ministers in Scotland are now expected to allocate support to farmers without knowing what constraints are in place on

their doing so or what might be dropped on them at the last minute.

A genuine optimism was shown—including by members of the Scottish Government—about the opportunity of a new UK Government coming in and having a different, more productive and more respectful relationship with the Scottish Government. It is disappointing, if unsurprising, that Labour's promised change has given way to more of the same, with Scotland not being consulted on important issues that affect us more than anywhere else.

Ariane Burgess described a feeling of groundhog day, and it is telling that we are having a debate—two weeks in a row—on the negative impacts on rural Scotland of decisions taken for us but not by us. One day it is Brexit, another it is the Labour budget, but the result is the same. Over and over, successive UK Governments prove to people that we cannot trust promises made by UK parties or expect fairness to be shown to the agriculture and fisheries sectors here.

We cannot allow those Governments to have control over the fate of industries as critical as our food and drink producers. Scotland needs full fiscal powers and every option on the table, not this uncertainty. Scotland must become an independent country so that we can take a full view of our priorities and be certain, from one year to the next, what we have to spend and what we are permitted to do.

15:43

Richard Leonard (Central Scotland) (Lab):

Much of this debate continues to be dominated by the tax treatment of inherited wealth. Farmers are taking to the streets of London today in protest at paying any tax at all on inherited wealth.

Let me say from the start that I am all in favour of dissent, demonstrations and direct action in a democracy. Democratic politics should always be about so much more than simply putting a cross on a ballot paper every few years. However, just as the National Farmers Union and Scottish Land & Estates are entitled to a strongly held view against the Government's inheritance tax reforms, so those of us who support the Labour Government's reforms are entitled to a strongly held view.

There have been attempts to quite deliberately misinterpret, misread and misrepresent the budget. This is not a land grab by the state; it is about how we tax private inherited wealth. In a speech to AgriScot 2024 just six days ago, the First Minister announced that he was returning the £46 million that the Scottish Government had previously raided from the agriculture budget, which we welcome.

He also spoke of the transfer of land to the next generation of custodians and of orderly succession planning. However, earlier in that speech, John Swinney made a point of singling out one farmer in particular—a former National Farmers Union Scotland president, John Cameron. He is still a substantial landowner, even now, but at one time he was one of Scotland's single biggest landowners, when he was reputed to be the biggest sheep farmer in the whole of Europe. Mr Cameron's own record on orderly succession planning is instructive. In 2006, he sold off five of his farms—the bulk of his farm holdings at the time—not to his tenants, not to his employees, not to family farmers and not to local communities, but to Caledonia Investments, which is a global investment trust that is headquartered in London with a 49 per cent stake held by the Cayzer family.

He was perfectly entitled to do that—of course he was—but, in this debate about the future of farming, the tax treatment of inherited wealth and the economics of our rural communities, we should not lose sight of the fact that we have known for some time now that land agents acting for investment institutions representing the vested interests of high-net-worth individuals—not the interests of farmers, not the interests of rural communities and not the interests of consumers—have been buying up land not to produce food, but to avoid paying tax.

It was John Ruskin who said that wealth earned by

“faithful industries, progressive energies, and productive ingenuities”

was one thing, but wealth that signified

“mortal luxury, merciless tyranny”

and

“ruinous chicane”

was quite another.

We know that 40 per cent of agricultural property relief currently goes to the wealthiest 7 per cent. As I said in Parliament last week, it is one thing for the Conservative Party to be the “arch-defenders” of the system that makes the rich richer and the poor poorer and that deepens the gross inequality of wealth in our society, but it is quite another for it to be joined by the Liberals and by the SNP.

I therefore support this modest measure in the October budget, which begins to tackle at root this inequality in the treatment of wealth. In my view, the Government could have gone much further, with the reintroduction of the bankers' bonus cap, for example. The Government could have closed in full the gap between capital gains tax and income tax. The capital gains tax roll-over relief on

farmland that is sold for housing, industrial development or infrastructure means that the proceeds—the capital gains, which can be considerable—are not subject to capital gains tax at all. That, too, could have been reviewed.

In my view, we should be developing a wealth tax pure and simple, because we have soaring financial wealth on the one hand and unmanageable poverty and indebtedness on the other, and nowhere is that more evident than in rural Scotland, where poverty in the midst of plenty is the biggest challenge that we face not just as a nation but as a society.

There are other measures in the budget, such as the move to raise the national minimum wage by 6.7 per cent and the move to raise the youth rate by 16 per cent, which represents a decisive step towards a single adult rate. Both of those measures will not only lift the living standards of those low-paid workers but boost rural economies.

I say to the SNP members and the Liberals who are in Parliament today that they cannot be on the side of equality and oppose the removal of a gross inequality such as this; that they cannot be on the side of justice and take the side of a great social injustice; and that they cannot be on the side of the poor and take the side of the rich.

15:49

Karen Adam (Banffshire and Buchan Coast)

(SNP): I associate myself with the remarks of my colleagues Christine Grahame and Emma Roddick. They rightly called out the ways in which successive UK Governments have completely let down our rural communities, and particularly our agricultural sector.

From my time on the Rural Affairs and Islands Committee, scrutinising the Agriculture and Rural Communities (Scotland) Bill, I know how much parliamentary time and energy is spent on mitigating the policies of faraway Governments—policies such as Brexit, which Scotland did not vote for and continues, overwhelmingly, to oppose. However, successive UK Governments, which are out of touch with the needs of Scotland's rural economies, press on regardless, in the full knowledge of how doing so harms the livelihoods of farmers and crofters and the sustainability of our rural communities. The motion for debate uses the word “disappointed”, but I go further: it is a dereliction of responsibility, and it must be called out.

Scotland's rural economy is about much more than agriculture. Our fishing communities and tourism and renewable energy sectors each play a significant role in the rural economies of our coastal communities such as those in Banffshire and Buchan Coast, which I represent. Those

industries rely, as farming does, on sound governance, predictable funding and policies that reflect the realities of life. However, the UK Government's budget ignores those basic needs.

It is deeply troubling that, in preparing her budget, the Chancellor of the Exchequer did not engage with the Scottish Government or consult rural stakeholders. Such exclusion not only undermines the principles of our devolution; it disregards Scotland's distinct needs. If ever the argument of local decision making and Scottish independence needed to be made, we need look no further. For example, the approach to the Agriculture and Rural Communities (Scotland) Act 2024, which was shaped by extensive consultations with farmers, crofters and other rural stakeholders, ensured that the legislation was fit for purpose and was wholly supported. Consulting those whom policy affects most is not just a courtesy but a necessity.

I contrast that with the UK Government's budget process, which ignored the voices of those who know best—the people who live and work in Scotland's rural economy—by Barnettising funding, introducing new family farm taxation that will make succession planning increasingly difficult, and, ultimately, putting our food security in jeopardy.

Scotland's geography—its large land area given its population—needs a funding model that is designed specifically for its challenges. The UK Government's decision to break that link will threaten rural livelihoods and undermine efforts to combat depopulation in remote areas. The NFUS was right to call it

“devastating to the vast majority of farms and crofts.”

Like our farmers and crofters, our fishers are caught in the storm of neglect. There was one broken promise after another from the Conservatives and, now, the Labour Government's continuation of Brexit is dealing them another blow.

Our flagship industry is being denied the support that it needs and, in particular, the human resources that we need to process fish to be ready for market. That decision endangers the future of our coastal economies and the preservation of vital marine resources. I have repeatedly called on the UK Government to devolve powers to the Scottish Parliament so that a rural visa pilot scheme might be introduced to address labour shortages in rural areas. That call has been ignored time and again.

The knock-on effects of Westminster policies that have been made in London extend beyond agriculture and fishing. Reduced certainty in funding stifles rural innovation and discourages investment. The overarching uncertainty that has

been caused by year-on-year settlements worsens financial uncertainty for rural Scotland.

That is why decisions that affect Scotland should be made in Scotland, and why we need independence. The UK Government must understand that rural Scotland is not an afterthought but a hub of innovation, resilience and potential. To ignore that is to undermine Scotland's entire economic ecosystem.

The UK Government must urgently conduct and release comprehensive impact assessments on how exactly the budget affects Scotland's rural economy. Transparency is non-negotiable. Reinstating the link between funding and land mass is essential to safeguarding equity and sustainability. It is imperative to establish formal mechanisms for intergovernmental consultation on policies that affect devolved areas. Scotland's rural economy requires solutions that are crafted with local input and expertise.

I urge all members to support the cabinet secretary's motion. Scotland's rural economy should not be a policy afterthought. We must demand that rural proofing is at the front and centre of all decision making.

15:54

Clare Haughey (Rutherglen) (SNP): Some colleagues might find it unusual for the MSP for Rutherglen to be speaking in a debate on rural and farming issues. However, although my constituency is mostly urban and suburban, and despite its proximity to a major city, it contains some rural areas, including working farms. My constituency is based in South Lanarkshire, and, of course, the pastures covering much of Lanarkshire help to produce some of the country's best beef, venison, lamb, dairy and cured meats.

The area remains a major force in Scotland's food and drink industry. Many small businesses in my constituency, including butchers, farm shops, cafes and hospitality venues, pride themselves on sourcing quality local produce and, as a result, are much valued in our communities. For example, Greenhall farm shop and cafe in Blantyre is a popular venue that opened the first Scottish Wagyu beef shop back in 2016 and offers home-reared beef, eggs and other products directly from the farm.

The food production chain is complex and intersects with many other industries, such as the hospitality industry. Many people in my constituency and across Scotland depend on it for their livelihood. Regardless of where people live in Scotland, Scotland's farmers produce much of the food and drink that ends up on their dinner tables, so matters concerning the sustainability of the rural economy should concern us all. We know

that Scotland's farmers have already suffered massively and are continuing to suffer the effects of Brexit. Brexit has had severe consequences for the industry, caused by a loss of access to the single market, higher supply chain costs and the loss of common agricultural policy funding.

That is the context in which the UK chancellor set the UK budget. She had an opportunity to recognise those losses and take cognisance of the loss of certainty about long-term and sustainable funding that Brexit caused, and to show support for Scotland's rural economy. The chancellor did not do any of that. Before the UK general election, there was a clear and united voice across Scotland that farming needed multiyear ring-fenced funding, which would have ensured the certainty that was there before we left the EU, but instead the Labour Government has left us with an inadequate settlement within the UK.

Scottish farmers need and deserve our support, not further uncertainty over funding cuts. Rural Scotland should not and cannot continue to suffer as a result of the decisions that have been made by the UK Government. It is exactly the constraints of devolution that are the problem. I am sure that we will hear from some members on Opposition benches about agriculture being devolved, but the Labour Government's budget has completely overhauled the way in which post-EU agricultural funding is delivered to the devolved Governments. Previous ring fencing for agriculture and marine activity has been removed and funding has been baselined into the Scottish block funding, the overall size of which is subject to changes in public spending in England. That means that a decline in support for agriculture in England will have a damaging knock-on effect on the Scottish block grant.

The removal of ring fencing and the application of the Barnett formula to the funding was always a threat that hung in the air when Brexit happened, and now a Labour UK Government has gone ahead and done it. For all the reasons that we understand, Scotland's farmers and crofters face challenges that are not found elsewhere in the UK. Our landscape is unique and our agricultural interests, capabilities and demands are different. As a result, Scotland traditionally and quite logically sought a bigger-than-population share of agricultural funding while we were still in the EU. In effect, we could now see a huge cut in funding for this crucial part of the economy, but it is hidden in plain sight by being rolled into the block grant.

For a UK Government that is so keen to be seen to be promoting economic growth across the UK, that is a very confusing message. Investment in rural communities and industries has long been understood to be a crucial strategy for stimulating national growth, and strengthening rural

economies creates a more balanced and resilient economy overall. Long-term funding was a certainty during our EU membership, and that has been stripped away. The announcements that were made by the UK Government were for one year only, so, however much the Scottish Government would like to deliver a multiyear settlement, it has financial information for only one year.

That all leads to one conclusion: either the chancellor understands very little about Scotland's rural economy, our island and rural communities, our food production chain and the many livelihoods dependent on it, and has made no effort to find out; or she knows but simply does not care, and her priorities lie elsewhere. The fact that she chose not to work with the Scottish Government on the matter or consult farmers, crofters and other stakeholders before the budget certainly paints a damning picture of how the UK Government views Scotland's rural economy.

Unlike independent countries in the EU, Scotland's rural economy does not have funding certainty. It is now reliant on annual allocations from the UK Government, which has failed to consult properly and could arbitrarily cut or change support from one year to the next. The situation is unsustainable. The UK Government must urgently reconsider and engage directly with Scotland's rural communities to prevent a crisis in the sector.

16:00

Murdo Fraser (Mid Scotland and Fife) (Con):

Unlike some of my colleagues on the Conservative benches, I am not a farmer, although both of my grandfathers were farmers and I have uncles and cousins who still farm. Nevertheless, I take a keen interest in the sector. Along with other members here, I attended a meeting with the NFU Scotland Fife branch just over a week ago. It was clear from the sentiments that were expressed at that meeting that there is real concern about the impact on the sector of Labour's budget. Farmers raised two particular concerns at that meeting. They had concerns about the future of agricultural support payments and concerns about the changes to inheritance tax, both of which we have discussed in the debate.

It might be helpful to put this into context. Farming is, in many ways, a unique sector of the economy. None of us can live without food, and, although much more food is now imported, the need for food security in an uncertain world is today stronger than ever. Domestic food production therefore needs to be at the heart of Government policy.

Farming is unique for another reason: farmers have to make investments and forward plan with

very little notion of the profitability, or otherwise, of the choices that they make. In most industries, the people who run businesses can decide to provide a product or service, work out the input costs against the sale price and calculate potential profitability on a prediction of sales volume. The situation with farming is very different. Farmers have to make choices well in advance, with absolutely no certainty as to the final sales price that they will achieve for their product. When it comes to livestock, farmers have to invest in breeding stock and feedstuffs, pay for transportation, repair fences and settle vets' bills, all of which require substantial input a year or more in advance of producing the product. At that point, they have absolutely no idea what the market price will be when they come to sell it.

The situation with cereal farming is the same. A year in advance, seed will have to be bought, fertiliser ordered and machinery engaged, all to produce a crop whose price will, in the end, be determined by international markets. It is not surprising, therefore, that the accounts of farming partnerships show huge swings in profitability from one year to the next, which makes the existence of agricultural support payments all the more essential, as they provide some certainty of funding from year to year and the ability to forward plan.

That leads me on to farmers' concern about the future of agricultural support. After Brexit, the UK Conservative Government guaranteed that support equivalent to the EU level of support would be given to farmers across the UK, with the Scottish Government and the other devolved Administrations being allocated the appropriate funds to pass on to farmers here. Although, under the devolution settlement, that money could not be subject to specific ring fencing, there was, in effect, a virtual ring fence around it, with an understanding by both Governments that those funds would be passed on to farmers.

Now, the new Labour Government has made a different choice. That virtual ring fence has gone and the money has been put into the Barnett formula, which is causing real concerns among the farming community, as there is absolutely no year-to-year guarantee that the Scottish Government will receive funds or, indeed, pass them on. In the future, agriculture will have to compete not just with other industries that are looking for financial support, but with other demands on Government spending such as the NHS, social care, public sector pay and a host of others. It is no wonder that farmers feel threatened and believe that other sectors with greater political clout might well benefit at their expense. As Finlay Carson said, in the future, it will be up to SNP ministers to choose how much money farmers get. I hope that they will listen to the farming community, but we can

understand the concern that that might not always be the case.

During last week's debate, we discussed the second area of concern—inheritance tax changes that threaten the viability of family farms. At the heart of that policy choice is a substantial misunderstanding of the economics of a family farm. Those who own family farms are the classic example of individuals who might be asset rich but cash poor, as Jamie Halcro Johnston said. I saw some figures this week suggesting that the return on capital of a family farm can be well below 1 per cent. The land might be worth millions of pounds on the open market, but the actual profit from the business activities on that land might be in the tens of thousands of pounds—if that. That means that there will simply not be the resource to pay an inheritance tax bill if a farmer wishes to pass it down from one generation to the next, even if there is an allowance for that bill to be paid over a 10-year period.

The inevitable consequence of this inept and poorly thought-out policy is that family farms will be broken up, as the only way to pay the tax bill will be to sell off chunks of land, meaning that the farms will become even less viable from year to year. It is a policy invented by those who have simply no understanding of the economics of farming or of the countryside. Worse still, it has the whiff of the politics of envy. To the man or woman in the street, an asset that is worth millions of pounds might sound like unbelievable riches, but that does not recognise the reality of the business of farming.

Today, we see farmers descending on London in vast numbers to protest, and a similar demonstration is due at Holyrood next week. I sincerely hope that the Labour Government will listen to those voices, because it will do untold damage if it pushes ahead with its inheritance tax plans, and our ability to feed the country and provide food security will be severely damaged as a consequence.

16:07

Emma Harper (South Scotland) (SNP): As a representative of a large rural agricultural area and as a member of the Rural Affairs and Islands Committee, I welcome the opportunity to speak in today's debate.

It is hugely important that all members consider the impact of the UK Government's budget on Scotland's rural economy. As a co-convenor, I recently chaired the cross-party group on rural policy, and one of the attendees stated clearly that anyone who eats food has a vested interest in agriculture and the rural economy—it is that important.

Scotland is paying a high price for UK Government decision making, first under the Tories and now under Labour. One thing is crystal clear: the Labour Government's budget has taken a wrecking ball to Scottish agriculture. Emma Roddick was right to use those words. It has devastated certainty of support and has destroyed succession planning for family farms.

Scotland's rural economy is a major source of growth for Scotland. It has delivered an economic contribution that is worth £39 billion, which was 26 per cent of Scottish total gross value added in 2021 alone. Across Scotland as a whole, food and drink jobs equate to around 129,000 jobs in more than 17,000 businesses, many of which are in rural areas with fragile economies, such as mine in Dumfries and Galloway and the Scottish Borders. However, the UK budget brings a hammer blow to the agriculture sector.

Before the UK general election, there was a clear and united voice across the country that farming needed to see multi-annual ring-fenced funding, to ensure the same certainty we had while we were in the EU. That was the right call. Instead, Labour's "broken Brexit Britain" approach to farming is worse than what we had before. The removal of ring-fenced funding and the Barnettising of that funding was always one of the biggest fears, since the day after the Brexit vote, and the Labour Party has done it. That is galling, and I agree with NFU Scotland and farmers in Dumfries and Galloway that the decision will have disastrous consequences.

The Labour Government's budget has overhauled the way in which post-EU agriculture funding is delivered to the devolved Governments. Funding for agriculture and marine activity in Scotland, which was previously ring fenced, has now been baselined into the Scottish block of funding. That means that the full amount that has been allocated for 2024-25—£620 million for agriculture and £14 million for marine—is to be included in the block grant. That is unacceptable, and I repeat my call for the Labour Government to reverse that decision, given the harm that it will do to Scottish agriculture and to all the jobs and industries that rely on it.

Finlay Carson: Will the member tell those living in rural constituencies why the SNP Government made the biggest cuts in last year's budget to the rural affairs and agriculture budgets? What does that say about this Government's commitment to rural communities?

Emma Harper: I definitely see that the Scottish Government supports rural communities. Of course, we are operating within tight fiscal constraints. I would like to proceed.

Labour has also imposed changes to agricultural property relief, which it announced following absolutely no prior discussion with the devolved nations, despite the colossal contribution that agriculture makes to the Scottish economy. NFU Scotland is clear on the impact of that and has challenged as “misleading” the suggestion that only one in four farms will be affected by the change to inheritance tax. It has said that that does not take account of how land prices differ across the country and that the change will, therefore, impact communities differently. One farmer in Dumfries and Galloway told me how much the decision will impact their family farm, given that their son is projected to pay in excess of £270,000 to inherit the farm. That is not supporting our farmers—it is hindering them.

The Scottish block grant is significantly affected by decisions that are taken by the UK Government, and it is now going to have an effect on the resources that are available to the Scottish Government for funding agricultural support, which was previously ring fenced. If the budget is reduced in England, where there is a compatibility factor in Scotland of 100 per cent, the Scottish budget will go down as a consequence. Instead of the long-term funding certainty that was available under our EU membership, we now have an inadequate settlement from the UK Government. However much the Scottish Government would like to deliver a multi-annual settlement, it has financial information for only one financial year.

Karen Adam mentioned labour shortages. Migration is possibly the biggest challenge that Scotland's economy is facing just now, and it is unforgivable that every Westminster party is completely ignoring Scotland's specific migration needs as they fight for right-wing votes in England. The rural visa pilot scheme would help to mitigate the impact of labour shortages and facilitate routes to enable workers to come to Scotland to support our public services and help businesses to reach their full potential.

During the general election campaign, Dame—potentially soon to be Baroness—Jackie Baillie said that Labour was open to talks, but there has been no progress on that so far, despite the First Minister and the rural secretary consistently raising the issue with UK ministers.

The UK Government's budget will be disastrous for our farmers, and it must be re-thought. I will support the Government's motion at decision time.

16:13

Douglas Ross (Highlands and Islands) (Con): The scenes in London today are incredible and—to be frank—inspiring, given that so many farmers from all parts of the United Kingdom have

converged on the capital to send the strongest possible message to the UK Government about how damaging the changes in its recent budget are going to be.

It is worth putting that in context. It is not easy for farmers anywhere in the country, let alone the Scottish farmers who have gone down south, to just nip to London for the day. In a paper at the weekend, I made the comment that farmers very rarely take holidays themselves—indeed, going to the Royal Highland Show for four days may be their annual holiday.

It is difficult to get away from a farm, in particular at this time of year. I remember that, when I was milking cows, the winter was always a lot more difficult, with bedding cubicles to deal with every day and straw courts having to be replenished, as cattle have to be fed a lot more when they are all inside. We are dealing with freezing temperatures right now; I remember going round the calf barns carrying buckets of water because the pipes were frozen.

In spite of all that, and all the challenges that farmers and crofters are facing at home, they have gone down to London to send that message. At lunchtime, the Metropolitan Police Service estimated the number of those at the rally to be 10,000, and that number was increasing as the day progressed.

I say all that because it is important that we thank those farmers for their commitment in doing that. I listened to Colin Smyth, who spoke for—I wrote it down—10 minutes and 11 seconds, and he never once mentioned the march or rally. He never once acknowledged the strength of feeling from farmers and crofters here in Scotland and across the UK that led to their going down to London.

Sadly, Colin Smyth's ignorance of what is going on today is replicated by his Labour counterparts in the UK Government. Rachel Reeves and Steve Reed, who is the Secretary of State for Environment, Food and Rural Affairs, put out a statement to farmers but could not speak to the farmers themselves. They could not look them in the eye and answer their concerns. In the same way, Keir Starmer would not do that when he was in Wales at the weekend. Today, he is in Brazil, and we are told that he is commenting that he understands, because his first job was on a farm. I am sorry, but Keir Starmer does not understand the challenges that farmers are facing with those changes, and it is clear that Scottish Labour does not either.

Ariane Burgess also mentioned the rally in London today. She said that some speakers were not telling the truth, and she commented about one, without naming them, who said that the

changes are the end of the agricultural industry. The speaker to whom she was referring was Jeremy Clarkson. I was sat here listening to Ariane Burgess and wondering why she thinks that, as a Green MSP, she knows better than someone like Jeremy Clarkson, who is involved in the agricultural sector and has made an extremely successful television series about enhancing the reputation of that sector. He gets into more homes and classrooms and gets across a message about the importance of our rural communities far better than any politician ever has or ever will. I thought that Jeremy Clarkson was absolutely right when he said that this could be the end of the farming sector and the agricultural industry.

When Jeremy Clarkson was addressing the crowds today, he also spoke about the budget in general. He said that people looking at the recent Labour budget will feel that it was a kick in the shins but that, for farmers, it felt like a knee in the balls. That might be colloquial language, but it hit home. It feels like that. What the Government is doing to farmers and rural communities is gut wrenching—it does not seem to get it.

I thought that Colin Smyth got the tone all wrong. Labour is not listening—it is certainly not hearing what farmers are saying. At the end of his speech, Colin Smyth said that we can maybe look at the thresholds.

Colin Smyth rose—

Douglas Ross: I am happy to give way to Colin Smyth. Has he proposed an alternative threshold to the threshold specified by Rachel Reeves or Steve Reed? Their comments today are very clear. They have said that there will be no U-turn—which there should be—and that there will be no change to the threshold. Has Scottish Labour proposed a change to the threshold that UK Labour would accept? If so, what is it?

Colin Smyth: [*Inaudible.*—very clear that there should be a debate on that. Labour has set out at the UK level what it thinks the threshold should be. The challenge to Douglas Ross, however, is to say what the Conservative position is. The Conservative position appears to be that not a single farmer should ever pay any inheritance tax. Is that the position? The reality is that, as Richard Leonard said, 40 per cent of agricultural property relief goes to the wealthiest 7 per cent of farmers—those who might have a farm that is worth £20 million, £30 million, £40 million or £50 million. Is it the view of the Conservatives that the only businesses that should not pay any inheritance tax are agricultural businesses, or does Douglas Ross agree that the issue is about the threshold? If it is not about the threshold, where would he make the cuts from?

The Deputy Presiding Officer (Annabelle Ewing): I call Douglas Ross. I can give you back that time.

Douglas Ross: I am grateful, because that was a long intervention. I was simply asking Colin Smyth to tell me what the Scottish Labour threshold would be. I asked what he said to Rachel Reeves, which she clearly ignored, or to Steve Reed, who clearly ignored that as well. I am no clearer about that, having listened to his response.

Colin Smyth asked what the Conservative position is. Kemi Badenoch was very clear today. She said that, if a Conservative Government is elected, it will reverse that damaging change from the Labour Party.

Colin Smyth should pay attention not just to what is said in here, but to what is said by farming representatives. Today, Martin Kennedy commented on the Labour Government's position. He said:

"For a Government to have stepped away from its claim that 'food security is national security' and targeted taxation changes at family farms in its first budget has left farming and crofting families deeply angry and frustrated."

I agree. Indeed, I think that he could have gone further. Farmers are absolutely full of rage about what has been done and the policy must change.

In my last minute, I will focus on a couple of other points, because we are considering the budget in general.

The Treasury proposed twin caps for changes in taxation to the previous Conservative Government, and Conservative ministers said no. I remember Sir Mark Spencer, the DEFRA minister at the time, saying, "Don't do that." Treasury officials clearly thought that an incoming Labour Government would be gullible enough to take that suggestion. Labour put it in the budget, and that will also have an impact on farmers.

I get a bit fed up that we are supposed to pat the SNP ministers on the back every time that they announce that they will give the £46 million back. They should just put the money back into the rural affairs budget. They took it out. That money should not have been withdrawn in the first place, but multiple ministers and First Ministers have claimed credit for saying that it would go back in again. Let us get it back in again urgently. Ministers should not seek thanks for that, because it should never have been taken out in the first place.

Farmers converged on London today to send a strong message. They are coming to Holyrood next week to send an equally strong message. I hope that Colin Smyth, Anas Sarwar and other Labour representatives do not hide away that day.

They have to face our farmers, hear from them and listen, as do SNP ministers.

The final quotation that I will use is from John Sleigh, the editor of *The Scottish Farmer*, who said that John Swinney missed an open goal when he addressed the AgriScot event last week. He writes in his editorial:

“clarity on how cash will be used to reward active farmers and crofters is something only he”—

John Swinney—

“can deliver without shifting blame.”

Farmers and crofters need to hear from the Scottish Government next week on that point and in the budget, because it is vital.

16:21

Michelle Thomson (Falkirk East) (SNP): I enjoyed Douglas Ross’s speech because of his recognition of Westminster’s failure to needs to listen to Scotland’s needs. It is a slightly Kafkaesque conversion but welcome nevertheless.

Although the primary sectors of agriculture, forestry and fishing remain important for the rural economy of Scotland, the majority of businesses in rural Scotland lie outwith those areas, so I will make some reflections on that. We know that rural Scotland has been hugely negatively affected by Brexit, including the loss of EU funding. The chancellor has ignored Brexit and the Labour Party in Scotland ignores it, but recently the governor of the Bank of England pointed out what a disaster it has been for the economy. I am afraid that it is still the elephant in the room, and it is not going away.

I, too, was dismayed to hear that the UK Government had failed to undertake an impact assessment and, even worse, that John McTernan, who supposedly still speaks for Scottish Labour, suggested:

“we don’t need small farmers.”

It is obvious that there is no understanding of the complexity in rural supply chains and how fragile they are. The rural economy is home to businesses of varying sizes, ranging from self-employed and sole director businesses, of which there is a higher percentage, right through to larger businesses, including in the renewables sector. We need to reflect on that. I recognise the number and scale of small businesses and their importance to the rural economy.

Many factors can inhibit growth. For example, many communities are far too removed from the trunk road network and, often, public transport is historically weak. We know that housing is a major problem. Indeed, it has been mentioned in the

debate—particularly the lack of affordable social housing in many rural settings.

There are areas where significantly more investment is needed, but the Scottish Government continues to be denied the ability to borrow properly to invest. I have spoken about that often. We need to find a way to invest much more in infrastructure in rural Scotland. I know that the Scottish Government continues to work hard on that.

The budget was supposed to be about growth, but it seems that most budget measures will further depress rural economies. Given that Scotland’s rural economy contributes tens of billions of pounds annually to the overall Scottish economy and, of course, to the UK Government coffers, we cannot afford to neglect it.

Colin Smyth keeps asking where the money will come from so that Labour does not have to tax the small farmers. How about going for a growth budget? How about stopping access to tax havens, corruption and money laundering through the city of London that is estimated to cost the UK economy £262 billion each year? How does that compare to £40 million? How about Labour having a look at that?

There are some specific issues emanating from the budget. Freelancers—sole directors of their own limited companies—make up a large part of the economy. The chancellor’s change to the per-employee threshold, which will fall to £5,000 from £9,100, will have an impact on their drawing down a salary, as they are ineligible for employment allowance. That will not encourage growth or entrepreneurship in rural settings.

Thousands of freelancers and contractors have been forced on to umbrella-company payrolls due to IR35 rules. Unless they can negotiate a higher rate of pay with their end client, those contractors’ take-home pay will fall, as they cover the cost of their umbrella company’s higher employer national insurance bill. That will have only a negative impact on growth. The fiscal drag caused by the chancellor freezing personal tax allowances until 2028 will mean that many employers in the rural economy will be dragged into higher tax bands.

Fundamentally, the chancellor’s approach will harm rural economies. It does not encourage investment in transport and housing at the levels required, and it will have a fundamentally negative impact on growth.

The Deputy Presiding Officer: We now move to closing speeches. I am disappointed to note that a member who has spoken in the debate is not in his seat. I would expect an explanation and an apology, because that is discourteous to all the speakers in the debate and to the Presiding Officer in the chair.

I call Ariane Burgess to close on behalf of the Scottish Greens.

16:26

Ariane Burgess: All of us in the Parliament can agree on one thing: that farms are vital to our rural economy and communities. However, farmers are under threat—not from the taxman but from tax-dodging investors. By buying up land to avoid inheritance tax, those people have caused land prices to rocket. That means that the industry is all but shut off to new entrants, and it lines the pockets of a small number of extremely large landholders.

I support the principle of the UK Government's inheritance tax changes, but my concern is that it has not provided enough clarity on how its reforms will work in practice. I urge the Treasury to make its economic assessments public and, by doing so, to end the ceaseless speculation that is damaging rural communities' trust in institutions such as the one that we are privileged to be speaking in today.

We have heard interesting contributions from all sides of the debate. The cabinet secretary's confirmation that the UK Government did not consult the Scottish Government is deeply concerning. That takes us back to the dark days of Boris Johnson. Scotland must not be ignored by Westminster. I would back the good points made by Emma Roddick and Karen Adam about how we cannot trust the UK Government to work in our best interests.

I also support Karen Adam's point that our rural economy is not just agriculture. We must not forget other key industries such as renewable energy, fishing and forestry, as well as the growing sector of nature restoration.

When talking about farming, we need to be careful about using the term "family", which conjures an image of some idyllic, small-scale set-up. Yes, family farms can be tiny, but they can also be giant, multimillion-pound estates. It is those estates that need to shoulder more of the fiscal burden that is faced by our country.

Although the UK budget contains some big positives for Scotland, it also raises many questions. Who will be impacted by the agricultural property relief change, and how? That needs answering, and fast.

We also need quick answers on how the UK Government intends to tackle the climate and nature crises. Those twin issues are already damaging our rural communities. The budget document is 164 pages long, yet climate change gets mentioned just seven times. Nature gets mentioned only on six occasions, and renewable energy gets mentioned just twice. To put that into

perspective, investors get a mention on 18 occasions. Our climate and our natural environment are bigger than any investors, and bigger than the private sector. The climate crisis affects everyone, and the faster we take proper action, the better our odds of avoiding its worst effects.

I will finish by talking about the future and the positive, progressive actions that we can and must take to ensure that our rural communities are climate resilient and able to thrive for generations to come. A good place to start is with the un-ring-fencing of the agricultural budget. The Scottish Government can, and should, use that power to set out a multiyear vision for farming, because providing our food producers with funding certainty will give them the head space to implement regenerative and nature-friendly measures and to maximise reductions in carbon emissions. That is vital if we are to hit the target of net zero emissions by 2045 and revive our natural environment. After all, farmland uses 75 per cent of Scotland's land mass and the people who work on it know how best to deliver for our environment and our future.

We must also revisit farm subsidies, which must support our growers to produce the food that we need by using regenerative techniques. Improving soil health, water quality and biodiversity must all be prioritised, as must producing the food that we need, and any reform of payments must be in lockstep with proper action to end the exploitation of farmers by the major supermarkets. I urge the Government to look at how Scotland can end the race to the bottom on pricing. Not only would that mean that subsidies would stay in the pockets of food producers, allowing them to invest in their operations and to innovate for the benefit of Scotland's environment, animal welfare and economic prosperity, it would also protect consumers by giving them greater access to responsibly produced, high-quality Scottish food and drink. That would deliver economic benefits to rural communities, benefit the wider Scottish economy and promote a healthier society.

In just over a fortnight's time, we will hear what will appear in the Scottish Government's budget. I sincerely hope that it will include a greater focus on the environment and nature than we saw in its UK equivalent and trust that the Scottish Government will use its new powers over agriculture and fisheries spending responsibly. I am aware that those sectors will be up against other ring-fenced areas and I am concerned, based on the cabinet secretary's comments today, that the Government is making excuses in advance and is laying the groundwork to reduce funding certainty for farms, instead of grabbing the opportunity that the UK Government has given it

and using its new financial powers to give more certainty to Scottish food producers.

I close by urging the Scottish Government to resist the urge to plug gaps elsewhere in its budget by using funds that should be going to food producers, crofters and farmers.

16:32

Alex Rowley (Mid Scotland and Fife) (Lab): I will first correct something that Michelle Thomson said earlier, which was that John McTernan still speaks on behalf of the Scottish Labour Party. That is simply not the case.

Michelle Thomson: Will the member accept an intervention?

Alex Rowley: I am sorry; I want to make progress.

I was pleased that Michelle Thomson expanded our discussion, because today's debate is about the impact of the UK Government's budget on Scotland's rural economy. I know that some people want to highlight farming issues, and I will come to those, but, as our amendment states, that budget has made the largest ever increase in investment in Scotland since devolution.

The issue that I will come to, if I have time, is how this devolved Parliament and Government will use that substantial increase in investment of £1.5 billion in 2024-25 and £3.4 billion next year. How will we use it to invest in Scotland's rural economy and how will we use the powers of the Government here to tackle some of the major issues that impact on that rural economy? A few people mentioned the Government's failure to address the housing shortage that is devastating the growth of Scotland's rural economy.

Michelle Thomson also mentioned Brexit. Just a few weeks ago, we had a debate here about the devastating impact of Brexit on Scotland and the UK. I think that, with the exception of Conservative members, we broadly agree that Brexit has been damaging and that there is overwhelming evidence that Brexit continues doing damage. I disagreed with my good friend Christine Grahame during that debate because I do not think that you can simply go into a room, click your fingers and go back into Europe, but that is a question for another time and another debate.

Douglas Ross mentioned what Steve Reed, of the UK Government, has been saying. I want to pick up on that, because I saw that he made a statement today in which he basically said that most farmers will pay no inheritance tax. He said:

"The only ones that will be affected—it will be around 500—will be the very wealthiest or biggest farms. They can plan their tax affairs just like any other business".

The farmers I have spoken to during the last week or so do not believe that to be the case. I am meeting local farmers again later this week, and I know the concerns that they have. However, the most important point, which Ariane Burgess made in her very good speech, is about the lack of clarity on the detail. That is why so much different information is coming out. We need clarity on this issue, and I acknowledge that.

Douglas Ross: The whole problem is that farmers in the member's own constituency do not even believe what Labour's DEFRA secretary is saying. Does he agree that that statement might have carried more weight if Steve Reed had bothered to give it in person to the tens of thousands of farmers who were marching in London, rather than issuing it through the press?

Alex Rowley: I cannot comment on what Steve Reed does and does not do, but we need some form of clarity. As Ariane Burgess said, the greatest threat to food security and the future of farming in Scotland is tax dodgers—the people who run around buying up land and farms simply to avoid paying tax and inheritance tax. We have seen lots of examples of that, and it needs to be addressed.

Oliver Mundell: I am confused about how the member thinks that family farms being forced to sell up will solve that. If they do so and they put more land on the market, who exactly does he think is going to be buying it?

Alex Rowley: That is the point that I made when I said that we need clarity on the detail. When I talk to local farmers—and, as I said, I am meeting other farmers again this week—they are absolutely clear that this is keeping them up at night and that it is a worry for them. We need clarity and facts so that we are absolutely clear about what it means and what it does not.

After a visit to a farm with Jim Fairlie, I raised with the Scottish Government the fact that the farmers there mentioned the amount of good-quality farmland that is being bought by the investors and large institutions that Richard Leonard talked about. They are buying up land to make profits by offsetting carbon. I raised in Parliament—either with the current minister or with the previous one—how much good-quality farming land in Scotland has been bought up for such ventures and how much land we are losing to that. The response that I got was that the Government did not keep those records and did not know that. There is a wider issue about land value, how land is managed and how we can protect farming land up and down Scotland.

I hope that investment in housing and infrastructure will be in the budget for Scotland. However, as Richard Leonard pointed out, the rise

in the minimum wage and the significant rise in wages for younger people will have a positive impact on our rural economy, because people on the lowest wages will be the ones who spend the money in our rural economy. The debate that we have had today relates to a bit of a myth, because we have simply focused on one issue when the fact is that there is a lot in the budget that will be good for the rural economy, and we should recognise that.

16:39

Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): I am delighted to close the debate on behalf of the Scottish Conservatives. I stand here wearing a pair of wellies in solidarity with farmers right across the UK who are marching on London today.

It has not been a great start for Keir Starmer. Chaos is unfolding. Only this morning, Scottish Labour dissented from the party line and called for a U-turn on the winter fuel payment. Now, we are calling for a U-turn on Labour's cruel family farm tax. Sir Keir Starmer has been in post for only 137 days, and we have heard from colleagues across the chamber that thousands of their constituents are marching on Whitehall.

Douglas Ross is absolutely right that these farmers are busy at this time of year. It is cold, and they are feeding livestock. I know these things—my dad and brother cannot get to me on the same day at Christmas, because one of them has to look after the farm. That is a fact of life. They work long hours, and they work very hard.

Many members have highlighted the devastating impact that Labour's cruel budget decision will have on the nation's food security and on the viability of the family farm. Ariane Burgess talked very sensibly about the wellbeing of farmers, and she agrees with me that it is important that we support charities that support farmers, such as Farmstrong Scotland.

I was quite surprised to hear Alex Rowley say that farmers are being kept up at night—while he tries to defend his policy, he acknowledges that farmers are being kept up at night. Why does Scottish Labour not tell Anas Sarwar to say that this policy should be overturned?

Many other people—Christine Grahame, Murdo Fraser, Beatrice Wishart and Jamie Halcro Johnston—talked about farmers being asset rich and cash poor and making very little profit. That is important, because there was no reasonable logic, as Michelle Thomson and Emma Roddick said, when Labour created the policy—no reasonable logic, no consultation, no impact study and no assessment of the number of small family farms that would be affected. The policy also broke a

direct manifesto commitment. One of our colleagues—I cannot remember who—said that it was a rushed and last-minute botched decision by Rachel Reeves. The fact that Labour is so unapologetic and so unwilling to accept the reality of its cruel tax shows just how disconnected from reality it is.

Steve Reed has said that farmers will just have to

“learn to do more with less”.

Anas Sarwar has called the tax “proportionate”. Last week, Rhoda Grant told vulnerable farmers to get their “affairs in order”. I believe, as do other colleagues, that she misspoke and that she should apologise, or want to apologise, to farmers. As was the case last week, there are only three Labour members in the chamber, which just shows that they cannot put their faces in front of us to defend this shambolic policy.

Labour has also chosen to ignore the Bew recommendations and Barnettise farm funding. That has created further uncertainty for farmers and rural communities about their future. They have been left at the mercy of the SNP, which has been in charge in Scotland for 17 years. It cut the rural affairs and agriculture budgets by millions of pounds, it cut the pillar 1 payments and it froze the LFASS payments. Fergus Ewing wants to know, quite rightly, when the £46 million will be returned. Many people have promised that that money will be returned. Douglas Ross highlighted that we want to know when it will be returned. As my colleague Finlay Carson said, the SNP has also refused to publish a draft rural support plan. That would have given farmers certainty and detail on those schemes and confidence to invest in their farms.

As a result of those two parties—Labour and the SNP—there is an evident lack of confidence among, and lack of investment by, those very worried farmers. Their contempt for the rural economy is clear. To them, those budgets are nothing more than a pot to raid when they mismanage Scotland's finances. Where does that leave rural Scotland—competing for scraps from a shrinking pot?

Finlay Carson said that it is ironic that the SNP cannot commit to providing multiyear funding, using the excuse that the money is not available for future years. The NFU Scotland briefing says that agriculture and rural economy portfolio funding

“is now exclusively down to the Scottish Government to deliver from their budget”.

Those are not my words but the words of NFU Scotland, which represents thousands of farmers across Scotland. Next week, on Thursday 28 November, there will be a march on the

Parliament to bring that message to the Scottish Government.

The hypocrisy in the Scottish Government's motion is clear. It shouts that Labour has ditched guaranteed funding, but Mairi Gougeon is not prepared to support our amendment, which would guarantee

"that all agriculture funding is allocated to the sector and not diverted for use in other portfolio areas."

We will reluctantly support the Scottish Government's motion, because we stand with it against Labour's betrayal. However, we will not take our foot off the gas when it comes to getting a fair deal for farmers, because we are the party that is standing up for rural Scotland.

Despite the previous failures that the SNP has burdened our rural communities with, which I have just discussed, it now has a chance to demonstrate how much it values our farmers and our rural communities across Scotland. Come 4 December, we want to hear the cabinet secretary standing up for farmers. Farmers are fed up with the pathetic excuses and the broken promises from both this lot and that lot—Labour and the SNP. They want the money to be returned, they want a commitment to multiyear funding and they want proper investment in Scotland's rural future, with rural funding priorities. Anything short of that will be an insult to the people who work hard to put food on our tables, and it will prove yet again that the SNP has nothing to offer Scotland's rural communities other than hot air and excuses. On Thursday 28 November, we will stand with farmers to support their calls for a fair share of funding.

As we heard from many colleagues, without farmers, there is no food. Food security is at risk, and many farmers are calling on the Labour Government to axe its cruel policy. The Scottish Conservatives believe that it is now time for Labour to back down and support farmers. We look forward to hearing Anas Sarwar U-turn on yet another policy, so that he can prove that he supports farmers and rural communities.

The Deputy Presiding Officer: I call the minister, Jim Fairlie, to close on behalf of the Scottish Government.

16:47

The Minister for Agriculture and Connectivity (Jim Fairlie): I welcome the fact that we have had, at times, a constructive debate. I appreciate the contributions from those with a rural background and I thank them for bringing their personal experiences and local knowledge to the chamber. However, debate on the subject is not limited to the chamber, as we also hear it in our parliamentary committees and cross-party groups and in visits, events and constituency work. It is

clear that we all recognise and appreciate the broad contribution that our rural sectors make to Scotland, and we have a shared interest in ensuring that those contributions can continue and thrive into the future.

It is important that we have these debates, as far too often those in our rural and island communities think that this place is detached from the challenges and issues that they face in everyday life. That is why we have a ministerial working group to oversee the development of a rural delivery plan in order to show how all parts of the Scottish Government are delivering for mainland rural Scotland, and we remain committed to that purpose. The plan will encompass the breadth of activity in rural Scotland, including policies relating to agriculture, land reform and marine, as well as the wider policy areas that are critical to the future prosperity of rural communities, such as transport, housing, social justice, repopulation, digital connectivity and economic development.

The new national islands plan, which will be published separately, will set out the breadth of activities that the Scottish Government intends to take to continue to deliver on our vision for thriving, sustainable and successful island communities. That breadth of activity was further addressed in many of the speeches that we heard today, and I will highlight a number of them.

Fergus Ewing asked a question about the Bew review money and the Barnett settlement and when the £46 million will come back in. We have had the commitment from the First Minister and we know that that money will be coming back. However, I point out to some of the Tory members that the Bew money came back to Scotland as a result of a six-year campaign, which was principally led by SNP members at Westminster and here, to get back money that should have been paid to Scotland in the first place. The Tory Government had kept back £160 million from Scotland for a number of years. There is very little justification for the Tories' claim that we have been robbing farmers when £160 million was kept back from the Scottish Government in the first place.

Jamie Halcro Johnston talked about multi-annual ring-fenced funding—a number of other members have also asked about that. However, we cannot give certainty unless we know what the funding will look like, which is why the decision to take away multi-annual funding was the wrong thing to do.

Jamie Halcro Johnston: Will Jim Fairlie take an intervention?

Jim Fairlie: I will take an intervention after I have done my breakdown of all the things that have been said.

Fergus Ewing should have received a degree of recognition for the work that he did on “Stability and Simplicity”, because that has provided stability over the past number of years and has allowed farmers to know that there would be a support system, which the cabinet secretary has continued with.

Colin Smyth said that we should have a debate on thresholds. That is an interesting point, and we would welcome that. A proper consultation on the issue would have given some certainty as to what the thresholds could have been. Emma Roddick made the same point; indeed, a number of members have asked for a consultation. Emma Roddick made the point that the Treasury and DEFRA have made a different analysis, which would have been brought out in a consultation. Karen Adam made the point that a consultation was needed because no impact assessment had been undertaken. All those things could have been done if there had been proper consultation.

Beatrice Wishart hit the nail on the head. She said that the asset value of land bears very little resemblance to the productivity of the land. That point was also made by Murdo Fraser, and I absolutely accept that. The point is correct.

Richard Leonard talked about John Cameron. I found that contribution thoroughly distasteful. John Cameron has no family to leave an inheritance to, but he has done substantial work in making sure that people get opportunities in Scotland and abroad. Richard Leonard talked about people being entitled to different opinions. He is absolutely entitled to his opinion, but he is not entitled to change facts, and the fact is that John Cameron does not have a family to leave an inheritance to.

Christine Grahame's point was comedy gold, because the Labour branch office in Scotland has shown itself to be a twig. She made the very important point that the Labour Party is looking for this Parliament to be nothing more than a mitigation chamber. We can surely have far more ambition for the Parliament than that.

For an urban constituency MSP, Clare Haughey made a brilliant and eloquent speech about the range of food and drink businesses in her constituency. I should point out that Lanarkshire has some of the best Scottish blackface sheep breeders in the country. Scottish blackface sheep are the pinnacle of the stratified sheep system, which is important to Scotland and is seriously under threat from the policies of the Labour Party. She also talked about the fact that Barnettisation means that funding is now hidden in plain sight, and she is absolutely correct.

Emma Harper laid out some stark figures on what farming brings to the economy of Scotland,

and she spoke about the Labour strategy when it comes to the rural visa scheme—we do not have one, but Scotland absolutely needs it.

Douglas Ross made some very good points and laid out the challenges that farmers face. From more than 30 years of shepherding and farming experience, I know just how difficult it is for farmers to get off the farm at this time of year. The fact that they have done so should highlight to the Labour Party how badly farmers have taken the policy.

Michelle Thomson talked about the Brexit elephant in the room and about John McTernan. I take the point that Alex Rowley made, which is that John McTernan perhaps does not speak for the Labour Party, but he has clearly showed that he does not understand rural Scotland. The debate that we are hearing here today and in Westminster also clearly demonstrates that Labour simply does not understand rural Scotland.

It is often said that rural voices know best. We recognise that that has not been the case for Labour, because it simply has not listened to those voices. However, it is why we continue to support invaluable activities such as the Scottish Government's rural and islands programme, the Scottish Rural and Islands Parliament, the Young Islanders Network and the Scottish rural and islands youth parliament.

Jamie Halcro Johnston: Will Jim Fairlie give way?

Jim Fairlie: Give me one second.

It is why we have made commitments in agriculture to co-develop future support with our rural partners. However, to successfully deliver on all those things and to achieve the outcomes that we all seek, we need co-ordinated engagement between all four nations and much greater collaboration in areas of shared interest.

Jamie Halcro Johnston: As Rachael Hamilton has said, we will support the Government's motion, because we recognise the damage that the Labour budget is doing. Will the minister support the Conservative amendment to the motion? If not, what is it that he disagrees with? Is it that we call on the Scottish Government to work with the UK Government to ensure

“certainty for Scotland's farmers, crofters and rural stakeholders by delivering multi-year ring-fenced funding for agriculture”,

or is it that we call on the Scottish Government to ensure that

“all agriculture funding is allocated to the sector and not diverted for use in other portfolio areas”?

Which of those calls does he disagree with?

Jim Fairlie: There is an awful lot in the amendment that we agree with, but it does not say that it was not the Tory party that put in 50 years of ring-fenced funding—it was the EU that did that. On multiyear funding, the Scottish Government cannot provide that if we do not have multiyear funding of our own.

The UK Government made a promising start in resetting intergovernmental relationships with the relaunch of the interministerial group for environment, food and rural affairs. The previous Tory Government certainly did not have that relationship. The IMG EFRA has now met twice since the new Government was formed—first in September and then again just yesterday. The group

“operates in line with the fundamental principle that collaborative working will be founded on maintaining positive and constructive relations, based on mutual respect for the responsibilities of the governments and their shared role in the governance of the UK.”

At the September meeting, ministers discussed

“the importance of providing sufficient ring-fenced multi-annual funding to support the agriculture, rural and marine sectors across the UK, and to provide them with long-term clarity as soon as possible”.

I could say that we are disappointed with the current situation but, as the cabinet secretary has said, it goes beyond that. Clearly, all the calls in those inter-ministerial meetings have gone out the window. Although it is right that the Scottish Government has freedom to make budget decisions, a population-based Barnett settlement is inappropriate, given the size of Scotland's land, and is a missed opportunity to recognise the potential of that land to contribute significantly to the UK's climate and restoration targets.

The UK Government's actions at its autumn budget run contrary to the discussions at the IMG EFRA and undermine the purpose of the group and the positive early engagement that the four nations had made in good faith.

Finlay Carson: Given the importance of multiyear funding—we have heard about that from members from right across the chamber—and given that the Scottish Government has all the purse strings of the Scottish budget, will the minister commit to multiyear funding for agriculture?

Jim Fairlie: We have clearly set out that we do not have budget allocations beyond next spring. Therefore, that is a pointless ask, because we cannot deliver it.

The points that I made earlier were put to the UK Government yesterday, and it must now urgently and decisively set out how and when meaningful four-nation engagement will take place to inform the UK spending review process.

The UK Government's announcement that it would remove the agricultural property relief from inheritance tax is a perfect example of what happens when decisions are taken arbitrarily without consultation with the farming community, its representatives or the Scottish Government. We are still waiting for the UK Government to undertake and publish impact assessments on the cumulative impact of its budget proposals on farmers and crofters in Scotland, as the Parliament called for last week.

It is crucial that, on fundamental issues such as these, the Parliament stands united and steadfast behind our rural communities. Prior to the UK autumn budget, stakeholders were united in calling for an uplift in agricultural funding, in recognition of the essential role of agriculture in sustaining high-quality food production while delivering towards climate and nature outcomes. We as a Parliament must ensure that rural Scotland is not short changed again. When it comes to the UK Government's spending review, I very much hope that we can work on a cross-party basis to make representations in support of our rural communities.

The Presiding Officer (Alison Johnstone):

That concludes the debate on the impact of the UK Government's budget on Scotland's rural economy.

Business Motion

The Presiding Officer (Alison Johnstone):
The next item of business is consideration of business motion S6M-15539, in the name of Jamie Hepburn, on behalf of the Parliamentary Bureau, on changes to the business programme. Any member who wishes to speak on the motion should press their request-to-speak button now. I call Jamie Hepburn to move the motion.

16:59

The Minister for Parliamentary Business (Jamie Hepburn): This business motion has been lodged to amend this week’s business on the back of two requests for statements from Opposition parties. There was a request by the Labour Party for a—

Martin Whitfield (South Scotland) (Lab): Will the minister take an intervention on that point?

Jamie Hepburn: Absolutely.

Martin Whitfield: I put on the record my thanks to the Scottish Government for allowing and acquiescing to the requests for those ministerial statements at this time.

Jamie Hepburn: I am always happy to do so, although I say to Martin Whitfield that I should probably continue, to let everyone know what the statements are about.

The first is about improving young disabled people’s transitions into adulthood. There was also a request from the Conservative Party—whose members, I see, do not rise to thank me for acquiescing—for a statement on the national care service.

I move,

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

(a) Wednesday 20 November 2024—

after

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

insert

followed by Ministerial Statement: Improving
Transitions for Young Disabled People

delete

5.15 pm Decision Time

and insert

5.30 pm Decision Time

(b) Thursday 21 November 2024—

delete

2.30 pm Parliamentary Bureau Motions
2.30 pm Portfolio Questions:
Net Zero and Energy, and Transport

and insert
2.00 pm Parliamentary Bureau Motions
2.00 pm Portfolio Questions:
Net Zero and Energy, and Transport

followed by Ministerial Statement: National Care
Service

Motion agreed to.

Decision Time

17:00

The Presiding Officer (Alison Johnstone):

There are three questions to be put as a result of today's business. The first question is, that amendment S6M-15508.2, in the name of Jamie Halcro Johnston, which seeks to amend motion S6M-15508, in the name of Mairi Gougeon, on the impact of the United Kingdom Government's budget on Scotland's rural economy, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

There will be a short suspension, to allow members to access the digital voting system.

17:00

Meeting suspended.

17:03

On resuming—

The Presiding Officer: We come to the vote on amendment S6M-15508.2, in the name of Jamie Halcro Johnston, which seeks to amend motion S6M-15508, in the name of Mairi Gougeon. Members should cast their votes now.

The vote is closed.

The Acting Minister for Climate Action (Alasdair Allan): On a point of order, Presiding Officer. My app is showing no sign of working. I would have voted no.

The Presiding Officer: Thank you, Dr Allan. We will ensure that that is recorded.

For

Balfour, Jeremy (Lothian) (Con)
 Briggs, Miles (Lothian) (Con)
 Burnett, Alexander (Aberdeenshire West) (Con)
 Carlaw, Jackson (Eastwood) (Con)
 Carson, Finlay (Galloway and West Dumfries) (Con)
 Cole-Hamilton, Alex (Edinburgh Western) (LD)
 Dowey, Sharon (South Scotland) (Con)
 Eagle, Tim (Highlands and Islands) (Con)
 Findlay, Russell (West Scotland) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallacher, Meghan (Central Scotland) (Con)
 Gosal, Pam (West Scotland) (Con)
 Greene, Jamie (West Scotland) (Con)
 Gulhane, Sandesh (Glasgow) (Con)
 Hamilton, Rachael (Ettrick, Roxburgh and Berwickshire) (Con)
 Hoy, Craig (South Scotland) (Con)
 Halcro Johnston, Jamie (Highlands and Islands) (Con)
 Kerr, Liam (North East Scotland) (Con)
 Kerr, Stephen (Central Scotland) (Con)
 Lumsden, Douglas (North East Scotland) (Con)
 McArthur, Liam (Orkney Islands) (LD)

McCall, Roz (Mid Scotland and Fife) (Con)
 Mountain, Edward (Highlands and Islands) (Con)
 Mundell, Oliver (Dumfriesshire) (Con)
 Rennie, Willie (North East Fife) (LD)
 Ross, Douglas (Highlands and Islands) (Con)
 Simpson, Graham (Central Scotland) (Con)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Stewart, Alexander (Mid Scotland and Fife) (Con)
 Webber, Sue (Lothian) (Con)
 White, Tess (North East Scotland) (Con)
 Whittle, Brian (South Scotland) (Con)
 Wishart, Beatrice (Shetland Islands) (LD)

Against

Adam, George (Paisley) (SNP)
 Adam, Karen (Banffshire and Buchan Coast) (SNP)
 Adamson, Clare (Motherwell and Wishaw) (SNP)
 Allan, Alasdair (Na h-Eileanan an Iar) (SNP)
 Arthur, Tom (Renfrewshire South) (SNP)
 Baillie, Jackie (Dumbarton) (Lab)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Brown, Siobhian (Ayr) (SNP)
 Burgess, Ariane (Highlands and Islands) (Green)
 Chapman, Maggie (North East Scotland) (Green)
 Clark, Katy (West Scotland) (Lab)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Constance, Angela (Almond Valley) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Don-Innes, Natalie (Renfrewshire North and West) (SNP)
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Dunbar, Jackie (Aberdeen Donside) (SNP)
 Duncan-Glancy, Pam (Glasgow) (Lab)
 Ewing, Annabelle (Cowdenbeath) (SNP)
 Ewing, Fergus (Inverness and Nairn) (SNP)
 Fairlie, Jim (Perthshire South and Kinross-shire) (SNP)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)
 Gougeon, Mairi (Angus North and Mearns) (SNP)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Gray, Neil (Airdrie and Shotts) (SNP)
 Greer, Ross (West Scotland) (Green)
 Griffin, Mark (Central Scotland) (Lab)
 Harper, Emma (South Scotland) (SNP)
 Harvie, Patrick (Glasgow) (Green)
 Haughey, Clare (Rutherglen) (SNP)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hyslop, Fiona (Linlithgow) (SNP)
 Johnson, Daniel (Edinburgh Southern) (Lab)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lennon, Monica (Central Scotland) (Lab)
 Leonard, Richard (Central Scotland) (Lab)
 Lochhead, Richard (Moray) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)
 Mackay, Gillian (Central Scotland) (Green)
 Mackay, Rona (Strathkelvin and Bearsden) (SNP)
 Macpherson, Ben (Edinburgh Northern and Leith) (SNP)
 Maguire, Ruth (Cunninghame South) (SNP) [Proxy vote cast by Rona Mackay]
 Martin, Gillian (Aberdeenshire East) (SNP)
 Mason, John (Glasgow Shettleston) (Ind)
 Matheson, Michael (Falkirk West) (SNP)
 McAllan, Màiri (Clydesdale) (SNP) [Proxy vote cast by Jamie Hepburn]
 McKee, Ivan (Glasgow Provan) (SNP)

McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP) [Proxy vote cast by Jamie Hepburn]
 McLennan, Paul (East Lothian) (SNP)
 McMillan, Stuart (Greenock and Inverclyde) (SNP)
 McNair, Marie (Clydebank and Milngavie) (SNP)
 McNeill, Pauline (Glasgow) (Lab)
 Minto, Jenni (Argyll and Bute) (SNP)
 Mochan, Carol (South Scotland) (Lab)
 Nicoll, Audrey (Aberdeen South and North Kincardine) (SNP)
 O'Kane, Paul (West Scotland) (Lab)
 Robertson, Angus (Edinburgh Central) (SNP)
 Roddick, Emma (Highlands and Islands) (SNP)
 Rowley, Alex (Mid Scotland and Fife) (Lab)
 Ruskell, Mark (Mid Scotland and Fife) (Green)
 Sarwar, Anas (Glasgow) (Lab)
 Slater, Lorna (Lothian) (Green)
 Smyth, Colin (South Scotland) (Lab)
 Somerville, Shirley-Anne (Dunfermline) (SNP)
 Stevenson, Collette (East Kilbride) (SNP)
 Stewart, Kaukab (Glasgow Kelvin) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Sweeney, Paul (Glasgow) (Lab)
 Swinney, John (Perthshire North) (SNP)
 Thomson, Michelle (Falkirk East) (SNP)
 Todd, Maree (Caithness, Sutherland and Ross) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Tweed, Evelyn (Stirling) (SNP)
 Villalba, Mercedes (North East Scotland) (Lab) [Proxy vote cast by Richard Leonard]
 Whitfield, Martin (South Scotland) (Lab)
 Whitham, Elena (Carrick, Cumnock and Doon Valley) (SNP)

Abstentions

Regan, Ash (Edinburgh Eastern) (Alba)

The Presiding Officer: The result of the division on amendment S6M-15508.2, in the name of Jamie Halcro Johnston, is: For 33, Against 85, Abstentions 1.

Amendment disagreed to.

The Presiding Officer: The next question is, that amendment S6M-15508.1, in the name of Colin Smyth, which seeks to amend motion S6M-15508, in the name of Mairi Gougeon, on the impact of the UK Government's budget on Scotland's rural economy, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division. Members should cast their votes now.

The vote is closed.

Alasdair Allan: On a point of order, Presiding Officer. Again, my app is not working. I would have voted no.

The Presiding Officer: Thank you, Dr Allan. We will ensure that that is recorded.

For

Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)

Choudhury, Foysol (Lothian) (Lab)
 Clark, Katy (West Scotland) (Lab)
 Duncan-Glancy, Pam (Glasgow) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Johnson, Daniel (Edinburgh Southern) (Lab)
 Lennon, Monica (Central Scotland) (Lab)
 Leonard, Richard (Central Scotland) (Lab)
 McNeill, Pauline (Glasgow) (Lab)
 Mochan, Carol (South Scotland) (Lab)
 O'Kane, Paul (West Scotland) (Lab)
 Rowley, Alex (Mid Scotland and Fife) (Lab)
 Sarwar, Anas (Glasgow) (Lab)
 Smyth, Colin (South Scotland) (Lab)
 Sweeney, Paul (Glasgow) (Lab)
 Villalba, Mercedes (North East Scotland) (Lab) [Proxy vote cast by Richard Leonard]
 Whitfield, Martin (South Scotland) (Lab)

Against

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

Kerr, Stephen (Central Scotland) (Con)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lochhead, Richard (Moray) (SNP)
 Lumsden, Douglas (North East Scotland) (Con)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)
 Mackay, Gillian (Central Scotland) (Green)
 Mackay, Rona (Strathkelvin and Bearsden) (SNP)
 Macpherson, Ben (Edinburgh Northern and Leith) (SNP)
 Maguire, Ruth (Cunninghame South) (SNP) [Proxy vote cast by Rona Mackay]
 Martin, Gillian (Aberdeenshire East) (SNP)
 Mason, John (Glasgow Shettleston) (Ind)
 Matheson, Michael (Falkirk West) (SNP)
 McAllan, Màiri (Clydesdale) (SNP) [Proxy vote cast by Jamie Hepburn]
 McArthur, Liam (Orkney Islands) (LD)
 McCall, Roz (Mid Scotland and Fife) (Con)
 McKee, Ivan (Glasgow Provan) (SNP)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP) [Proxy vote cast by Jamie Hepburn]
 McLennan, Paul (East Lothian) (SNP)
 McMillan, Stuart (Greenock and Inverclyde) (SNP)
 McNair, Marie (Clydebank and Milngavie) (SNP)
 Minto, Jenni (Argyll and Bute) (SNP)
 Mountain, Edward (Highlands and Islands) (Con)
 Mundell, Oliver (Dumfriesshire) (Con)
 Nicoll, Audrey (Aberdeen South and North Kincardine) (SNP)
 Regan, Ash (Edinburgh Eastern) (Alba)
 Rennie, Willie (North East Fife) (LD)
 Robertson, Angus (Edinburgh Central) (SNP)
 Roddick, Emma (Highlands and Islands) (SNP)
 Ross, Douglas (Highlands and Islands) (Con)
 Ruskell, Mark (Mid Scotland and Fife) (Green)
 Simpson, Graham (Central Scotland) (Con)
 Slater, Lorna (Lothian) (Green)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Somerville, Shirley-Anne (Dunfermline) (SNP)
 Stevenson, Collette (East Kilbride) (SNP)
 Stewart, Alexander (Mid Scotland and Fife) (Con)
 Stewart, Kaukab (Glasgow Kelvin) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Thomson, Michelle (Falkirk East) (SNP)
 Todd, Maree (Caithness, Sutherland and Ross) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Tweed, Evelyn (Stirling) (SNP)
 Webber, Sue (Lothian) (Con)
 White, Tess (North East Scotland) (Con)
 Whitham, Elena (Carrick, Cumnock and Doon Valley) (SNP)
 Whittle, Brian (South Scotland) (Con)
 Wishart, Beatrice (Shetland Islands) (LD)

The Presiding Officer: The result of the division on amendment S6M-15508.1, in the name of Colin Smyth, is: For 20, Against 101, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The final question is, that motion S6M-15508, in the name of Mairi Gougeon, on the impact of the UK Government's budget on Scotland's rural economy, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division. Members should cast their votes now.

The vote is closed.

Alasdair Allan: On a point of order, Presiding Officer. I would have voted yes.

The Presiding Officer: Thank you, Dr Allan. That will be recorded.

Willie Rennie (North East Fife) (LD): On a point of order, Presiding Officer. I would have voted yes.

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

For

Adam, George (Paisley) (SNP)
 Adam, Karen (Banffshire and Buchan Coast) (SNP)
 Adamson, Clare (Motherwell and Wishaw) (SNP)
 Allan, Alasdair (Na h-Eileanan an Iar) (SNP)
 Arthur, Tom (Renfrewshire South) (SNP)
 Balfour, Jeremy (Lothian) (Con)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Briggs, Miles (Lothian) (Con)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Brown, Siobhian (Ayr) (SNP)
 Burnett, Alexander (Aberdeenshire West) (Con)
 Carlaw, Jackson (Eastwood) (Con)
 Carson, Finlay (Galloway and West Dumfries) (Con)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Cole-Hamilton, Alex (Edinburgh Western) (LD)
 Constance, Angela (Almond Valley) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Don-Innes, Natalie (Renfrewshire North and West) (SNP)
 Doris, Bob (Glasgow Maryhill and Springburn) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Dowey, Sharon (South Scotland) (Con)
 Dunbar, Jackie (Aberdeen Donside) (SNP)
 Eagle, Tim (Highlands and Islands) (Con)
 Ewing, Annabelle (Cowdenbeath) (SNP)
 Ewing, Fergus (Inverness and Nairn) (SNP)
 Fairlie, Jim (Perthshire South and Kinross-shire) (SNP)
 Findlay, Russell (West Scotland) (Con)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Forbes, Kate (Skye, Lochaber and Badenoch) (SNP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallacher, Meghan (Central Scotland) (Con)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gilruth, Jenny (Mid Fife and Glenrothes) (SNP)
 Gosal, Pam (West Scotland) (Con)
 Gougeon, Mairi (Angus North and Mearns) (SNP)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Gray, Neil (Airdrie and Shotts) (SNP)
 Greene, Jamie (West Scotland) (Con)
 Gulhane, Sandesh (Glasgow) (Con)
 Hamilton, Rachael (Ettrick, Roxburgh and Berwickshire) (Con)
 Harper, Emma (South Scotland) (SNP)
 Haughey, Clare (Rutherglen) (SNP)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hoy, Craig (South Scotland) (Con)
 Hyslop, Fiona (Linlithgow) (SNP)
 Halcro Johnston, Jamie (Highlands and Islands) (Con)
 Kerr, Liam (North East Scotland) (Con)
 Kerr, Stephen (Central Scotland) (Con)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lochhead, Richard (Moray) (SNP)
 Lumsden, Douglas (North East Scotland) (Con)

MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 MacGregor, Fulton (Coatbridge and Chryston) (SNP)
 Mackay, Rona (Strathkelvin and Bearsden) (SNP)
 Macpherson, Ben (Edinburgh Northern and Leith) (SNP)
 Maguire, Ruth (Cunninghame South) (SNP) [Proxy vote cast by Rona Mackay]
 Martin, Gillian (Aberdeenshire East) (SNP)
 Mason, John (Glasgow Shettleston) (Ind)
 Matheson, Michael (Falkirk West) (SNP)
 McAllan, Màiri (Clydesdale) (SNP) [Proxy vote cast by Jamie Hepburn]
 McArthur, Liam (Orkney Islands) (LD)
 McCall, Roz (Mid Scotland and Fife) (Con)
 McKee, Ivan (Glasgow Provan) (SNP)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP) [Proxy vote cast by Jamie Hepburn]
 McLennan, Paul (East Lothian) (SNP)
 McMillan, Stuart (Greenock and Inverclyde) (SNP)
 McNair, Marie (Clydebank and Milngavie) (SNP)
 Minto, Jenni (Argyll and Bute) (SNP)
 Mountain, Edward (Highlands and Islands) (Con)
 Mundell, Oliver (Dumfriesshire) (Con)
 Nicoll, Audrey (Aberdeen South and North Kincardine) (SNP)
 Regan, Ash (Edinburgh Eastern) (Alba)
 Rennie, Willie (North East Fife) (LD)
 Robertson, Angus (Edinburgh Central) (SNP)
 Roddick, Emma (Highlands and Islands) (SNP)
 Ross, Douglas (Highlands and Islands) (Con)
 Simpson, Graham (Central Scotland) (Con)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Somerville, Shirley-Anne (Dunfermline) (SNP)
 Stevenson, Collette (East Kilbride) (SNP)
 Stewart, Alexander (Mid Scotland and Fife) (Con)
 Stewart, Kaukab (Glasgow Kelvin) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Thomson, Michelle (Falkirk East) (SNP)
 Todd, Maree (Caithness, Sutherland and Ross) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Tweed, Evelyn (Stirling) (SNP)
 Webber, Sue (Lothian) (Con)
 White, Tess (North East Scotland) (Con)
 Whitham, Elena (Carrick, Cumnock and Doon Valley) (SNP)
 Whittle, Brian (South Scotland) (Con)
 Wishart, Beatrice (Shetland Islands) (LD)

Against

Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 Burgess, Ariane (Highlands and Islands) (Green)
 Chapman, Maggie (North East Scotland) (Green)
 Choudhury, Foysol (Lothian) (Lab)
 Clark, Katy (West Scotland) (Lab)
 Duncan-Glancy, Pam (Glasgow) (Lab)
 Greer, Ross (West Scotland) (Green)
 Griffin, Mark (Central Scotland) (Lab)
 Harvie, Patrick (Glasgow) (Green)
 Johnson, Daniel (Edinburgh Southern) (Lab)
 Lennon, Monica (Central Scotland) (Lab)
 Leonard, Richard (Central Scotland) (Lab)
 Mackay, Gillian (Central Scotland) (Green)
 McNeill, Pauline (Glasgow) (Lab)
 Mochan, Carol (South Scotland) (Lab)
 O'Kane, Paul (West Scotland) (Lab)
 Rowley, Alex (Mid Scotland and Fife) (Lab)
 Ruskell, Mark (Mid Scotland and Fife) (Green)
 Sarwar, Anas (Glasgow) (Lab)

Slater, Lorna (Lothian) (Green)
 Smyth, Colin (South Scotland) (Lab)
 Sweeney, Paul (Glasgow) (Lab)
 Villalba, Mercedes (North East Scotland) (Lab) [Proxy vote cast by Richard Leonard]
 Whitfield, Martin (South Scotland) (Lab)

The Presiding Officer: The result of the division on motion S6M-15508, in the name of Mairi Gougeon, on the impact of the UK Government's budget on Scotland's rural economy is: For 94, Against 27, Abstentions 0.

Motion agreed to,

That the Parliament is disappointed that the Chancellor of the Exchequer chose not to work with the Scottish Government before her Budget on 30 October 2024, nor to consult with farmers, crofters and other rural stakeholders about the Budget's effects on Scotland's rural economy, including breaking the vital link between funding for Scotland's farmers and its land mass, and the changes to agricultural property relief, which will affect succession planning in farms throughout Scotland; is concerned at the apparent failure of the UK Government to fully assess the impacts of those budget changes on Scotland's rural economy or to publish any such assessments, and calls on the UK Government to urgently do so.

The Presiding Officer: That concludes decision time.

Scottish Empty Homes Partnership

The Deputy Presiding Officer (Liam McArthur): The final item of business is a members' business debate on motion S6M-13967, in the name of Gordon MacDonald, on celebrating the Scottish Empty Homes Partnership. The debate will be concluded without any question being put. I invite members who wish to participate in the debate to press their request-to-speak buttons, and I call Gordon MacDonald to open the debate—you have around seven minutes, Mr MacDonald.

Motion debated,

That the Parliament celebrates the work of the Scottish Empty Homes Partnership (SEHP) and its reported success in bringing almost 11,000 long-term empty properties back into use since its establishment in 2010; understands that 1,875 long-term empty homes were brought back into use in 2023-24 alone, a record annual figure for the partnership; recognises the role of the SEHP in facilitating collaborative work between Shelter Scotland, local authorities and the Scottish Government, which it understands has invested over £3.7 million in the partnership to date; notes the view that joint efforts to bring long-term empty properties back into use must continue, with over 46,000 properties reportedly still identified as empty or void across Scotland, including 7,200 in the City of Edinburgh Council area; further notes the belief that initiatives such as a reduction in VAT by the UK Government for repairs and improvements could facilitate the investment required to support households into a further 46,000 short-term unoccupied and vacant homes, whether council home voids, housing association stock awaiting repairs, or private properties lying empty; believes that SEHP's recent milestone is a vital step towards achieving the Scottish Government's ambition to tackle the housing emergency and provide a further 110,000 affordable homes by 2032; understands that over 131,000 social and affordable homes have been provided by Scottish National Party administrations since 2007 and that this is the highest figure per head of population in the UK; further understands that more than 21,000 homes have already been delivered against the 2032 target; highlights that over £600 million is reportedly being committed to the Affordable Housing Supply Programme in 2024-25, despite what it sees as unprecedented pressure on Scotland's public finances as a result of rising costs and the budgetary decisions of the UK Government, and notes the calls on the UK Government to use its upcoming Budget to reverse what it sees as harmful cuts to Scotland's capital funding allocation, to enable the Scottish Government to invest further in the provision of warm, affordable housing for all.

17:12

Gordon MacDonald (Edinburgh Pentlands) (SNP): Thank you, Presiding Officer. I also thank those members who supported the motion so that the debate could take place.

The Scottish Empty Homes Partnership, which was created in 2010 and is funded by the Scottish Government and hosted by Shelter Scotland, exists to encourage Scotland's approximately

46,000 privately owned long-term empty homes back into use as affordable homes. Since 2010, the partnership has facilitated collaborative work between Shelter Scotland, local authorities and the Scottish Government to tackle the blight of long-term empty homes in our towns and cities and in rural Scotland.

The Indigo House audit report for the Scottish Government, "Bringing empty homes back into use: an audit of privately owned empty homes in Scotland", found that refurbished empty homes can be brought back into use at a

"lower cost than new build and can provide positive economic and social impacts. In rural areas empty homes strategies can help revive and sustain fragile communities, particularly where second homes contribute to housing pressure, and in urban areas, city and town centre regeneration can help reverse area decline."

To date, the partnership has seen 10,889 homes brought back into use, mainly as affordable housing, and 2023-24 saw the highest annual number of properties brought back into use, at 1,875.

The empty homes audit report found that the most effective way of bringing properties back into use is through the employment of an empty homes officer to "prioritise empty homes action". It also found that an authority's empty homes officer is a

"critical resource in supporting owners with information and advice"

and influencing them to bring homes back into use.

However, of the 32 local authorities in Scotland, only 28 have at least one empty homes officer or the equivalent. The remaining four councils have no one in that position, although they have more than 2,200 long-term empty homes.

Those authorities should reconsider, particularly in the light of the auditor's value-for-money assessment, which found that, during the period under review, empty homes were brought back into use for the equivalent of £2,260 per home. The Scottish Government provided 38 per cent of the funding to councils, while other parties provided the balance.

Across Scotland, housing emergencies have been declared in a number of council areas, including Argyll and Bute, Edinburgh, Glasgow, Fife, West Dunbartonshire, West Lothian, Scottish Borders, South Lanarkshire, Angus, Dumfries and Galloway and Aberdeen. The Scottish Empty Homes Partnership's annual report for 2023-24 highlighted that those councils had more than 12,000 homes lying empty for more than a year.

Why are so many private homes lying empty? Many owners lack the resources to afford the cost of repairs, especially if they have inherited a

property. They might consider that, because of local housing market conditions, making that investment might not be financially prudent, or they might have problems finding the tradesmen and services required to complete renovations.

Owners might have personal reasons for not wanting to sell, through emotional attachment to a family home, long-term hospitalisation, imprisonment or mental health issues. There might be difficulty in locating or engaging with owners of derelict or empty properties, especially when the owner is not resident in Scotland.

The audit report found that local empty homes officers, or EHOs, are a

“critical resource in bringing empty homes back into use,”

and that

“there is a direct correlation between the amount of EHO resource and the amount of empty homes brought back into use.”

It continued:

“A successful EHO acts as a trusted adviser, co-ordinator and sign posts owners to other interventions. Their success in getting empty homes back into use is mainly due to the provision of information, advice and influencing empty home owners.”

The report also said:

“it is clear that most EHO resources are stretched, and if more of this resource was available and targeted at the areas with the highest incidence of empty homes, then more could be achieved.”

As a representative of the capital, I should highlight the fact that there are 7,200 privately owned empty properties in Edinburgh; there are a further 1,700 second homes; and there are around 8,400 properties being used for short-term lets to tourists. At the same time, we have 5,000 families living in temporary accommodation.

The Scottish Government has provided 131,000 social and affordable homes since 2007—the highest number per head of population in the United Kingdom—with a further 110,000 affordable homes to be built by 2032. However, the quickest and most cost-effective way of putting a permanent roof over those families’ heads is by bringing more properties back into use, which is affordable.

One way to assist that would be for the Labour Government to reduce VAT on the costs of property repairs and maintenance. Currently, there is 20 per cent VAT on repairs and maintenance work on a property, although if renovation or alteration work is being done on empty premises, that is reduced to 5 per cent, but only if the property has not been lived in for at least two years immediately preceding the start of the work. Why should property lie empty and further deteriorate before work can begin, possibly at a

higher cost because it needs more work, given that it has lain empty for two years? A reduction to 5 per cent VAT for such work on all empty homes by the Labour Government would help financially and bring those homes back into use sooner. That step would be particularly helpful now, as inflation in construction materials has risen by approximately 15 per cent to 20 per cent since 2020 and is forecast to increase by a further 15 per cent in the next five years.

The Scottish Empty Homes Partnership has successfully brought almost 11,000 homes back into use, with a further 1,000 expected this year.

I welcome the fact that a number of councils are expanding their empty homes service, with the appointment of additional officers funded by the council tax surcharge on long-term empty and second homes. I encourage those few councils that do not have an empty homes officer in place to appoint one as a matter of urgency.

I would encourage owners of empty homes—regardless of the reason for those homes being empty—to arrange to meet their local officer and discuss how they can provide a family home in their area. The list of contact email addresses and telephone numbers can be found on the Scottish Empty Homes Partnership website.

17:20

Meghan Gallacher (Central Scotland) (Con): I begin by congratulating Gordon MacDonald on securing this debate on the Scottish Empty Homes Partnership.

There are tens of thousands of abandoned homes across Scotland, and bringing empty homes back into use is essential to tackling our housing emergency. That is why, like all members, I applaud the success of the Scottish Empty Homes Partnership in bringing almost 11,000 long-term empty properties back into use since its establishment in 2010. That is potentially 11,000 families or single persons rehomed, thanks to the hard work and efforts of Shelter Scotland, local authorities and—credit where it is due—the Scottish Government.

Bringing empty homes back into use is not only good for people living in the area; it is good for local economies. In rural communities, it helps to address issues such as depopulation. However, we will not tackle the housing emergency without investment. As I will go on to explain, there are other policies that we need to consider to ensure that we are tackling the housing emergency.

It would be right to point out that the empty homes scheme is not so straightforward, as Gordon MacDonald mentioned in his opening speech. There are local authorities that do not

have an EHO in their own services for the public—an officer who would help to bring more empty homes out of the state that they are in and into use. Moray Council, for example, had to take a difficult decision to cut its empty homes service, due to budget pressures. That re-emphasises the need to support local government and ensure that the Government funds local government properly. Otherwise, these vital services will need to be scaled back and we will therefore not tackle the housing emergency.

It will be interesting to note how council budgets this year balance the need to grow the housing supply with juggling the millions of pounds-worth of cuts that could be administered by the Government. That is especially relevant as the Government has introduced its Housing (Scotland) Bill, which will add a £5.5 million burden on to overstretched councils.

The motion perhaps looks at the housing situation in Scotland through rose-tinted glasses. When we scrape beneath the surface and take out all the spin, we find that the Scottish Government's target of achieving 110,000 affordable homes by 2032 is, at this stage, unachievable at best. At present, only about 22,800 homes have been completed. If we do the maths, we find that, even if the Government manages to speed up house building without driving away investment due to its intention to bring in rent controls, it will not reach its own target until 2035. If we combine that with the recent cuts to the housing budget, it is easy for us to understand why the Scottish Government is struggling to fulfil its own targets.

I am not the only one to have highlighted the issue of unachievable targets in the house-building strategy that is in place. Shelter has commented on the matter, as have other sector bodies.

I again raise the issue of the Housing (Scotland) Bill. Although the bill has "Housing" in its title, it does not build one single home. Instead, the rent controls aspect will drive away investment—roughly £3.2 billion of developer investment so far.

Having declared a housing emergency, the Scottish Government must now back its words with significant actions. Although we of course welcome the success of the Scottish Empty Homes Partnership in managing to bring so many properties back into use, we need to deliver more affordable homes, and we need to tackle the housing and homelessness emergency in Scotland.

17:24

Ben Macpherson (Edinburgh Northern and Leith) (SNP): I, too, pay tribute to my colleague Gordon MacDonald for bringing this important issue to the chamber. It is an important thematic

area of housing policy, and for Edinburgh MSPs such as me and Gordon MacDonald, it is the most significant area in which we receive casework.

Importantly, I pay tribute, too, to the Scottish Empty Homes Partnership and everyone who is involved in it. As colleagues have set out, it is an initiative that has made a difference for the many hundreds of people who are now in those empty homes. They now have a warm and secure roof over their heads—something that is fundamental in enabling anyone to succeed in fulfilling their potential. We want all the citizens whom we represent to have that.

The work of the Scottish Empty Homes Partnership is on-going—the process still has some time to run. That is why it is important that, while we mark the partnership's success today, we look forward to seeing what more the collaboration can achieve.

I also pay tribute to Shelter for its role in that regard. The organisation, which was founded by a Scottish person, Sheila McKechnie, has gone on to make a huge difference not only in Scotland, but across the United Kingdom. The organisation is a valued partner in our parliamentary work, and it assists many hundreds of people in Scotland with a variety of housing issues.

As the motion states, the Scottish Empty Homes Partnership has enabled many more properties, including here in the capital city, to be brought back into use. However, the fact that there are—or there were, when the motion was lodged—still 7,200 empty properties in the city of Edinburgh illustrates the work that still needs to be done.

I pay tribute to the Minister for Housing and to the Scottish Government for the attention that has been brought to Edinburgh's housing emergency in the past year, and for their collaboration with the City of Edinburgh Council on converting void council houses into usable social housing again.

There has been much progress, as illustrated by recent figures released by the City of Edinburgh Council. The minister referred to those in his most recent statement to Parliament, and I am sure that he will touch on them again in summing up. It would be good to get an update on where that work is now, and to get a continued commitment from the Government to prioritise Edinburgh, where the housing crisis in urban Scotland is most acute, so that we can get many more of those council properties, and housing association and registered social landlord properties, back into use and have people occupy them.

I know from sitting face-to-face with constituents that there is nothing more frustrating for people who are in a homelessness situation than knowing that there are empty properties in the area but that

they cannot move into them because they have not yet been brought back into use.

The issue applies not only to the public sector housing estate across the country, but to private housing. Good points have been made around VAT. There was an interesting debate not so long ago in which the Scottish Labour Party, and Mark Griffin in particular, committed to pushing UK colleagues to take action on VAT on repairs. We all need to see progress on that, for a variety of reasons.

The Scottish Government has used its taxation powers to try to incentivise bringing empty homes back into use. Perhaps more needs to be looked at in that regard, but the actions that have been taken are undoubtedly making a difference. It would be helpful for the minister to provide an update, if he is able to do so, on compulsory sale orders. I know that the responsibility for that sits primarily with the Cabinet Secretary for Rural Affairs, Land Reform and Islands, but that power could make a difference, and I know that several members in the chamber would like to see compulsory sale orders introduced.

I thank Parliament for the time to discuss this important issue, and I pay tribute to my colleague and to everyone who is involved in the Scottish Empty Homes Partnership.

17:29

Foysoi Choudhury (Lothian) (Lab): I congratulate Gordon MacDonald on bringing the debate to the chamber.

The housing emergency is undoubtedly one of the greatest challenges that we face. As the motion states, the empty homes issue in Edinburgh is particularly critical. A total of 7,200 homes, with a worth estimated by Admiral of £1.8 billion, are sitting empty; that is enough space in which to house every single person living in temporary accommodation in Edinburgh. Bringing those homes back into use is key if we want to tackle the housing emergency.

That is why I join other members in welcoming the work of the Scottish Empty Homes Partnership. After all, bringing 1,800 homes back into use is worthy of praise. In the partnership's most recent annual impact report—for 2024—there are numerous examples of empty homes leading to antisocial behaviour, increased fire risk and water ingress damaging neighbouring properties. By bringing homes back into use, we can mitigate those risks and make communities more welcoming.

I note, too, the low climate impact of bringing homes back into use. I recently sponsored an

event with Historic Environment Scotland, which said that

“The Greenest building is the one that already exists”,

and nowhere is that clearer than in the work of the Scottish Empty Homes Partnership.

One example is Barns house in the Borders. It was named best environmental retrofit, having sat empty for 25 years before being brought back into use with full energy efficiency. That project was completed through the work of an empty homes officer. The empty homes audit report, “Bringing empty homes back into use: an audit of privately owned empty homes in Scotland”, found that empty homes officers were

“the most effective means of bringing properties back into use”.

I am pleased to note that, at the time of the report's publication, the City of Edinburgh Council was in the process of hiring a second empty homes officer.

Although the partnership's work is necessary and welcome, the Scottish National Party cannot simply pat itself on the back for a job well done. The number of empty homes has still increased over the past 10 years, and there are record numbers of people in temporary accommodation. Moreover, earlier this year, the affordable housing supply budget was cut by almost £200 million. That is a direct hit on our ability to tackle the housing emergency, and it is not the action of a Government that is fulfilling its ambition of tackling the housing emergency.

Following the UK Government's budget, the Scottish Government has the money to tackle these issues, and it must now deliver. It should begin by reinstating the cut to the affordable housing supply programme and empowering councils to take more action on empty homes.

17:33

Ariane Burgess (Highlands and Islands) (Green): I, too, appreciate the fact that Gordon MacDonald has brought the debate to the chamber. I share with him an interest in this topic, and I know from his committee work that he is passionate about it.

I take this opportunity to highlight the success and impact of the Scottish Empty Homes Partnership. One of my very first meetings as a new MSP was with the partnership, and it certainly left a strong impression on me.

The role of empty homes officers in councils is essential, given their dedication and hard work in identifying empty homes, managing them and bringing them back into use. Argyll and Bute Council in my region was the first council to

declare a housing emergency, and it quickly arranged a summit that brought together a lot of stakeholders and led to Shelter Scotland funding a second empty homes officer for the council.

The efforts of empty homes officers in co-ordinating work with home owners, local authorities and stakeholders are essential. One thing that they do really well is setting up opportunities to retrofit and renovate housing. As we heard from Foyso Choudhury,

“The Greenest building is the one that already exists”.

I am very clear that we could renovate three empty homes for the price of achieving one new-build home. At a time when finances are tight, that is an important direction of travel. I recognise that it will not necessarily solve all our housing issues, but it is important.

The stock of empty homes in Scotland is currently valued at £3.4 billion. I will not go into detail on that, because Gordon MacDonald already mentioned the Indigo House report and the information that it contains, but I will just note that that document is tremendously useful.

I also ask the Scottish Government to consider the merits of enforced sales, which Ben Macpherson mentioned, along with rental orders to address long-term empty properties. I, too, would appreciate an update on how we are progressing with that.

The fact is that not all local authorities have the same needs. A nuanced approach is needed; as has been highlighted, not all authorities have empty homes officers. Last week, in response to a ministerial statement on the planning hub, I asked whether we could include some kind of central specialist resource that would include empty homes officers, the provision of legal advice and other matters that could assist local authorities in using new powers such as enforced sale.

We need to support local authorities with resources and tools. As I have said, the environmental benefits of retrofitting existing homes cannot be overestimated; it will reduce carbon emissions and improve our energy efficiency. However, we must remember the need for a fabric-first approach to retrofitting.

In the few seconds that I have left, I will touch briefly on the benefits for communities and housing. Bringing empty homes back into use will help tackle homelessness and provide affordable housing options much more quickly for communities that need them. I am aware of some successful examples; I am thinking of what is happening in Campbeltown—again through Argyll and Bute Council—and in Perth and Kinross. I have visited both places, and I would highlight, in

addition, Midsteeple Quarter, which is a community-led project in Dumfries.

The big challenge in rural and island communities is the lack of available tradespeople, which is why I am pushing for mobile training provision in traditional building skills such as lead roofing and stone masonry. Such an approach will take upskilling right to the heart of our communities.

We must share best practice and support communities and councils so that they can lead the way. We already know what needs to be done. I want to see pathways created, and I would like the Government to support them to make it easier for communities and councils to take the initiative in bringing empty homes back into use.

17:38

The Minister for Housing (Paul McLennan): I thank Gordon MacDonald for bringing the debate to the chamber. I also thank the Scottish Empty Homes Partnership and Shelter Scotland.

Gordon MacDonald mentioned the Scottish Empty Homes Partnership and the network of empty homes officers, which are quite rightly proud of their achievements. A total of 1,875 homes were returned to active use last year—that is the highest number on record, in a difficult situation, so my thanks go to them. Two thirds of those homes had been empty for longer than a year. That brings the total number since the partnership was established in 2010 to almost 11,000.

That is impressive, because we hear figures for unoccupied housing quoted in the press and by members as if those homes are ready to be used. We know that there are complex reasons why some such houses are currently left empty. It is important to appreciate the reasons why they are empty, and why they stay empty in the longer term. As I said, the reasons are complex, and time and perseverance are needed to unlock them.

A few members have highlighted the importance of local knowledge. That is important, as each local authority is different. It is important to recognise that the numbers of empty homes vary across Scotland.

Our investment of £3.7 million is delivering real results. That was recognised, as was mentioned, in last year's independent audit by Indigo House on the effectiveness of our interventions, which endorsed Scotland's approach and recognised the partnership's crucial role. I thank everybody who picked up on that.

We have heard different ideas and approaches in the debate. I will touch on a few of the points that have been raised.

Gordon MacDonald rightly talked about the work that has gone on. VAT on repairs is an incredibly important issue. I ask Foysol Choudhury, who is the Labour member present in the chamber, to take that back to his Government to see whether it can examine that barrier to bringing empty homes back into use.

Meghan Gallacher acknowledged the work of the Government and the Empty Homes Partnership on dealing with empty homes, which is one of the areas of work that we need to expand in tackling the housing emergency. We have a good record on building houses. We build 40 per cent more per head of population than England and about 70 per cent more than Wales.

Ms Gallacher was right to talk about the importance of the broader measures. The acquisitions that we have talked about relate to bringing voids back into use. That has been identified as incredibly important in Edinburgh.

Meghan Gallacher: We want to ensure that the empty homes service in councils can thrive. Is the minister worried that, if local government is not given a good payment settlement, more services could be disrupted, which could disrupt the number of empty homes that we are trying to bring back into use?

Paul McLennan: Meghan Gallacher raises a valid point on the discussions that we have been having. When we look at the homelessness figures, we see that there are four or five local authorities on which the issue is focused.

We have been focusing on voids and empty homes. The question is what we need to do to deliver the solution. Empty homes officers are part of it, but we need to determine what else is required. That point has been raised. The budget process is under way. The First Minister, the Deputy First Minister and the Cabinet Secretary for Finance and Local Government have mentioned the importance of housing and what we need to do to recognise that as we go forward.

Meghan Gallacher talked about the Housing (Scotland) Bill. I will touch on the points that she made. Part of the bill focuses on homelessness prevention. However, it also relates to rent controls, on which I acknowledge that we might not agree.

I see investment as being incredibly important. That is why we set up the housing investment task force, which includes investors, as part of the work on rent controls. There has been some welcome for what we have proposed on rent controls. Rent controls were included in the discussions that we held with the housing investment task force. Ms Gallacher will know that, tonight, there is a Scottish Property Federation reception at which

we will speak to more people about rent controls. I continue to be happy to discuss the issue with her.

The voids issue is incredibly important, and I will touch on the point that Ben Macpherson made about the situation in Edinburgh in a second. I thank Meghan Gallacher for the points that she made. There are a number of key points to make in relation to Ben Macpherson's comments. I have been asked how the compulsory purchase orders and compulsory sale orders are looking. An expert advisory group is working on that, and it is engaging with stakeholders. There are plans to have a consultation in 2025. I am happy to come back to Mr Macpherson and others on the timescale, but it looks like it will happen in 2025.

Ben Macpherson: My understanding is that the consultation relates to compulsory purchase orders. I would appreciate it if the minister could write to me on compulsory sale orders.

Paul McLennan: I am happy to come back to Mr Macpherson on that point and give a more accurate timescale.

Mr Macpherson and a few others said that the City of Edinburgh Council has made some progress. We have been working with it on the voids issue but, at the moment, it has 7,200 empty homes. The question is what more we need to do in working with the council on that issue. Mr Choudhury mentioned that. We need to work more closely with the council. I congratulate it on bringing the voids figure down, but there needs to be more focus on bringing its empty homes figure down, too.

I will mention a number of other things. The audit that I talked about highlights the fact that local authorities would not have made such progress without the partnership's influence and supporting role, for which I thank it again.

We are talking about a raft of measures to bring empty homes back into use. We have talked about providing an additional £40 million to support local authorities to acquire existing properties. We have legislated for a six-month grace period from the empty homes council tax payment, which supports new owners to take on and refurbish long-term empty homes. There is also the continuing work that I mentioned on the compulsory purchase scheme, as well as support for local authorities to consider the ways that they can use existing powers to unlock empty homes. We have also amended guidance to encourage local authorities to use ring-fenced council tax revenue to support empty homes services and innovative projects, and a few local authorities are considering that. Those are some of the things that we have been discussing.

I am also pleased to see the partnership's first test and learn pilot with Homes for Good, and I

commend that fantastic work, which is going from strength to strength. It is also building on its use of lottery funding to bring empty homes back into use and is now partnering with Capital Credit Union to unlock more homes. Other pilot schemes include those by Argyll and Bute health and social care partnership and by South of Scotland Community Housing.

However, we must do more and must leave no stone unturned in bringing properties back into use, which is why we are focusing on the role of privately owned empty homes in addressing the housing emergency. We continue to consider how to increase the levers to tackle that issue and have been reaching out to local authorities to see how we can best support them. I will touch on that in a moment.

I am keen to see innovative ideas coming forward, new partnerships being forged and collaborations being developed. We must all work together to identify the targeted interventions that will make the biggest difference. The partnership's strategic empty homes framework, co-produced by local authorities, provides a solid foundation for doing so by developing strategic and integrated approaches. I want to see all local authorities developing those because a number of local authorities do not have empty homes strategies or empty homes officers. I challenge all local authorities to ask themselves whether they can do more to bring empty homes back into use. We all agree that privately owned empty homes are a wasted resource and can blight our communities.

I was at the Scottish Association of Landlords conference today, where the empty homes issue came up. There is an opportunity to see what the private rented sector can do to work with the Empty Homes Partnership. I am aware of one partnership in Perth and Kinross where that is happening, where they are looking at developing a leasing scheme. There are opportunities for other local authorities to look at that.

We must work together to step up our endeavours to bring empty properties back into use as warm, safe and secure homes. We remain committed to the work of the partnership and to tackling that issue as a priority action in our housing strategy.

I again thank Gordon MacDonald for bringing the debate to the chamber.

The Deputy Presiding Officer: That concludes the debate and I close this meeting of Parliament.

Meeting closed at 17:46.

This is the final edition of the *Official Report* for this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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