

2822

CONFIDENTIAL

10 DOWNING STREET

THIS FILE MUST NOT GO OUTSIDE 10 DOWNING ST

FILE TITLE:

POLICY

SERIES

SCOTLAND

PART

3

PART BEGINS

28 MARCH 2002

PART ENDS

11 DECEMBER 2002

CAB ONE

Labour Administration

~~PART
CROSSO~~

PREM 49/2822

CONFIDENTIAL

PART

CLOSED

DATE CLOSED	
--------------------	--

Series : SCOTLAND

File Title : POLICY

Part : 3

Date	From	To	Subject	Class	Secret
11/04/2002	SS/SO	LP	PMB: Lord Palmer	U	
19/04/2002	LP	SS/SO	PMB: Scottish Parliament (Referendum)	U	
03/05/2002	PD(AMc)	PM	Visit to Glasgow - Donald Dewar Memorial	R	
06/05/2002	Events	PM	Visit to Glasgow, Tuesday 7 May 2002	C	
20/05/2002	ScotAss	PPS	Announcement from UK Ministers which have a bearing on devolved	U	
29/05/2002			The Scottish Economy: The Growth Strategy	U	
18/06/2002	PD(AMc)	PM	Brief - Scotland visit 20/6	C	
19/06/2002	PD(AMc)	PM	Brief - bilateral with Jack McConnell, 20/6	C	
19/06/2002	Events	PM	Visit to Scotland, Thursday 20 June 2002	C	
27/06/2002	SS/SO	LP	The Sewel convention and the Scottish election period	C	
01/07/2002			The impact of devolution on local government in Scotland (Joseph R	U	
02/07/2002	SS/SO	DPM	Hague convention on private international law convention on the prot	C	
25/07/2002	ScotAss	DPM	Hague Convention on Private International Law Convention on the pr	U	
07/08/2002	Cab Off	DPM	Scottish Parliament's powers to confer devolved functions on UK bod	R	
19/09/2002	PD(AMc)		To Sally Morgan: Scotland - PR for Local Government	U	
25/09/2002	SS/SO	PM	Boundary Commission for Scotland : proposed Re-Appointment of C	R	
03/10/2002	PD(AMc)	SS/SO	Boundary Commission for Scotland : proposed Re-Appointment of C	C	
08/11/2002	PD(AMc)	PM	Jack McConnell	C	
08/11/2002	SO	LP	Legislative Protection for Sunday Working in Scotland	U	
13/11/2002	LP	SS/SO	Bill on Sunday working in Scotland	C	
15/11/2002	PD(AMc)	PM	Scotlan and Wales Update	R	
15/11/2002	SS/SO	FCS	The promotion of Scotlan abroad	R	
18/11/2002	SS/SO	DPM	Scottish Parliament Procedures Committee Inquiry - The Sewel Conv	U	
20/11/2002	SS/SO	PM	Size of the Scottish Parliament	U	
21/11/2002	PD(AMc)	PM	Size of the Scottish Parliament	R	
21/11/2002	SS/SO	ss/dti	Sunday Working: Scotland	U	
25/11/2002	PD(AMc)		To Jane Colquhoun - Size of the Scottish Parliament	R	
27/11/2002	SO	DPM	Size of the Scottish Parliament	U	
29/11/2002	SS/DWP	SS/SO	Scottish Parliament Procedures Committee Inquiry - The Sewel Conv	U	
06/12/2002	LP	SS/SO	Sunday working in Scotland	U	
06/12/2002	PD(AMc)	PM	Scotland sectarianism	C	
09/12/2002	PD(AMc)	PM	Scotland - Opinion Polls	R	
09/12/2002	SS/WO	DPM	Size of the Scottish Parliament	C	
10/12/2002	DPM	SS/SO	Sunday Working in Scotland	U	
11/12/2002	SS/DCMS	SS/SO	Sunday working in Scotland	U	
11/12/2002	dpmo	DPM	Size of the Scottish Parliament	U	
11/12/2002	SS/MOD	PUS/SO	Scottish Affairs Committee - Government Response	U	

Department for Culture, Media and Sport
Rt Hon Tessa Jowell MP
Secretary of State

2-4 Cockspur Street
London SW1Y 5DH
www.culture.gov.uk

Tel 020 7211 6257
Fax 020 7211 6249
tessa.jowell@
culture.gsi.gov.uk

C02/19762/06309/pa

The Rt Hon Helen Liddell MP
Secretary of State for Scotland
Scottish Office
Dover House
Whitehall
London
SW1A 2AU



11th December 2002

OS
cc GNY
✓ A Me
CS

Dms Helen

SUNDAY WORKING IN SCOTLAND

Thank you for your letter of 5 December, seeking agreement to a consultation paper on the possible extension of to Scotland of provisions in the Employment Act 1996.

I am happy to agree the text of the consultation paper. I understand my officials have been in touch with yours to suggest some minor textual amendments.

- > I am copying this letter to DA members, Robin Cook and Sir Andrew Turnbull.

Tessa
TJ

TESSA JOWELL



INVESTOR IN PEOPLE



MINISTRY OF DEFENCE
ROOM 205, OLD WAR OFFICE BUILDING
WHITEHALL LONDON SW1A 2EU

Telephone 020 721 82111/2/3
Fax: 020 721 87140
E-mail: sofs-registry1@mod.gsi.gov.uk

SECRETARY OF STATE

*AmCG
19.05
am*

MO 26/3/1C

11 December 2002

Jew Anne,

SCOTTISH AFFAIRS COMMITTEE – GOVERNMENT RESPONSE

Content for the Government's response to the Scottish Affairs Committee's report on Employment Shipbuilding on the Clyde, subject to some additions reflecting recent developments.

Thank you for your letter of 28 November seeking colleagues' agreement to the publication of the Government response to the Scottish Affairs Select Committee's report entitled "Employment in Shipbuilding on the Clyde".

I am content for the response to be published, subject to the inclusion of some additions to the text, which reflect developments since the Ministry of Defence's contribution was forwarded to the Scotland Office. These relate to further work commissioned by the Ministry of Defence to study a range of shipbuilding issues which are relevant to the Committee's inquiry. This work, which is being undertaken by the RAND organisation, will build upon studies they have already undertaken on acquisition options for the Type 45 destroyer and the future aircraft carrier. It is expected to improve our understanding of what will be required of UK shipbuilders to undertake the demanding future shipbuilding programme and is also intended to help identify ways of improving their

Anne McGuire MP
Parliamentary Under-Secretary of State
Scotland Office



Recycled Paper

performance, resulting in benefits both to the industry and to the Ministry of Defence.

... Proposed amendments are attached. As well as updating the response, the second amendment also reinforces the message that the shipbuilding industry cannot depend on Government orders alone and must take steps itself to secure its longer term future.

I am copying this letter to the Prime Minister, members of the Economic Affairs and Productivity Committee and Sir Andrew Turnbull.

Yours sincerely

Geoff

GEOFFREY HOON

ATTACHMENT

MOD AMENDMENTS TO GOVERNMENT RESPONSE

1. Response to recommendation at sub-paragraph (a):

add to the end of the third paragraph:

"...and manufacture of the carriers. The MOD is commissioning RAND to carry out a further study, building upon the work they have already done, to assess the capabilities (design, build and outfitting) and capacity (infrastructure and manpower) that will be needed for the future MOD shipbuilding programme more generally."

2. Response to recommendation at sub-paragraph (e):

Add to the end of the fourth paragraph:

"...attractive designs at competitive prices. With this in mind, the MOD is setting in hand work to examine strategies for keeping the warship building industry competitive and innovative; to investigate the attributes that are necessary for shipyards to be successful in both commercial and military shipbuilding; and to establish actions that might be taken to bring about a more robust industrial base for shipbuilding in the UK. This work is intended to identify steps that UK shipbuilders could take to improve their performance, leading to benefits both for the industry, in terms of securing their longer term future, and to the MOD."



The Rt Hon Nick Raynsford MP
Minister of State for Local
Government and the Regions

Rt Hon John Prescott MP
Deputy Prime Minister
Office of the Deputy Prime Minister
26 Whitehall
London
SW1A 2WH

OFFICE OF THE
DEPUTY PRIME MINISTER

26 Whitehall
London SW1A 2WH

Tel: 020 7944 3013

Fax: 020 7944 4539

E-Mail: nick.raynsford@odpm.gsi.gov.uk

Web site: www.odpm.gov.uk

111 DEC 2002

AMC
C.C.S

SIZE OF THE SCOTTISH PARLIAMENT

I have seen Helen Liddell's letter to you of 27 November seeking CNR agreement for her proposal to maintain the current number of MSPs in the Scottish Parliament. I fully understand the reasoning behind Helen's wish to break the link between Westminster and Holyrood constituencies, and thus retain the current size of the Scottish Parliament. But, without standing in the way of a decision on the substantive point, I should like to draw colleagues' attention to the presentational implications for our policy on directly elected English Regional Assemblies.

As you know the Regional Assemblies (Preparations) Bill has recently been introduced into Parliament. It is clear from proceedings to date that the Government will be placed under pressure to give ground on the size of Assemblies, with a view to increasing them from the small, streamlined bodies envisaged in the White Paper. I would therefore be grateful if Helen could ensure her proposed statement on the size of the Scottish Parliament ring-fences its effect to limit any read across.

Secondly, Helen proposes an independent Advisory Commission to review any issues that might emerge from having different Holyrood and Westminster constituency boundaries. Whilst not being an expert on Scottish electoral matters, I am not convinced that such a body would be necessary. It does not seem to me that the prospective difficulties of differing constituency boundaries between Westminster and Holyrood would be so great that a body of this type would be necessary.

I am copying this letter to the Prime Minister, members of CNR, Gordon Brown and John Reid, and to Sir Andrew Turnbull.

Your son

Nick

NICK RAYNSFORD



DEPUTY PRIME MINISTER

R 11/12

OFFICE OF THE
DEPUTY PRIME MINISTER
26 Whitehall
London
SW1A 2WH

Tel: 020 7944 8623
Fax: 020 7944 8621

OJ
/-----
KGR
Am CG
CS

The Rt Hon Helen Liddell MP
Secretary of State for Scotland
Dover House
Whitehall
London
SW1A 2AU

10 December 2002

SUNDAY WORKING IN SCOTLAND

You sought policy agreement in your letter to me of 18 November to promote a Handout Bill to extend to Scotland the existing legal protection for shop workers and betting workers in England and Wales who do not wish to work on a Sunday. This letter gives you DA clearance to proceed, subject to the comments recorded below.

Patricia Hewitt wrote to Robin Cook on 19 November, she said although she agreed with the principle of your proposals, she was concerned that pursuing the route of a Handout Bill would leave insufficient time to carry out a proper consultation on these measures. She highlighted the importance of following better regulation principles and the need to consider whether alternatives to legislation could be pursued.

You wrote to Patricia, copied to me, on 21 November. You said that you understood Patricia's reservations and agreed to carry out a consultation before any measure is debated in Parliament. You said that through close working with their counterparts at the DTI, your officials would be in a position to publish a consultation before Christmas.

Patricia replied to you on 28 November, she said that this still represented a very tight timetable but she was content to give you policy clearance to pursue the Handout Bill option on the basis that your department continued to lead on work on the Bill. She also noted that it was not possible at this stage to rule out the possibility of withdrawing Government support from the Bill at a later stage.

I am copying this letter to the Prime Minister, members of DA and LP Committee and Sir Andrew Turnbull.

JOHN PRESCOTT



Ysgrifennydd Gwladol Cymru
Secretary of State for Wales

Rt Hon Peter Hain MP

Tel: 020 7270 0549
Ffon: 020 7270 0549

Fax: 020 7270 0568
Ffacs: 020 7270 0568

Wales Office | Swyddfa Cymru

Office of the Secretary of State for Wales
Gwydyr House
Whitehall
London SW1A 2ER

Swyddfa Ysgrifennydd Gwladol Cymru
Tŷ Gwydir
Whitehall
Llundain SW1A 2ER

*AmcG
ceis*

Our ref: POH/253

9 December 2002

Dear John,

SIZE OF THE SCOTTISH PARLIAMENT

Helen Liddell sent me a copy of her letter to you of 27 November. I have now also seen a copy of her letter of 23 October to Robin Cook bidding for the Bill to give effect to her proposals.

I am content with her proposal to retain the same number of MSPs as at present by removing the provision in the Scotland Act 1998 which links Westminster and Holyrood constituencies. Clearly, therefore, I have no objection to the introduction of a Bill which achieves only this effect, and Helen's bid stresses that it will be sufficiently tightly drawn not to permit other amendments to the Scottish settlement, let alone the Welsh one.

However, the timing of the Bill will give me a presentational difficulty. As you know, the Welsh Assembly Government has set up the Richard Commission to look at the powers and electoral arrangements of the National Assembly for Wales. It is due to report in autumn 2003 and we will want to look very carefully at its recommendations before responding to them. It is very possible that Richard will propose changes to the Welsh settlement which would require substantial amendment of the Government of Wales Act 1998, including changing the number of Assembly Members. Clearly we can take no decision on our response until we see the report; we may or may not agree to introduce legislation to give effect to some or all of the recommendations.



However, with Helen's Bill as an example, we will have difficulty in arguing convincingly that it is too soon to revisit the settlement or that we are short of Parliamentary time, whether it is to defend a refusal to legislate or to justify a delay in doing so. I recognise very clearly that her Bill must have Parliamentary time because of the change in the Westminster constituencies. I also recognise that it retains the current position for the Scottish Parliament rather than making changes to it. Nevertheless, it will change the Scottish settlement in a short Bill which will take very little Parliamentary time.

This means, that although any recommendations by the Richard Commission requiring primary legislation would be both more controversial and also more complex, we would be accused of being prepared to re-visit the Scottish settlement but not the Welsh one. Helen and I need to work on robust defensive lines on this issue.

I am copying this letter to the Prime Minister, Robin Cook, Helen Liddell, CNR and LP colleagues, and to Sir Andrew Turnbull and First Parliamentary Counsel

The Rt Hon John Prescott MP
Deputy Prime Minister and First Secretary of State
Office of the Deputy Prime Minister
26 Whitehall
London SW1A 2WH

PRIME MINISTERS
DIRECT COMMUNICATIONS UNIT

16 DEC 2002

RECEIVED

RESTRICTED

25

PRIME MINISTER**From: Alasdair McGowan**
Date: 9 December 2002**Cc: Jonathan Powell**
Sally Morgan
Alastair Campbell
Pat McFadden
John Reid**SCOTLAND - OPINION POLLS**

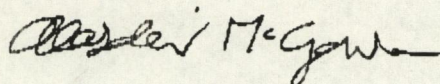
For information - the latest System Three poll shows that our lead on the first vote for the Scottish Parliament elections is now down to 3 points - our lowest lead since March 2001 (around the time of foot and mouth).

Constituency vote: Lab 35 SNP 32 LD 16 Con 11 SSP 4 Oth 3
Regional vote: Lab 30 SNP 28 LD 18 Con 10 SSP 6 Oth 8

National events such as firefighters strike will be having major impact. I suspect there may also be some lag from the events of last month involving Jack's CLP.

Although System Three isn't the most accurate indicator and all the movement in the poll is within the margin of error, recent trends do give some cause for concern.

Over the last three months, leads have gone from +10 to +7 to +3. Our groups in Scotland reflect an increasing mood of cynicism, but at the moment they don't show any significant falling off in our vote. However, we will need to monitor whether the S3 pattern continues onto next month.

**ALASDAIR MCGOWAN****RESTRICTED**

From: Alasdair McGowan
Date: 6 December 2002

PRIME MINISTER

Cc: Jonathan Powell
Jeremy Heywood
Andrew Adonis
Pat McFadden
Justin Russell
Francis Campbell
Matthew Rycroft
Natalie Acton
Emily Miles



SCOTLAND - SECTARIANISM

For information: the Scottish Executive this week published a report by a cross-party working group which recommends a series of measures for tackling sectarianism in Scotland. The Executive is now consulting on the proposals in the document and is also committed to making religious hatred an aggravated offence.

The report's key recommendations include:

- New guidelines to ensure that any element of religious motivation or hatred is fully recorded in police reports and is brought before courts.
- Action by football clubs against supporters, such as banning them from grounds or reducing seat allocations to supporters' clubs.
- Information-sharing by the clubs, police and courts on fans who are charged with or convicted of offences at or near football grounds.
- Licensing of all street traders with conditions which prevent them from selling any offensive sectarian material around football matches.
- The Lord Advocate should issue up-to-date detailed guidelines to the police on their handling of alleged offences to ensure that any element of religious motivation or hatred is fully recorded in their report to the procurator fiscal.

- The Crown Office should update its guidelines to prosecutors to ensure that any religious elements in an offence are brought before the court.
- The SE should commission research which will provide a statistical and descriptive baseline of incidents of religious and sectarian hatred.
- The football clubs should take action against supporters indulging in insulting sectarian behaviour, for example by excluding them from the ground for one or more matches through the confiscation of season tickets or reducing seat allocations to supporters' clubs where a member of that club has behaved in an unacceptable way.
- The police, Procurators Fiscal and football clubs should share information in order to identify and deal with those supporters who are charged with or convicted of offences at or near football grounds including those involving an element of religious hatred.

The Executive is also continuing to support anti-sectarianism publicity campaigns (such as Nil by Mouth).

Last but not least, the Executive is supporting an amendment to the Criminal Justice Bill currently before the Scottish Parliament to create a new statutory aggravation of religious prejudice. This is not a new offence. At the moment, the courts can reflect any perceived aggravation in their sentences. However, the new legislation would require the sentencer to show how an aggravation has been reflected in the sentence. The public would therefore be able to see the extra sentence which was attributable to a religious aggravation.

In terms of definitions, the legislation as drafted does not refer to sectarianism, either religious or political. It deals with 'religious prejudice', which it defines as 'malice and ill-will towards a member or members of a religious group, or of a social or cultural group with a perceived religious affiliation, based on their membership of that group'.

You will remember that David Blunkett had to capitulate at the 11th hour on the inclusion of a new offence of "incitement to religious hatred" in the ATCS Act last December. They settled for "religiously aggravated" offences instead. So there is no obvious conflict between the two approaches.

It is possible that this will spark a wider debate about denominational schools, the Act of Settlement etc. However, Jack has been careful to stick to the agreed lines on these issues.

Alasdair McGowan

ALASDAIR MCGOWAN



RT HON ROBIN COOK MP
LEADER OF THE HOUSE OF COMMONS

2 CARLTON GARDENS

LONDON SW1Y 5AA

TEL: 020 7210 1025

Our Ref: 0015594

W
/ JSH
GN
AM.G

Dear Helen

SUNDAY WORKING IN SCOTLAND

Thank you for your letter of 18 November. I have also seen your correspondence with Patricia Hewitt on this subject. You may take it that you have LP clearance to take this forward as a Handout Bill during the coming session, assuming of course that you receive DA clearance. You will need to write again to LP and DA following your consultation to advise both of any necessary amendments and whether the Government is still in a position to support the Bill.

You wrote to me on 18 November to request clearance for a Handout Bill extending the provisions in the Employment Rights Act 1996 to workers in Scotland, which would give protection to workers who do not wish to work on a Sunday. This followed Argos departing from the previous voluntary agreement and the prospect that other employers may follow suit.

I received a letter from Patricia Hewitt on 19 November expressing concern about the suitability of this as a Handout Bill. Patricia was concerned that the policy would be too controversial and the requirement to carry out consultation in line with better regulation principles would mean that there would not be enough time to develop properly formulated proposals.

You wrote to Patricia on 21 November to say that you believed that the consultation could be carried out before the Bill would be debated in Parliament and that you were prepared to take on board the views of employers during the consultation. In response to this, Patricia indicated that she still believed that there were significant risks attached to the proposed timetable, namely that any amendments required following consultation could not be made to the Bill if they were out of scope and that the Government may as a result have to withdraw its support. However she acknowledged that this was a matter for your judgement and was content to allow you to proceed.

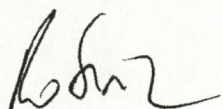
On that basis, I am happy to give you my agreement to proceed with a Handout Bill, provided you also obtain the agreement of DA committee. In light of Patricia's comments, you will need to write again to LP and DA following the consultation, to state whether the Government is still in a position to support the Bill and highlight



any amendments that will need to be brought forward. You might also wish to consider informing the member taking this Bill forward that the Government may have to withdraw its support for the Bill if insurmountable problems emerge.

I am copying this letter to the Prime Minister, Deputy Prime Minister, Members of LP and DA Committee, Sir Andrew Turnbull and First Parliamentary Counsel.

Yours sincerely



ROBIN COOK

Rt Hon Helen Liddell MP
Secretary of State for Scotland





DWP Department for Work and Pensions

f

From the Secretary of State
for Work and Pensions

SOS/02/1366

AMCG
cc:CO
EL

Richmond House
79 Whitehall
London
SW1A 2NS

Telephone
020 7238 0800

Email
ministers@dwp.gsi.gov.uk
www.dwp.gov.uk

The Rt Hon Helen Liddell MP
Secretary of State for Scotland
Scotland Office
Dover House
London SW1A 2AU

29/2 November 2002

Dear Helen,

**SCOTTISH PARLIAMENT PROCEDURES COMMITTEE INQUIRY -
THE SEWEL CONVENTION**

I refer to your letter of 18 November to the Deputy Prime Minister, John Prescott regarding the draft Memorandum to the Scottish Parliamentary Procedures Committee Inquiry on the Sewel Convention.

I am content to endorse the Memorandum.

I am copying this letter to the Prime Minister, members of CNR and to Sir Andrew Turnbull.

Best wishes,

Andrew

ANDREW SMITH



SCOTLAND OFFICE
DOVER HOUSE
WHITEHALL
LONDON SW1A 2AU

www.scottishsecretary.gov.uk

Amc
✓ JSH
AA
CS

Rt Hon John Prescott MP
Deputy Prime Minister
Office of the Deputy Prime Minister
26 Whitehall
LONDON
SW1A 2WH

27 November 2002

Dear John

SIZE OF THE SCOTTISH PARLIAMENT

I am writing to seek CNR approval to the retention of the current number of MSPs in the Scottish Parliament and to an independent non-statutory advisory commission being set up in due course to review any issues which might emerge from having different Holyrood and Westminster constituency boundaries. The Prime Minister has signalled his support to our moving ahead on this basis, subject to colleagues' clearance. I would like to announce the decision by way of an oral statement to Parliament before the Christmas recess and would be grateful for agreement by Friday 13 December.

Under the Scotland Act 1998, any reduction in the number of MPs representing Scottish constituencies triggers a reduction in the number of MSPs at Holyrood. The Boundary Commission for Scotland has now published its provisional recommendations, which would lead to the current number of Scottish Westminster constituencies being reduced from 72 to 59. The consequence for Holyrood would be a fall in the number of MSPs from 129 to around 104.

Ministers made it clear in the course of the passage of the Scotland Act that the Government was willing to keep under review the issue of the size of the Scottish Parliament. Subsequently, John Reid and I have said on various public occasions that the Government would not be dogmatic on this matter but would re-examine the position in the light of experience of the working of the Parliament.

I launched in December last year a consultation which sought views on retaining or adjusting the current statutory link between Westminster and Holyrood parliamentary constituencies. This ended in March and I received over 230 responses, from a significant and wide-ranging cross section of the Scottish community.

A considerable majority of the responses argued in favour of removing the statutory link between the two sets of parliamentary constituencies and retaining 129 MSPs. There was only very limited support - including from the Scottish Conservative Party - for cutting MSP numbers in line with the Scotland Act. Those in favour argued mainly on the basis of a perceived need for coterminous boundaries to avoid confusion of the electorate and complications for electoral administration and political parties, or that the Parliament could effectively operate at a reduced size.

The majority of respondents, including almost all of the most significant civic bodies and representative groups, were of the view that the Scottish Parliament needed to continue at its current size and with its current system of proportional representation. Consequently, they claimed, any reduction would cause severe disruption to the operation of the Parliament. Their main arguments were that there was a need for a period of stability and that the current numbers were required to ensure the effective and efficient working of the Parliament, especially its committees. They stated that a reduction would adversely affect the Parliament's scrutiny of legislation and the Executive and its capacity to conduct inquiries or initiate legislation. They argued that any reduction in the numbers of list MSPs would reduce proportionality and that the current structure needed to be maintained to give a proper balance of political representation.

Most of these respondents did not expect any significant or insurmountable difficulties to follow from the emergence of non-coterminous boundaries. In any event, many argued, even if administrative difficulties were to arise, these should not be allowed to dictate the more vital issues of the needs, size and structure of the Parliament.

It is fair to say that no overall consensus emerged from the consultation. However it was equally clear that the majority of responses, including almost all from the most key and significant bodies and figures, favoured retaining 129 MSPs and the current electoral arrangements, at least for the present.

Against this background, I have concluded that it would be right to retain the present size of the Scottish Parliament and to amend the Scotland Act accordingly. I would be grateful for colleagues' agreement to this.

One specific point merits separate mention. The response from the Scottish Executive acknowledged that moving away from identical constituency boundaries for Westminster and Holyrood could give rise to a number of practical difficulties. It therefore proposed a joint UK-Scottish advisory commission after 2007 to consider the experience of the Parliament since devolution, by which time it would have completed two full terms and operated with constituency boundaries which were not identical. The Scottish Labour Party and the Scottish Parliament Labour Group also argued for a review of the workings of the Parliament after the 2007 election.

I believe that this proposal is sensible and that an independent non-statutory advisory commission should be set up in due course (but unlikely to be before the Holyrood elections in 2007) to review any issues which in the event might emerge from having different Holyrood and Westminster constituency boundaries. It would consult and liaise with interested parties on these issues and offer advice and guidance on how best to resolve them. Jack McConnell has welcomed and agreed with this approach. This is an important step with

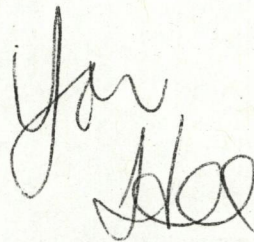
significant potential implications for electoral arrangements in Scotland, but I believe we need to put a mechanism in place to measure the impact of the changes. I do not intend, however, that this should be central to the public presentation of the decision on the size of the Scottish Parliament.

Ending the link between Westminster and Holyrood constituencies will require an amendment to the Scotland Act by way of primary legislation at Westminster. It will also be necessary to put in place a system for the routine review of Scottish Parliament constituency boundaries. A revised prospective bid describing the key components of a Bill to amend the Scotland Act has recently been submitted to the Leader of the House. Any Bill would need to be very tightly drawn to minimise the risk of opening up wider aspects of the Act. Instructions could be with Counsel by early 2003, with a Bill in Session 2003/04.

I would be grateful for CNR colleagues' agreement to both the Scottish Parliament remaining at its present size, and to our signalling an intention to set up an independent non-statutory advisory commission in due course to review any issues which might emerge from having different constituency boundaries.

I would like to make an announcement to Parliament before the Christmas recess, by way of an oral statement on either 17 or 18 December if possible. I would therefore appreciate agreement to these proposals by **13 December**.

I am copying this letter to the Prime Minister, CNR colleagues, Gordon Brown and John Reid and to Sir Andrew Turnbull.

A handwritten signature in black ink, appearing to read 'Helen Liddell', written in a cursive style.

HELEN LIDDELL

RESTRICTED - POLICY

Electronic copy
in DCO Inbox

FILE



10 DOWNING STREET
LONDON SW1A 2AA

From the Senior Policy Adviser

25 November 2002

Dear David,

SIZE OF THE SCOTTISH PARLIAMENT

The Prime Minister has now had an opportunity to consider the Secretary of State for Scotland's minute of 20 November recommending that the Government accept the case for retention of the current number of MSPs in the Scottish Parliament.

He is content for the Secretary of State to consult CNR colleagues and finalise with them the necessary arrangements for timing and handling of any announcement.

I am copying this letter to the Deputy Prime Minister and Sir Andrew Turnbull.

A handwritten signature in black ink, appearing to read 'Alasdair McGowan'.

ALASDAIR MCGOWAN

Jayne Colquhoun

RESTRICTED - POLICY

WS

Rec 26/11



MATRIX



SCOTLAND OFFICE
DOVER HOUSE
WHITEHALL
LONDON SW1A 2AU

Amc
cc ✓ CS

The Rt Hon Patricia Hewitt MP
Secretary of State of Trade and Industry
1 Victoria Street
London
SW1H 0ET

21 November 2002

Dear Malcolm,

SUNDAY WORKING: SCOTLAND

We had a word after Cabinet about the possibility that, after all, we might proceed to deal with the Sunday working issue in Scotland through a Private Members Handout Bill. As you know, two Scottish Members have come high up in the ballot.

I do appreciate the reservations expressed in your letter of 19 November about going forward with this so quickly. On the other hand, the situation that has been so sharply pointed out in Scotland by the actions of Argos is unacceptable. I am clear that there would be widespread support for a measure which, in substance, brought Scotland into line with England in respecting the rights of shop workers and betting workers in relation to Sunday working.

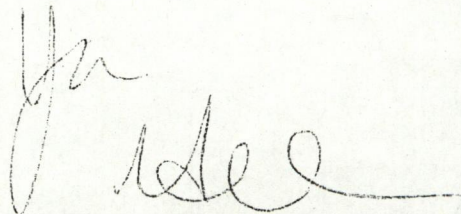
On the specific policy points your raise, I agree that we must undertake a consultation exercise on our policy intentions to be reflected in any new legislative measure. I would propose therefore that consultation should be initiated in time to allow views to be received before any measure is debated in Parliament. Our officials could work closely as a matter of urgency on a draft consultation paper to issue before the Christmas recess.

You mention also the potentially controversial nature of the proposal, as acknowledged in my letter. I would hope that we can address this issue mainly through the consultative process I have just outlined. I would certainly be prepared to meet employer interests as part of the consultation and would hope that you or one of your colleagues could also take part.

I believe that the measure could be a short and relatively uncomplicated piece of legislation but of course we will only be able to be clear on this once our officials, including legal advisers, have a fully worked up set of proposals. I am very grateful to you therefore for agreeing that we should reconsider the Private Members Bill route if at all possible. My officials have already done a good deal of work on instructions for the Bill and will very much welcome the support and co-operation of yours in preparing this legislation.

I hope therefore that our discussion today and my response here to the policy points you have raised will allow you to reconsider the position, for the purposes of DA and LP clearance.

I am copying this letter to the Prime Minister, John Prescott, Robin Cook, members of DA and LP Committees and Sir Andrew Turnbull.

A handwritten signature in cursive script, appearing to read 'Helen Liddell', written in dark ink.

HELEN LIDDELL

RESTRICTED - POLICY

From: Alasdair McGowan
Date: 21 November 2002

PRIME MINISTER

Cc: Jonathan Powell
Jeremy Heywood
Pat McFadden
Sally Morgan
Andrew Adonis

SIZE OF THE SCOTTISH PARLIAMENT

Helen Liddell has now completed the Government's consultation on the implications for the size of the Scottish Parliament arising from the reduction in the number of Scottish MPs at Westminster and wants to announce very soon that the Government has decided to maintain MSP numbers at 129 (see attached note).

One of the consequences is that we will have different constituency boundaries for Westminster and Holyrood. Helen and Jack are therefore proposing an Advisory Commission be set up probably after the Holyrood elections in 2007 to look at any practical issues arising from this.

As per your steer in response to my note of 15 November, the Commission will not look at powers. In addition, while the Commission may wish to look at the electoral system in Scotland, this will not be flagged up at this stage – and crucially, Helen has agreed that there can be no question of the Commission looking at the Westminster electoral system.

Pat and I are happy with what Helen is proposing. Are you therefore content to give Helen clearance to consult more widely with CNR colleagues?

Alasdair H. Gowan

JS

ALASDAIR MCGOWAN

RESTRICTED - POLICY

Top: PD (AM)

PPS

Cos

PD (AM)

Political (SM)

Political (PM)

PRIME MINISTER

**SIZE OF THE SCOTTISH PARLIAMENT**

Subject to your agreement and endorsement by CNR colleagues, I propose to announce that, in the light of the recent consultation exercise, the Government has decided to accept the case for retention of the current number of MSPs at the Scottish Parliament. This entails amendment of the Scotland Act 1998 for which a prospective slot has been bid in the legislative programme for 2003/04.

You will recall that I launched in December last year a consultation exercise to seek views on the case for retaining or adjusting the current statutory link between Westminster and Holyrood parliamentary constituencies. The consultation ended in March. A considerable majority of over 230 responses argued in favour of removing the statutory link between the two sets of parliamentary constituencies, thus permitting the Scottish Parliament to retain its current number of 129 MSPs. A small number of respondents, including significantly the Scottish Conservative Party, said that the Scotland Act provisions should stand and that the Scottish Parliament could operate effectively with a reduced number of MSPs. Organisations representing electoral administrators were also supportive of retaining the link between the two sets of boundaries, largely in the interests of ensuring the smooth running of the election process and reducing the scope for voter confusion.

I have set out in the Annex a fuller description of the consultation exercise, responses received and an assessment of the way ahead. You will note that as part of the decision I wish to make clear my intention to set up, in due course (but unlikely to be before the next Holyrood elections in 2007), an independent non-statutory Advisory Commission to review any issue which in the event might emerge from having different constituency boundaries as between Westminster and Holyrood. It would consult and liaise with interested parties on these issues and offer advice and guidance on how best to resolve them. Jack McConnell welcomes and agrees with this approach. This is an important step with significant potential implications for electoral arrangements in Scotland but I believe we need to put a mechanism in place to measure the impact of the changes. I do not intend that this should be central to the public presentation.

I would be glad to have your clearance to proceed on this basis. If you are content, I will then consult CNR colleagues and finalise with them the necessary arrangements for timing and handling of any announcement.



HL
Scotland Office

20 November 2002

SIZE OF THE SCOTTISH PARLIAMENT

- 1 The Secretary of State for Scotland launched in December 2001 a consultation seeking views on the case for retaining or adjusting the current statutory link between Westminster and Holyrood parliamentary constituencies. The consultation ended in March.
- 2 In terms of the Scotland Act 1998, any reduction in the number of MPs representing Scottish constituencies triggers a reduction in the number of MSPs at Holyrood. The Boundary Commission for Scotland has now published its provisional recommendations, which would lead to the current number of Scottish Westminster constituencies being reduced from 72 to 59. The consequence for Holyrood would be a fall in the number of MSPs from 129 to around 102.
- 3 Ministers made it clear in the course of the passage of the Scotland Act that Government was willing to keep under review the issue of the size of the Scottish Parliament. Subsequently the Scottish Secretaries have said on various public occasions that Government would not be dogmatic on the matter but would re-examine the position in the light of experience of the working of the Parliament.
- 4 The consultation paper, in particular, sought views on:
 - the consequence of the reduction required by the Scotland Act on the operation of the Scottish Parliament;
 - the practical effect and issues which would arise between MPs, MSPs and councillors if boundaries were not coterminous for Westminster and Holyrood constituencies; and
 - the implications of non-coterminous boundaries for electoral administrators and local authorities in relation to the registration of voters and the conduct of elections, and also for the structure and operation of political parties.

- 5 Over 230 responses were received.
- 6 Views were quite varied on a number of issues, including the significance of coterminous constituencies and the possible difficulties which might be created for voters, administrators and political parties if there was a move away from common boundaries.
- 7 The consultation showed that there was very limited support for cutting MSP numbers in line with the Scotland Act. Only electoral administrators, a couple of civic organisations, the Scottish Conservatives, 6 individual MPs, 4 councils, 1 constituency organisation and less than a quarter of individual respondents supported this option.
- 8 These responses tended to assert a paramount need for coterminous boundaries to avoid confusion of the electorate and complications for electoral administration and political parties, and/or the view that the Parliament could effectively operate at a reduced size.
- 9 The majority of respondents, including almost all the most significant civic bodies and representative groups, were of the view that the Scottish Parliament needed to continue at its current size and with its current proportional system of representation and that any reduction would cause severe disruption to the workings of the Parliament.
- 10 Their main arguments were that there was a need for a period of stability; that the current numbers were required to ensure the effective and efficient working of the Parliament, especially its committees; that a reduction would adversely affect the Parliament's scrutiny of legislation and the Executive and its capacity to conduct inquiries, initiate legislation etc; that any reduction in the numbers of list MSPs would reduce proportionality; and that the current structure needed to be maintained to give a proper balance of political representation.

- 11 Most of these respondents did not expect any significant difficulties, or ones that could not be overcome, following from not having coterminous boundaries. In any event, many respondents argued, even if administrative difficulties were to follow, these should not be allowed to dictate the more vital issues of the needs, size and structure of the Scottish Parliament.
- 12 The consultation paper made clear that Government had no plans to change the electoral system to the Scottish Parliament. Nonetheless, some respondents pressed for radical change in the system, on the grounds that it was important or essential to retain both the present numbers of MSPs (or thereabouts) and also coterminous boundaries. To accomplish this, they argued in the main either for two MSPs per Westminster constituency with a top up of list MSPs; coterminous Holyrood and Westminster boundaries, with an increase in list numbers to maintain 129 members; or introduction of the Single Transferable Vote.
- 13 While no consensus emerged from the consultation, it is clear that the majority of responses, including almost all from the most key and significant bodies and figures - with the important exception of the electoral administrators - favoured retaining 129 MSPs and the current electoral arrangements, at least for the present.
- 14 Overall, nothing emerged from the consultation which points to the need for coterminosity of boundaries to override all other issues and interests.
- 15 The outcome of the consultation offers numerically strong support for the retention of the present number of MSPs and the existing constituencies and electoral system. Indeed, it is very difficult to see how, from the views submitted - particularly when weighted to take account of significance and representativeness - that Ministers could argue for a different position. The perceived difficulties which the (smallish) minority of respondent saw flowing from boundaries not being coterminous is more than countered by the opposite views of the majority.
- 16 However, the Scottish Executive's response did acknowledge that moving away from identical constituency boundaries for Westminster and Holyrood could give rise to a number of practical difficulties. It therefore proposed a **joint UK-Scottish**

advisory commission after 2007 to consider the experience of the Parliament since devolution, by which time it would have completed two full terms and operated with constituency boundaries which were not identical. The Scottish Labour Party and the Scottish Parliament Labour Group also argued for a review of the workings of the Parliament after the 2007 election, including reviewing the inter-relationship with boundaries for public bodies across Scotland, as well as between MPs, MSPs and councillors.

- 17 The Secretary of State is persuaded that a Commission could be an important element in the Government's response to the consultation. *The independent Commission would be non-statutory and advisory in nature. Its primary function would be to consider any issue that arose directly from the operation of different constituency boundaries for Westminster and Holyrood. It would be appointed by the Secretary of State in consultation with the First Minister and be put in place from after the 2007 Holyrood elections. It would report to the Secretary of State who would consult and consider its advice with the First Minister.*

Conclusion

- 18 In conclusion, the consultation responses support the Scottish Parliament remaining at its present size, with the same structure and no change to the electoral system. It produced also the possibility of a significant review following from experience of the operation of the new Westminster constituencies alongside the present Holyrood ones after the election in 2007.
- 19 Ending the link between Westminster and Holyrood constituencies would require an amendment to the Scotland Act by way of primary legislation at Westminster. It would also be necessary to put in place a system for the routine review of Scottish Parliament constituency boundaries.
- 20 A revised prospective bid describing the key components of a Bill to amend the Scotland Act was submitted to the Leader of the House on 23 October. Any Bill would need to be very tightly drawn to minimise the risk of opening up wider aspects of the Act. Subject to the Prime Minister's and CNR's concurrence, instructions could be with Counsel by early 2003, with a Bill in Session 2003/04.

Scotland Office

November 2002

PRIME MINISTER



SIZE OF THE SCOTTISH PARLIAMENT

Subject to your agreement and endorsement by CNR colleagues, I propose to announce that, in the light of the recent consultation exercise, the Government has decided to accept the case for retention of the current number of MSPs at the Scottish Parliament. This entails amendment of the Scotland Act 1998 for which a prospective slot has been bid in the legislative programme for 2003/04.

You will recall that I launched in December last year a consultation exercise to seek views on the case for retaining or adjusting the current statutory link between Westminster and Holyrood parliamentary constituencies. The consultation ended in March. A considerable majority of over 230 responses argued in favour of removing the statutory link between the two sets of parliamentary constituencies, thus permitting the Scottish Parliament to retain its current number of 129 MSPs. A small number of respondents, including significantly the Scottish Conservative Party, said that the Scotland Act provisions should stand and that the Scottish Parliament could operate effectively with a reduced number of MSPs. Organisations representing electoral administrators were also supportive of retaining the link between the two sets of boundaries, largely in the interests of ensuring the smooth running of the election process and reducing the scope for voter confusion.

I have set out in the Annex a fuller description of the consultation exercise, responses received and an assessment of the way ahead. You will note that as part of the decision I wish to make clear my intention to set up, in due course (but unlikely to be before the next Holyrood elections in 2007), an independent non-statutory Advisory Commission to review any issue which in the event might emerge from having different constituency boundaries as between Westminster and Holyrood. It would consult and liaise with interested parties on these issues and offer advice and guidance on how best to resolve them. Jack McConnell welcomes and agrees with this approach. This is an important step with significant potential implications for electoral arrangements in Scotland but I believe we need to put a mechanism in place to measure the impact of the changes. I do not intend that this should be central to the public presentation.

I would be glad to have your clearance to proceed on this basis. If you are content, I will then consult CNR colleagues and finalise with them the necessary arrangements for timing and handling of any announcement.

A handwritten signature in black ink, appearing to be 'HL', followed by a period.

HL
Scotland Office

20 November 2002

SIZE OF THE SCOTTISH PARLIAMENT

- 1 The Secretary of State for Scotland launched in December 2001 a consultation seeking views on the case for retaining or adjusting the current statutory link between Westminster and Holyrood parliamentary constituencies. The consultation ended in March.
- 2 In terms of the Scotland Act 1998, any reduction in the number of MPs representing Scottish constituencies triggers a reduction in the number of MSPs at Holyrood. The Boundary Commission for Scotland has now published its provisional recommendations, which would lead to the current number of Scottish Westminster constituencies being reduced from 72 to 59. The consequence for Holyrood would be a fall in the number of MSPs from 129 to around 102.
- 3 Ministers made it clear in the course of the passage of the Scotland Act that Government was willing to keep under review the issue of the size of the Scottish Parliament. Subsequently the Scottish Secretaries have said on various public occasions that Government would not be dogmatic on the matter but would re-examine the position in the light of experience of the working of the Parliament.
- 4 The consultation paper, in particular, sought views on:
 - the consequence of the reduction required by the Scotland Act on the operation of the Scottish Parliament;
 - the practical effect and issues which would arise between MPs, MSPs and councillors if boundaries were not coterminous for Westminster and Holyrood constituencies; and
 - the implications of non-coterminous boundaries for electoral administrators and local authorities in relation to the registration of voters and the conduct of elections, and also for the structure and operation of political parties.

5 Over 230 responses were received.

6 Views were quite varied on a number of issues, including the significance of coterminous constituencies and the possible difficulties which might be created for voters, administrators and political parties if there was a move away from common boundaries.

7 The consultation showed that there was very limited support for cutting MSP numbers in line with the Scotland Act. Only electoral administrators, a couple of civic organisations, the Scottish Conservatives, 6 individual MPs, 4 councils, 1 constituency organisation and less than a quarter of individual respondents supported this option.

8 These responses tended to assert a paramount need for coterminous boundaries to avoid confusion of the electorate and complications for electoral administration and political parties, and/or the view that the Parliament could effectively operate at a reduced size.

9 The majority of respondents, including almost all the most significant civic bodies and representative groups, were of the view that the Scottish Parliament needed to continue at its current size and with its current proportional system of representation and that any reduction would cause severe disruption to the workings of the Parliament.

10 Their main arguments were that there was a need for a period of stability; that the current numbers were required to ensure the effective and efficient working of the Parliament, especially its committees; that a reduction would adversely affect the Parliament's scrutiny of legislation and the Executive and its capacity to conduct inquiries, initiate legislation etc; that any reduction in the numbers of list MSPs would reduce proportionality; and that the current structure needed to be maintained to give a proper balance of political representation.

- 11 Most of these respondents did not expect any significant difficulties, or ones that could not be overcome, following from not having coterminous boundaries. In any event, many respondents argued, even if administrative difficulties were to follow, these should not be allowed to dictate the more vital issues of the needs, size and structure of the Scottish Parliament.
- 12 The consultation paper made clear that Government had no plans to change the electoral system to the Scottish Parliament. Nonetheless, some respondents pressed for radical change in the system, on the grounds that it was important or essential to retain both the present numbers of MSPs (or thereabouts) and also coterminous boundaries. To accomplish this, they argued in the main either for two MSPs per Westminster constituency with a top up of list MSPs; coterminous Holyrood and Westminster boundaries, with an increase in list numbers to maintain 129 members; or introduction of the Single Transferable Vote.
- 13 While no consensus emerged from the consultation, it is clear that the majority of responses, including almost all from the most key and significant bodies and figures - with the important exception of the electoral administrators - favoured retaining 129 MSPs and the current electoral arrangements, at least for the present.
- 14 Overall, nothing emerged from the consultation which points to the need for coterminosity of boundaries to override all other issues and interests.
- 15 The outcome of the consultation offers numerically strong support for the retention of the present number of MSPs and the existing constituencies and electoral system. Indeed, it is very difficult to see how, from the views submitted - particularly when weighted to take account of significance and representativeness - that Ministers could argue for a different position. The perceived difficulties which the (smallish) minority of respondent saw flowing from boundaries not being coterminous is more than countered by the opposite views of the majority.
- 16 However, the Scottish Executive's response did acknowledge that moving away from identical constituency boundaries for Westminster and Holyrood could give rise to a number of practical difficulties. It therefore proposed a **joint UK-Scottish**

advisory commission after 2007 to consider the experience of the Parliament since devolution, by which time it would have completed two full terms and operated with constituency boundaries which were not identical. The Scottish Labour Party and the Scottish Parliament Labour Group also argued for a review of the workings of the Parliament after the 2007 election, including reviewing the inter-relationship with boundaries for public bodies across Scotland, as well as between MPs, MSPs and councillors.

- 17 The Secretary of State is persuaded that a Commission could be an important element in the Government's response to the consultation. *The independent Commission would be non-statutory and advisory in nature. Its function would be to consider any issue that arose directly from the operation of different constituency boundaries for Westminster and Holyrood. It would be appointed by the Secretary of State in consultation with the First Minister and be put in place from after the 2007 Holyrood elections. It would report to the Secretary of State who would consult and consider its advice with the First Minister.*

Conclusion

- 18 In conclusion, the consultation responses support the Scottish Parliament remaining at its present size, with the same structure and no change to the electoral system. It produced also the possibility of a significant review following from experience of the operation of the new Westminster constituencies alongside the present Holyrood ones after the election in 2007.
- 19 Ending the link between Westminster and Holyrood constituencies would require an amendment to the Scotland Act by way of primary legislation at Westminster. It would also be necessary to put in place a system for the routine review of Scottish Parliament constituency boundaries.
- 20 A revised prospective bid describing the key components of a Bill to amend the Scotland Act was submitted to the Leader of the House on 23 October. Any Bill would need to be very tightly drawn to minimise the risk of opening up wider aspects of the Act. Subject to the Prime Minister's and CNR's concurrence, instructions could be with Counsel by early 2003, with a Bill in Session 2003/04.

Scotland Office
November 2002

PRIME MINISTER



Top: PD (AMC)
" PPS
COS
PD (AFI)
Political (SM)
Political (PMc)

SIZE OF THE SCOTTISH PARLIAMENT

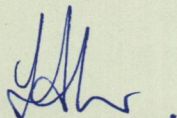
Subject to your agreement and endorsement by CNR colleagues, I propose to announce that, in the light of the recent consultation exercise, the Government has decided to accept the case for retention of the current number of MSPs at the Scottish Parliament. This entails amendment of the Scotland Act 1998 for which a prospective slot has been bid in the legislative programme for 2003/04.

You will recall that I launched in December last year a consultation exercise to seek views on the case for retaining or adjusting the current statutory link between Westminster and Holyrood parliamentary constituencies. The consultation ended in March. A considerable majority of over 230 responses argued in favour of removing the statutory link between the two sets of parliamentary constituencies, thus permitting the Scottish Parliament to retain its current number of 129 MSPs. A small number of respondents, including significantly the Scottish Conservative Party, said that the Scotland Act provisions should stand and that the Scottish Parliament could operate effectively with a reduced number of MSPs. Organisations representing electoral administrators were also supportive of retaining the link between the two sets of boundaries, largely in the interests of ensuring the smooth running of the election process and reducing the scope for voter confusion.

I have set out in the Annex a fuller description of the consultation exercise, responses received and an assessment of the way ahead. You will note that as part of the decision I wish to make clear my intention to set up, in due course (but unlikely to be before the next Holyrood elections in 2007), an independent non-statutory Advisory Commission to review any issue which in the event might emerge from having different constituency boundaries as between Westminster and Holyrood. It would consult and liaise with interested parties on these issues and offer advice and guidance on how best to resolve them. Jack McConnell welcomes and agrees with this approach. This is an important step with significant potential implications for electoral arrangements in Scotland but I believe we need to put a mechanism in place to measure the impact of the changes. I do not intend that this should be central to the public presentation.

SKP 20/1/02

I would be glad to have your clearance to proceed on this basis. If you are content, I will then consult CNR colleagues and finalise with them the necessary arrangements for timing and handling of any announcement.



HL
Scotland Office

20 November 2002

SIZE OF THE SCOTTISH PARLIAMENT

- 1 The Secretary of State for Scotland launched in December 2001 a consultation seeking views on the case for retaining or adjusting the current statutory link between Westminster and Holyrood parliamentary constituencies. The consultation ended in March.
- 2 In terms of the Scotland Act 1998, any reduction in the number of MPs representing Scottish constituencies triggers a reduction in the number of MSPs at Holyrood. The Boundary Commission for Scotland has now published its provisional recommendations, which would lead to the current number of Scottish Westminster constituencies being reduced from 72 to 59. The consequence for Holyrood would be a fall in the number of MSPs from 129 to around 102.
- 3 Ministers made it clear in the course of the passage of the Scotland Act that Government was willing to keep under review the issue of the size of the Scottish Parliament. Subsequently the Scottish Secretaries have said on various public occasions that Government would not be dogmatic on the matter but would re-examine the position in the light of experience of the working of the Parliament.
- 4 The consultation paper, in particular, sought views on:
 - the consequence of the reduction required by the Scotland Act on the operation of the Scottish Parliament;
 - the practical effect and issues which would arise between MPs, MSPs and councillors if boundaries were not coterminous for Westminster and Holyrood constituencies; and
 - the implications of non-coterminous boundaries for electoral administrators and local authorities in relation to the registration of voters and the conduct of elections, and also for the structure and operation of political parties.

- 5 Over 230 responses were received.
- 6 Views were quite varied on a number of issues, including the significance of coterminous constituencies and the possible difficulties which might be created for voters, administrators and political parties if there was a move away from common boundaries.
- 7 The consultation showed that there was very limited support for cutting MSP numbers in line with the Scotland Act. Only electoral administrators, a couple of civic organisations, the Scottish Conservatives, 6 individual MPs, 4 councils, 1 constituency organisation and less than a quarter of individual respondents supported this option.
- 8 These responses tended to assert a paramount need for coterminous boundaries to avoid confusion of the electorate and complications for electoral administration and political parties, and/or the view that the Parliament could effectively operate at a reduced size.
- 9 The majority of respondents, including almost all the most significant civic bodies and representative groups, were of the view that the Scottish Parliament needed to continue at its current size and with its current proportional system of representation and that any reduction would cause severe disruption to the workings of the Parliament.
- 10 Their main arguments were that there was a need for a period of stability; that the current numbers were required to ensure the effective and efficient working of the Parliament, especially its committees; that a reduction would adversely affect the Parliament's scrutiny of legislation and the Executive and its capacity to conduct inquiries, initiate legislation etc; that any reduction in the numbers of list MSPs would reduce proportionality; and that the current structure needed to be maintained to give a proper balance of political representation.

- 11 Most of these respondents did not expect any significant difficulties, or ones that could not be overcome, following from not having coterminous boundaries. In any event, many respondents argued, even if administrative difficulties were to follow, these should not be allowed to dictate the more vital issues of the needs, size and structure of the Scottish Parliament.
- 12 The consultation paper made clear that Government had no plans to change the electoral system to the Scottish Parliament. Nonetheless, some respondents pressed for radical change in the system, on the grounds that it was important or essential to retain both the present numbers of MSPs (or thereabouts) and also coterminous boundaries. To accomplish this, they argued in the main either for two MSPs per Westminster constituency with a top up of list MSPs; coterminous Holyrood and Westminster boundaries, with an increase in list numbers to maintain 129 members; or introduction of the Single Transferable Vote.
- 13 While no consensus emerged from the consultation, it is clear that the majority of responses, including almost all from the most key and significant bodies and figures - with the important exception of the electoral administrators - favoured retaining 129 MSPs and the current electoral arrangements, at least for the present.
- 14 Overall, nothing emerged from the consultation which points to the need for coterminosity of boundaries to override all other issues and interests.
- 15 The outcome of the consultation offers numerically strong support for the retention of the present number of MSPs and the existing constituencies and electoral system. Indeed, it is very difficult to see how, from the views submitted - particularly when weighted to take account of significance and representativeness - that Ministers could argue for a different position. The perceived difficulties which the (smallish) minority of respondent saw flowing from boundaries not being coterminous is more than countered by the opposite views of the majority.
- 16 However, the Scottish Executive's response did acknowledge that moving away from identical constituency boundaries for Westminster and Holyrood could give rise to a number of practical difficulties. It therefore proposed a **joint UK-Scottish**

advisory commission after 2007 to consider the experience of the Parliament since devolution, by which time it would have completed two full terms and operated with constituency boundaries which were not identical. The Scottish Labour Party and the Scottish Parliament Labour Group also argued for a review of the workings of the Parliament after the 2007 election, including reviewing the inter-relationship with boundaries for public bodies across Scotland, as well as between MPs, MSPs and councillors.

- 17 The Secretary of State is persuaded that a Commission could be an important element in the Government's response to the consultation. *The independent Commission would be non-statutory and advisory in nature. Its primary function would be to consider any issue that arose directly from the operation of different constituency boundaries for Westminster and Holyrood. It would be appointed by the Secretary of State in consultation with the First Minister and be put in place from after the 2007 Holyrood elections. It would report to the Secretary of State who would consult and consider its advice with the First Minister.*

Conclusion

- 18 In conclusion, the consultation responses support the Scottish Parliament remaining at its present size, with the same structure and no change to the electoral system. It produced also the possibility of a significant review following from experience of the operation of the new Westminster constituencies alongside the present Holyrood ones after the election in 2007.
- 19 Ending the link between Westminster and Holyrood constituencies would require an amendment to the Scotland Act by way of primary legislation at Westminster. It would also be necessary to put in place a system for the routine review of Scottish Parliament constituency boundaries.
- 20 A revised prospective bid describing the key components of a Bill to amend the Scotland Act was submitted to the Leader of the House on 23 October. Any Bill would need to be very tightly drawn to minimise the risk of opening up wider aspects of the Act. Subject to the Prime Minister's and CNR's concurrence, instructions could be with Counsel by early 2003, with a Bill in Session 2003/04.

Scotland Office

November 2002



SCOTLAND OFFICE
DOVER HOUSE
WHITEHALL
LONDON SW1A 2AU

The Rt Hon John Prescott MP
Deputy Prime Minister and
First Secretary of State
Office of the Deputy Prime Minister
26 Whitehall
London
SW1A 2WH

Ang
cc: JR
E
2A
CS

18 November 2002

SCOTTISH PARLIAMENT PROCEDURES COMMITTEE INQUIRY - THE SEWEL CONVENTION

This letter seeks CNR approval for the attached draft Memorandum to the Scottish Parliament Procedures Committee Inquiry on the Sewel Convention. I would appreciate any comments by Friday 29 November at the latest.

The Clerk of the Scottish Parliament Procedures Committee wrote to my officials on the 26 September requesting the views of the Government, by means of a written memorandum, on the Sewel convention. The Government was not furnished with specific questions or asked to defend its position on the Sewel convention.

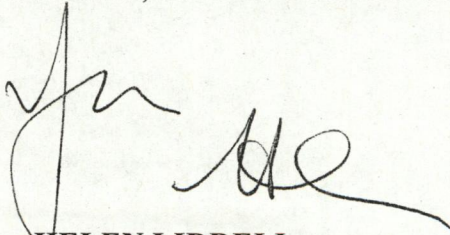
The request was accompanied only by a preliminary paper by Scottish Parliament officials on Sewel motions, the official report of the discussion on this paper, and a letter from Nora Radcliffe MSP, the Liberal Democrat Group Secretary in the Scottish Parliament. The group was concerned 'by the lack of opportunity afforded the Parliament's Committees to scrutinise and the Parliament itself to debate the recent (November 2001) Sewel motion on the UK Anti-terrorism, Crime and Security Bill.'

The group asked the Procedures Committee to consider how Sewel motions should be brought forward by the Scottish Executive and processed by the Scottish Parliament; matters respectively for each of these two bodies. The Committee in turn considered the views of the Government on the Sewel convention would be essential to their inquiry.

My officials have prepared the attached draft Memorandum, which outlines the background, general purpose and Government position on the practical benefits of the Sewel convention. It includes two annexes; the recently updated Devolution Guidance Note 10 (Post-devolution primary legislation affecting Scotland), and an up to date list of Sewel motions considered by the Scottish Parliament.

Officials in your office and the Scottish Executive have cleared the text of the Memorandum.

I am copying this letter to the Prime Minister, members of CNR and to Sir Andrew Turnbull.

A handwritten signature in black ink, appearing to be 'HL', written over a vertical line that extends from the top of the signature down to the printed name below.

HELEN LIDDELL

SCOTTISH PARLIAMENT PROCEDURES COMMITTEE INQUIRY

THE SEWEL CONVENTION

MEMORANDUM BY THE SCOTLAND OFFICE

Introduction

1. The Government thank the Scottish Parliament Procedures Committee for the invitation to comment on post-devolution primary legislation affecting Scotland.

2. Devolution has not created a federal UK; Westminster retains sovereignty. But as Lord Sewel emphasised during the passage of the Scotland Act, that supremacy is best exercised with restraint. To act otherwise would run counter to the spirit of devolution:

“the devolution of legislative competence to the Scottish parliament does not affect the ability of Westminster to legislate for Scotland even in relation to devolved matters. Indeed, as paragraph 4.4 of the White Paper explained, we envisage that there could be instances where it would be more convenient for legislation on devolved matters to be passed by the United Kingdom Parliament. However, as happened in Northern Ireland earlier in the century, we would expect a convention to be established that Westminster would not normally legislate with regard to devolved matters in Scotland without the consent of the Scottish parliament.”¹

The “Sewel” convention has subsequently been endorsed by the House of Commons Procedure Committee and the Memorandum of Understanding (MoU) and Devolution Guidance Notes (DGN).²

3. The MoU and Guidance Notes make it clear the UK Government approaches the devolved administration for agreement on devolved provisions. The appropriateness or otherwise of “Sewel” motions are therefore a matter for the relevant administration and legislature. But the Government believe that there will continue to be occasions where it makes sense to legislate on a GB or UK basis, even on devolved matters – subject of course to the “Sewel” convention. There may, for example, be a suitable legislative vehicle available at Westminster which would save legislative time in the Scottish Parliament. Moreover, legislation at Westminster, subject to the convention, can be an appropriate means of dealing with issues which straddle the devolved and reserved divide.

¹ HL Debates 21 July 1998, col. 791

² House of Commons Procedure Committee, Fourth Report, The Procedural Consequences of Devolution, May 1999, paragraph 23; Memorandum of Understanding, paragraph 13; Devolution Guidance Note 10, Post Devolution Primary Legislation affecting Scotland, October 2002.

RESTRICTED - DRAFT

4. DGN 10 is attached at Annex A for the Committee's information. It can also be viewed on the website of the Office of the Deputy Prime Minister (www.devolution.odpm.gov.uk). DGN 10 sets out how the Legislative Programme Committee (LP) expects Government departments to give effect to this policy intention, while ensuring the smooth running of the Government's legislative programme. It is important to note DGN 10 does not extend to legislation which deals with emergencies or is similarly exceptional.

5. The Government recognise that procedural issues in the Scottish Parliament and Scottish Executive are respectively matters for each body. This memorandum therefore does not comment on the procedures used to deal with Sewel motions (the method by which the Scottish Parliament's approval is gained) by either the Scottish Parliament or Scottish Executive.

6. Attached at Annex B is a list of Sewel motions to date for the Committee's information.

7. The Committee may wish as a comparison to consider the similar arrangements in DGN 8, which outlines the principles underpinning post-devolution primary legislation affecting Northern Ireland.

General

8. In general:

- the MoU indicates there will be consultation with the Scottish Executive on policy proposals affecting devolved matters whether or not they involve legislative change;
- although the Sewel convention refers to the Scottish Parliament, UK departments in practice deal with the Scottish Executive. Either the Government or the Scottish Executive can take the initiative in establishing whether Sewel consent is needed. It is for the Scottish Executive to indicate the view of the Scottish Parliament and to take whatever steps are appropriate to ascertain that view; and
- whether consent is needed depends on the purpose of the legislation. Consent need only be obtained for legislative provisions which are specifically for devolved purposes, although the Government believe it is good practice for UK departments to consult the Scottish Executive on changes in devolved areas of law which are incidental to, or consequential on, provisions made for reserved purposes. The Scottish Parliament Procedures Committee may be aware that UK departments bringing legislative proposals to LP are expected to address the need for consultation or consent.

Benefits of the Sewel Convention

9. The Government believe the Sewel Convention allows pragmatic solutions to be developed in proposing legislation, in both the UK and Scottish Parliaments. The Convention allows legislation at Westminster to be made for devolved matters when there are practical benefits for doing so. Benefits include:

- reflecting the extent of legislation by the UK Parliament, which either the Scottish Executive wish to apply, or that needs to be extended to Scotland (for example, to make English provisions work);
- maximising the efficient use of the time of legislators in both the UK and Scottish Parliaments, by avoiding the Scottish Parliament making identical legislation to provisions planned for England by the Government. This increases the Scottish Parliament's capacity to deliver by freeing up time for legislation on other devolved matters;
- enabling the UK Parliament to make UK-wide legislation, perhaps to ensure a single effective measure (e.g. a single UK body); and
- to enable legislation to be made for devolved matters in Scotland securely, i.e. to avoid any risk of legal challenge to the *vires* of the Scottish Parliament.

Legislation based on any of these benefits often involves dealing with highly technical matters, which may not in fact raise any, or any significant policy issues. If not included for Scotland in a UK Bill, the Scottish Parliament might have great difficulty in finding the time to legislate in these areas.

Other Considerations

10. The Committee may also find the following information helpful:

- the terms on which the Scottish Parliament's consent is sought should be agreed between the Scottish Executive and the Government;
- the use of the Sewel Convention involves no loss of legislative competence by the Scottish Parliament (this includes those circumstances where the Scottish Executive approaches the Government to include provisions relating to a devolved matter in a Westminster Bill);
- the approval of a Sewel motion does not preclude the Scottish Parliament from legislating again on the same matter; and
- the UK Minister taking through a Bill with devolved provisions will be answerable to the UK Parliament for the passage of the legislation, but will not be generally accountable for the relevant devolved matter. The responsibility for the devolved provision generally passes to Scottish Ministers on Royal Assent, and it

RESTRICTED - DRAFT

is usually appropriate for the Scottish Ministers to exercise any powers to commence the legislation so far as it applies to devolved matters in Scotland.

Conclusion

11. The Government firmly believe the Sewel Convention works in tandem with the principles of communication and consultation enshrined in the Memorandum of Understanding. The Convention has worked well and the Government are committed to and believe in its practical benefits.

November 2002

Annex A

DEVOLUTION GUIDANCE NOTE 10

POST-DEVOLUTION PRIMARY LEGISLATION AFFECTING SCOTLAND

SUMMARY

- **The Government announced on 21 July 1998**

“we would expect a convention to be established that Westminster would not normally legislate with regard to devolved matters in Scotland without the consent of the Scottish Parliament.”

This is now stated in the Memorandum of Understanding with the Devolved Administrations.

- **The convention applies when legislation makes provisions specifically for a devolved purpose. It does not apply when legislation deals with devolved matters only incidentally to, or consequentially upon, provision made in relation to a reserved matter, although it is good practice to consult the Scottish Executive in these circumstances.**
- **The convention relates to Bills before Parliament, but departments should approach the Scottish Executive on the same basis for Bills being published in draft, even though there is no formal requirement to do so.**
- **The same procedures should be followed for Private Member's Bills to be supported by the Government.**

Introduction

1. This note sets out guidance for UK Government departments on handling legislation affecting Scotland. The Government announced on 21 July 1998 "*we would expect a convention to be established that Westminster would not normally legislate with regard to devolved matters in Scotland without the consent of the Scottish Parliament*" (Lords Hansard col 791). This is now stated in the Memorandum of Understanding (MOU) with the devolved administrations and the Commons Procedure Committee has indicated its support for the convention. The convention applies when legislation makes provision specifically for a devolved purpose (see below); it does not bite when legislation deals with devolved matters only incidentally to, or consequentially upon, provision made in relation to a reserved matter. This note sets out how Legislative Programme Committee expects departments to give effect to this policy intention, while ensuring the smooth management of the Government's legislative programme. The note does not extend to legislation which deals with emergencies or is similarly exceptional.

General

2. In general:

- the MOU indicates that there will be consultation with the Scottish Executive on policy proposals affecting devolved matters whether or not they involve legislative change;
- although the convention refers to the Scottish Parliament, UK departments will in practice deal with the Scottish Executive. Departments should approach the Executive to gain consent for legislation when appropriate. It will be for the Scottish Executive to indicate the view of the Scottish Parliament and to take whatever steps are appropriate to ascertain that view.
- whether consent is needed depends on the purpose of the legislation. Consent need only be obtained for legislative provisions which are specifically for devolved purposes, although Departments should consult the Scottish Executive on changes in devolved areas of law which are incidental to or consequential on provisions made for reserved purposes.
- always consult your Legal Adviser and the Scotland Office if you are in any doubt about whether a proposal may trespass on devolved matters. Do not assume that the Scottish Executive will necessarily share your view about where the boundaries lie as between reserved and devolved matters; and always consult Legal Advisers, including the Office of the Solicitor to the Advocate General (OSAG), and the Scottish Executive about these issues at an early stage in developing proposals for legislation.

3. Departments bringing legislative proposals to LP committee will be expected to address the need for consultation or consent as described in the following paragraphs.

Long-term legislative plans

4. Any submission to LP for the inclusion in a future legislative programme of a particular Bill should state clearly that the proposed Bill:

- I. either does not apply to Scotland at all; or has provisions which apply to Scotland but, in the words of the Scotland Act 1998, "relate to" reserved matters and do not alter Scots law on non-reserved matters;
- II. has provisions applying to Scotland and relating to reserved matters, but also contains provisions which make incidental or consequential changes to Scots law on non-reserved matters (i.e. which are for reserved rather than devolved purposes); or
- III. contains provisions applying to Scotland and which are for devolved purposes, or which alter the legislative competence of the Parliament or the executive competence of the Scottish Ministers.

In determining whether provisions of a Bill are for devolved purposes, departments should have regard to the legislative context of the Bill as a whole.

5. Where necessary, the paper should indicate what proportion of a proposed Bill falls into each category.

6. Only Bills with provisions in category III are subject to the convention requiring the consent of the Scottish Parliament. (Although the main thrust of a Bill may be directed at reserved matters it may nevertheless contain some provisions in this category.) At LP, the responsible Minister should say whether he or she expects that the Scottish Executive and Parliament will agree to any such provisions.

7. Bills in category I or in category II do not require the consent of the Scottish Parliament. However the effects on non-reserved matters, including incidental or consequential modifications to the law, will in some cases be significant. LP will expect departments to have plans for consultation with the Scottish Executive in accordance with the MOU and the relevant bilateral concordats. Such consultation may be undertaken in confidence, and the Scottish Executive can be expected to respect any such confidence.

Bills ready for introduction

8. The essential requirement is that by the time proposals reach LP devolution-related issues have been substantively resolved. Papers for LP are already required to contain a statement to that effect. Papers for LP should also identify the clauses which fall into each of the categories above.

9. If a Bill has provisions in category III:

- (i) where the provisions are of major significance in the Bill, there should have been prior consultation with the Scottish Executive on these and the LP paper should indicate that it will be possible to confirm at Second Reading that the Scottish Parliament has consented;

- (ii) where the provisions are less significant, seeking consent need not hold up the Bill's progress at Westminster. The aim in such cases should be for consent to be obtained by the time those clauses are debated in committee, and the absolute deadline will be the last opportunity for them to be amended while the Bill is still before Parliament.

10. The paper should also:

- identify any provisions which will change the legislative competence of the Scottish Parliament and the policy clearance for such provisions; and
- identify any provisions that will change powers or functions of the Scottish Ministers, for example to give them regulation making or other powers, and the policy clearance for the change.

11. If a Bill has provisions in category II, or which would have a significant effect on devolved matters, the paper should indicate what consultations there have been with the Scottish Executive or what plans there are for such consultation. The paper should indicate the outcome of any reference to the Joint Ministerial Committee or alternative dispute-resolution arrangements.

12. Finally, LP papers should say whether there are any potential amendments where the consent of the Scottish Parliament might have to be sought or which might prove controversial there.

Draft Bills

13. The convention relates to Bills before Parliament, but departments should approach the Scottish Executive on the same basis for Bills being published in draft. There is, however, no requirement to seek consent of the Scottish Parliament before publishing a draft. It may sometimes be helpful for the consent of the Scottish Parliament for a Bill to be sought on the basis of a (published) draft.

Private Members' Bills

14. Essentially the same procedures should be followed for Private Members' Bills to be supported by the Government, with some minor modifications to reflect the fact that the procedures for Private Members' Bills are less certain than for Government Bills.

15. Departments should consult the Scottish Executive at an early stage about any Private Members' Bill that they are minded to support containing provisions in category III. The aim should be for consent to be obtained by the time of Commons Committee stage. Before then, the Government may need to reserve its position pending consent, particularly if the Bill was introduced in the House of Lords. Departments seeking clearance to oppose a Private Members' Bill in category III on policy grounds need only consult the Scottish Executive if the Bill has a substantial effect on devolved matters. It is possible that Private Members will claim to have themselves obtained the consent of the Scottish Parliament for such a Bill and rely on this as an argument in favour of the Bill. Even if there are not UK policy grounds for opposing such a Bill, the Government will resist the provisions on devolved matters if

RESTRICTED - DRAFT

Scottish Ministers indicate that the Scottish Parliament has not given its consent, and will move any necessary amendments at Commons Committee or Report stage.

16. In line with the MOU and concordats, there should also be early consultation with the Scottish Executive where a department proposes to support a Private Members' Bill with provisions in category II or which would have a significant effect on devolved matters.

During the passage of legislation

17. During the passage of legislation, departments should approach the Scottish Executive about Government amendments changing or introducing provisions requiring consent, or any other such amendments which the Government is minded to accept. It will be for the Scottish Executive to indicate the view of the Scottish Parliament. No consultation is required for other amendments tabled. Ministers resisting non-Government amendments should not rest solely on the argument that they lack the consent of the Scottish Parliament unless there is advice to that effect from the Scottish Executive.

18. The Scottish Executive can be expected to deal swiftly with issues which arise during the passage of a Bill, and to recognise the exigencies of legislative timetables (e.g. when forced to consider accepting amendments at short notice). Nevertheless since the last opportunity for amendment is at Third Reading in the Lords or Report Stage in the Commons the absence of consent should not be a bar to proceeding with the Bill in the interim.

**Office of the Deputy Prime Minister
October 2002**

RESTRICTED - DRAFT

Annex B

TABLE OF SEWEL MOTIONS

BILL	Minister	SEWEL MOTION APPROVED	ROYAL ASSENT
1. Food Standards*	Susan Deacon	23 June 1999	11 Nov 1999
2. Financial Services and Markets*	Angus MacKay	23 June 1999	14 June 2000
3. Electronic Communications*	Angus MacKay	23 June 1999	25 May 2000
4. Limited Liability Partnerships*	Angus MacKay	23 June 1999	20 July 2000
5. Sea Fishing Grants (Charges)	John Robertson	8 December 1999	28 Jul 2000
6. Representation of the People	Wendy Alexander	13 January 2000	9 Mar 2000
7. Sexual Offences (Amdt)	Jim Wallace	19 January 2000	30 Nov 2000
8. Political Parties, Elections and Referendums (1)	Frank McAveety	9 March 2000	30 Nov 2000
9. Regulation of Investigatory Powers	Jim Wallace	6 April 2000	28 Jul 2000
10. Learning and Skills	Henry McLeish	18 May 2000	28 July 2000
11. Race Relations (Amdt)	Jackie Baillie	25 May 2000	30 Nov 2000
12. Insolvency	Angus MacKay	1 June 2000	30 Nov 2000
13. Care Standards	Sam Galbraith	22 June 2000	20 Jul 2000
14. Political Parties, Elections and Referendums (2)	Frank McAveety	6 July 2000	30 Nov 2000
15. Government Resources & Accounts	Jack McConnell	6 July 2000	28 July 2000
16. Criminal Justice and Courts Service	Jim Wallace	5 October 2000	30 Nov 2000
17. Health and Social Care Modernisation	Malcolm Chisholm	17 January 2001	11 May 2001
18. Tobacco Advertising and Promotion	Malcolm Chisholm	17 January 2001	7 November 2002
19. International Criminal Court	Jim Wallace	18 January 2001	11 May 2001
20. Outworking	Alasdair Morrison	31 January 2001	Private Members Bill - Withdrawn
21. Criminal Justice and Police	Iain Gray	7 February 2001	11 May 2001
22. International Development	Malcolm Chisholm	8 March 2001	26 February 2003
23. Culture and Recreation	Allan Wilson	8 March 2001	Withdrawn
24. Armed Forces	Iain Gray	29 March 2001	11 May 2001
25. Adoption and Children (1)	Jack McConnell	4 April 2001	7 November 2002
26. Adoption and Children (2)	Jack McConnell	24 October 2001	7 November 2002
27. Proceeds of Crime	Jim Wallace	24 October 2001	24 July 2002

RESTRICTED - DRAFT

28. Anti-Terrorism, Crime and Security	Iain Gray	15 November 2001	14 December 2001
29. NHS Reform and Health Care Profession	Malcolm Chisholm	22 November 2001	25 June 2002
30. Adoption and Children (3)	Cathy Jamieson	30 January 2002	7 November 2002
31. Police Reform	Dr Richard Simpson	30 January 2002	24 July 2002
32. Enterprise	Jim Wallace	17 April 2002	7 November 2002
33. Private Hire Vehicles (Carriage of Guide Dogs etc.)	Peter Peacock	19 June 2002	7 November 2002
34. Police Reform (2)	Dr Richard Simpson	27 June 2002	24 July 2002

* Approval of Westminster legislation by the Scottish Parliament before it assumed its full powers on 1 July 1999.



RESTRICTED: POLICY

SCOTLAND OFFICE
DOVER HOUSE
WHITEHALL
LONDON SW1A 2AU

Rt Hon Jack Straw MP
Secretary of State for Foreign and Commonwealth Affairs
Foreign and Commonwealth Office
King Charles Street
LONDON
SW1A 2AH

*Am
K:ntz*

15 November 2002

Dear Secretary of State,

THE PROMOTION OF SCOTLAND ABROAD

I should let you know that I will be meeting Jack McConnell on 18 November to discuss, among other subjects, the promotion of Scotland abroad. This will focus on the recent correspondence between us, which you will have seen.

Jack and I will be discussing the way in which Scotland is promoted abroad, as set out in his letter of 5 November, which was copied to you. There is a wide range of agencies with activities in this field and he hopes to encourage them to develop a more coherent and consistent message which promotes Scotland in a modern and forward-looking way. I believe there is a great deal of good sense in what he suggests and it is consistent with my own view of how Scotland should be promoted abroad. I plan therefore to support his proposal and to agree that the Scotland Office should work with the Scottish Executive in the Scottish International Forum to improve co-ordination of Scottish promotional activity abroad.

It is however important in presenting the Scottish message abroad that it is done within the context of the Union; and I shall be pointing out to Jack that the core messages used for promoting Scotland need explicitly to acknowledge that a key strength of modern Scotland is its place within the UK. In support of that it remains most important that the UK Government continues to play a role in promoting Scotland abroad. This is the central aim of my Friends of Scotland initiative which we see as a public diplomacy exercise. As you will know, we are making relatively good progress now in establishing a useful network of Friends in selected countries, in particular the Far East and Australasia.

I am nevertheless concerned that there is a risk that at least in some parts of the world - such as the USA and Europe - the presentation of Scotland may be seen as predominantly a matter for the Executive. That cannot be right: clearly the Executive should be in a position to

RESTRICTED: POLICY

promote its legitimate interests within its area of devolved responsibility and we must give it every support in that. However, international relations remains a reserved matter and the UK Government retains major responsibilities for domestic policy in Scotland. It is right that we should share the responsibility for promoting Scotland abroad, in all parts of the world.

I will therefore be discussing these issues with Jack McConnell on the basis that we share responsibility but that the UK Government retains a key role in promoting Scotland. Friends of Scotland have been one of the ways in which I have sought to carry forward that role and I have been very grateful to the FCO and to posts abroad for the help they have given in doing that. It is important that we continue to extend that work, notably in the USA where we have not so far been able to make a great deal of progress and I will very much welcome your help in that. We are intending to make a special effort to expand the Friends of Scotland network in the United States over the next few months through contacts and visits at both official and Ministerial level and I will be very grateful for the help which the Washington Embassy and the various Consulates can provide.

In taking this forward we will want to do so on the basis of a clear agreement with the Executive on the messages we are aiming to promote; and to agree an approach to the development of the Friends of Scotland and GlobalScot networks, especially in the USA, which emphasises their distinctive but complementary nature. I am sure we shall be able to do this.

I shall be taking forward these discussions with the Executive after my meeting with Jack McConnell next week; and my officials have already discussed some of these issues with yours. I would however be most grateful for your comments.

I am copying this letter to the Prime Minister, John Prescott and Sir Andrew Turnbull.

Yours sincerely

Jayne Colquhoun

HELEN LIDDELL

PP

*(Approved by the
Secretary of State and
signed in her absence)*

RESTRICTED - POLICY

From: Alasdair McGowan
Date: 15 November 2002

PRIME MINISTER

Cc: Jonathan Powell
Jeremy Heywood
Sally Morgan
Andrew Adonis
Pat McFadden
Simon Stevens
Clare Sumner
Carey Oppenheim

SCOTLAND AND WALES UPDATE

Size of the Scottish Parliament

Helen Liddell has now completed the Government's consultation on the implications for the size of the Scottish Parliament arising from the reduction in the number of Scottish MPs at Westminster and wants to announce very soon that the Government has decided to maintain MSP numbers at 129.

One of the consequences is that we will have different constituency boundaries for Westminster and Holyrood. Helen and Jack are therefore proposing an Advisory Commission be set up after the next UK General Election (once the new Westminster boundaries are in place) to look at any practical issues arising from this.

Helen will provide advice on this for you next week fleshing out the remit. However, Pat and I are both of the view that we need to make it clear that (1) the electoral system for Westminster will not be a matter for the Advisory Commission (2) the Commission should not look at the Parliament's powers. Do you agree?

Yes

Hepatitis C

The Scottish Executive are currently in discussion with DWP over the issue of whether to offer compensation to those infected with Hepatitis C through blood, blood products or tissue from the NHS in Scotland. An Expert Group last week recommended that the SE set up a discretionary trust to make ex-gratia payments to sufferers. This is complicated by the widespread cross-party support within

RESTRICTED - POLICY

the Parliament for offering compensation – as a result, the Executive may not have the votes to stop proposals for compensation.

This would have serious knock on effects for the position in England. We are trying to encourage the Scottish Executive to accept DWP legal advice that this is a reserved matter outside of their competence. Alan Milburn is also speaking to Helen about this next week.



Welsh Assembly Learning Grants

Peter Hain has helped to broker an agreement between the Welsh Assembly Government and DWP over the Assembly Learning Grant (ALG) scheme and benefit entitlement. A problem had arisen over the clawback of ALGs – one of Rhodri's flagship policies - through the benefit system. It has now been agreed that the ALG can now be fully disregarded.



Alasdair M. Gowan

ALASDAIR McGOWAN



AMCG
cc: CS

RT HON ROBIN COOK MP
LEADER OF THE HOUSE OF COMMONS
2 CARLTON GARDENS
LONDON SW1Y 5AA
TEL: 020 7210 1025

Our Reference: 0015433

13 NOV 2002

Dear Helen,

Thank you for your letter of 8 November about a Bill on Sunday Working in Scotland. I have discussed your proposal with Hilary and our colleagues in the House of Lords.

We are all very sympathetic to the point of policy which you raise, but do not feel for reasons of business management that we could responsibly accept another Government Bill for this session. To put this decision in context, I should explain that we are all deeply concerned at the very large volume of legislation which we are asking Parliament to consider in this session. The past session set a new record in the number of legislative pages passed in a single session and our current estimate is that in the coming session we are attempting to pass even more pages of legislation in a much shorter session. There is no room for any more legislation, and we will be lucky if there is enough room for all the legislation in the programme as it stands.

It is helpful that in the Commons your proposed Bill could go to the Scottish Grand Committee. However this does not entirely remove the pressure on time on the floor, as it would require a motion to commit the Bill which would certainly not be taken on the nod by the official Opposition and would need time to be debated.

The main problem though is in the Lords where there is no parallel provision for Scottish legislation and where time for legislation is much more tight as they have no Standing Committees. Our colleagues in the Lords are firm in their view that they cannot accommodate another Bill without jeopardising the timetable of Bills already in the programme.

I am sorry to send a negative reply as I do understand the attractions of this measure. There are two possible ways forward. First I have already invited bids for the third session on which planning is well under way and you may wish to make a bid for such a Bill to be included in the programme for the third session.

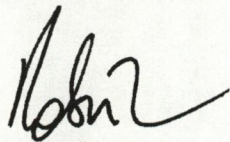
Secondly it strikes me that this might be an appropriate Bill for a Private Members Bill and is unlikely to run into opposition. We have a good list this year of Handout Bills for those successful in the forthcoming ballot and we would be happy to include



such a bill in the list, although in reality it is likely to be of interest only to any Scottish MP who succeeds in the ballot.

Perhaps you could let me know whether you wish to pursue either or both of these options.

Yours sincerely



ROBIN COOK

Rt Hon Helen Liddell MP
Secretary of State
Scotland Office





SCOTLAND OFFICE
DOVER HOUSE
WHITEHALL
LONDON SW1A 2AU

The Rt Hon Robin Cook MP
Leader of the House of Commons and President of the Council
2 Carlton Gardens
LONDON
SW1Y 5AA



AMC

✓ C: CJ

Dear President of the Council,

8 November 2002

LEGISLATIVE PROTECTION FOR SUNDAY WORKING IN SCOTLAND

I have been concerned for some time about discrimination by Argos in respect of their Scottish employees who refuse to work on Sundays and have declined to have their existing contracts adjusted. I am writing to seek your agreement to our moving to afford Scottish employees the same legal protection that currently exists for England and Wales in respect of Sunday working.

Until now, a voluntary code has allowed most large scale retailers to reach agreement with unions about the conditions to apply to workers in Scotland in respect of Sunday working. This has operated successfully, as far as we can judge, and prevented discriminatory action against workers, which the absence of specific legal protection might otherwise have risked. Argos have now decided to abandon the voluntary code agreed with USDAW and other unions and have re-negotiated the terms and conditions of workers in Scotland to enforce a degree of Sunday working.

This has resulted in a dozen or so of their employees losing their jobs directly as a result of a refusal to work on Sunday for religious, family or other reasons. Argos have pointed out that some 1300 employees have agreed to an adjustment in existing contracts which permit rostering staff for Sunday or weekend working on a regular basis. That is of course entirely a matter for the individuals concerned. In accepting the new contracts many must have been aware that the company would have been legally within their rights to insist on Sunday working given that there is not legal inhibition upon their doing so.

However, in a meeting this week with Terry Duddy, the Chief Executive of Argos, I secured agreement that the company would re-examine the particular position of the dozen or so employees who have lost their jobs in an attempt to see whether a more flexible approach

ould be taken. Again, this is not a matter for Government but one for the management to re-open in negotiation with the relevant unions.

I therefore think it a matter of priority to bring in legislation to afford Scottish workers the same protection of the right to decline to work on a Sunday as already applies in England and Wales. I understand that this would require a relatively straightforward amendment to extend the present provisions of the Employment Protection Act 1996 to include Scotland. The Bill would be short and uncontroversial, and therefore in the Commons would be suitable for promotion as a free standing Bill through the Scottish Grand Committee procedure. But of course the Lords has no such procedure for Scotland-only bills. I would therefore be very grateful for both your and Gareth's advice and assistance over how this small but worthwhile Bill might have an early passage through the House of Lords. I am convinced that if we do not take action fairly soon on this front, a number of other large retailers will seek to take action which ultimately could be discriminatory against Scottish workers given the absence of explicit legal protection for Sunday working in Scotland.

I know that Patricia Hewitt shares my view that we must examine what can be done to address the situation. Our officials have already started to explore ways of getting the right legislative solution.

I hope you can agree therefore to our announcing an intention to bring forward proposals which we might turn into law just as soon as possible. Obviously we would have to be realistic about timing but the Scottish Grand Committee route could allow early action without impacting on a busy schedule on the floor of the House.

Ideally it would be a very strong signal of our commitment if I could refer to the possibility of legislation in my briefing on the Queen's Speech for the Scottish implications of the legislative programme for next session.

I am copying this letter to the Prime Minister, Cabinet colleagues, Barbara Roche and Sir Andrew Turnbull.

Yours sincerely

J. Edgeman

pp HELEN LIDDELL

(Approved by the Secretary of State and signed in her absence)

RESTRICTED

From: Alasdair McGowan
Date: 8 November 2002

PRIME MINISTER

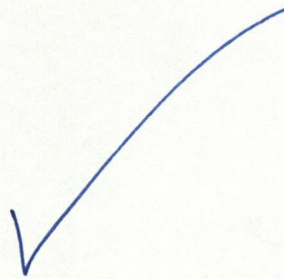
Cc: Jonathan Powell
Alastair Campbell
Sally Morgan
Pat McFadden

JACK McCONNELL

The Party has today published its report into the allegations surrounding Jack's constituency (see attachment). The report - which draws on the work of external financial auditors, a specialist forensic inquiry and assistance from the Electoral Commission as well as the Party's own investigations - clears Jack of any impropriety but states that there may have been potential illegality on the part of an individual in the CLP. The Party has therefore placed all relevant documents in the hands of the Police for further investigation.

Hopefully, this will draw a line under recent events. In terms of the long-term political fall-out, there is some evidence from focus groups that Jack's personal ratings may have been hit in the short term by this affair. However, the impact on the Party's poll ratings in Scotland have been virtually unaffected.

Alasdair



ALASDAIR McGOWAN

RESTRICTED

Report to the Scottish Executive Committee

1.0 Introduction

This report sets out the findings of my investigation into alleged financial irregularities within Motherwell and Wishaw CLP. It draws on additional investigations commissioned by the Labour party from external financial auditors, a specialist forensic enquiry, and assistance from the Electoral Commission.

The financial audit was conducted by Horwath Clark Whitehill and the forensic examination was carried out by Sinclair Wood and Co.

The report addresses the general responsibilities of the CLP and makes recommendations for future action and improvement.

2.0 Scope and nature of investigation

This investigation was initiated following the inability of the locally elected auditors to conclude their audit of the accounts of Motherwell and Wishaw CLP and press speculation about possible financial irregularities within the constituency. In addition to covering these issues, my investigation also examined a number of unrelated matters raised in the press or with me by the local voluntary auditors concerning expenditure connected with the Local MSP and MP.

My investigation covered the general management of the CLP, the Constituency Plan agreement between the CLP and the ISTC, the operation of the Constituency's Development Fund Account, Election Fund Account, Red Rose Dinner Account and its general account. I also considered the CLP arrangements for recording donations in compliance with the Political Parties, Elections and Referendums Act (PPERA) and CLP involvement in fundraising, including the 'Red Rose' dinners. I also obtained information from the MP and MSP. The investigation covered the period from February 1999 to February 2002.

During my investigation, I examined the accounts and records of expenditure and income that were available to the local auditors and further records and correspondence that I obtained from office-bearers of Motherwell and Wishaw CLP. I interviewed a number of current and previous office-bearers and members within the constituency and publically elected politicians. I was also granted direct access to bank account records and documents relative to the constituency and my investigation.

These documents and records were also made available to those external parties who were conducting the forensic enquiry and the auditors appointed by the Labour party.

3.0 Current Status of Investigation

The issues that I investigated fall into two broad categories: issues that can be explained and reported on in public at present; and issues that will be the subject of further investigation by Strathclyde Police.

In the interests of openness and transparency, this reports sets out fully those issues that can be concluded at this stage.

A number of other matters in relation to alleged financial irregularities have now been referred to Strathclyde Police for investigation. There is a limit to the matters that the Labour Party and its elected representatives can comment on in public until their investigations are completed. In accordance with the principle of natural justice, this report does not detail any matter that may prejudice police inquiries or any individuals who may be affected by them. As the reports prepared by the external auditor and as a result of the forensic enquiry are central to this police investigation they will not be made public. The documents in these enquiries have been passed to the police.

I have also made a full report to David Triesman, the General Secretary of the Labour Party for consideration by the National Executive Committee.

I confirm that the matters that I have referred to Strathclyde Police do not involve the local MSP's parliamentary advice centre accounts, do not involve any public funds and do not indicate any impropriety whatsoever on the part of the local MSP or MP. I have reviewed these matters with David Triesman, and he wholly concurs with this conclusion.

4.0 Findings

4.1 Financial position of Motherwell and Wishaw CLP.

The financial irregularities identified as part of this investigation relate to the CLP general account, the Constituency Development Fund and the Red Rose Dinner Account.

It is not possible to state with accuracy the financial history of Motherwell and Wishaw CLP.

Whilst there are matters which will be further investigated by Strathclyde Police it is inappropriate to offer any further comment. I can confirm however that there has been no inappropriate accounting of public funding or of election campaign funding and there has been no expenditure paid for by the constituency that was not justified.

The record keeping and accounting practices have been much improved since February 2002 and currently comply with good practice.

4.2 Governance within Motherwell and Wishaw CLP

The responsibility for local Party finances rests with the Executive and General Committees of individual Constituency Labour Parties (Clause VIII.1 of Labour Party Rules).

In general, the Executive Committee failed in its responsibility to ensure that there was adequate financial supervision and control. Inaccurate typed reports were presented to EC and GC meetings without any supporting documentation and it is unfortunate that these inaccurate reports are now in the public domain and are being falsely portrayed as fact. The EC also failed to ensure that all records were reconciled against Bank statements and did not seek sight of banking records or statements.

It is my conclusion that the EC and GC demonstrated poor financial governance of the CLP.

4.3 Management of Development Fund

The CLP established a Fund to assist with campaigning and local party development. Money secured from the ISTC was deposited in this Fund. No public money was involved.

The local volunteer party auditors raised concerns regarding expenditure from this fund in relation to some office equipment, support for the local MSP's leadership campaign in October 2000 and a hotel bill for the former parliamentary assistant to the local MSP working in her own time at Labour Party conference.

The independent forensic enquiry has confirmed that:

- (a) There has been no unjustified expenditure paid for by the Constituency.
- (b) There has been no inappropriate accounting of public or campaign funding.

However, record keeping within the CLP as a whole could have been substantially improved and there was an absence of recorded decision making around the use of the Development Fund.

New arrangements are now in place for the management of the Development Fund and these are welcomed.

The forensic enquiry confirms that neither the MP nor the MSP received any money from this fund for personal use.

4.4 Leadership Campaign 2000

Issues have been raised by the local auditors and opposition parties on the use of the Development Fund for expenditure in support of the local MSP's leadership campaign in October 2000. It has been confirmed that this was a legitimate use of Labour party funds (section 4.3 above).

The Development Fund met the cost of:

1. A political website created for Motherwell and Wishaw CLP which had general benefit for the CLP (approximately £150); and
2. The cost of petrol expenses of a volunteer driver (approximately £70).

Following the leadership election campaign, the local MSP provided me with a report on his campaign arrangements and expenditure. The local MSP has discussed this matter with the Standards Clerk and he has indicated he will include this in his Register of Interests, if it is appropriate.

4.5 Office Equipment, Parliamentary Advice Centre

Local voluntary auditors questioned the appropriateness of using Labour party funds for some items of equipment located in the Parliamentary Advice Centre in Wishaw. These included a camera, a guillotine and some printing equipment. Payments also included a 'Working Together' sign for the Parliamentary Advice Centre.

The independent forensic enquiry has confirmed that there is no doubt about the legitimacy of expenditure on the items of office equipment raised by the local voluntary auditors.

The local MSP and MP erred on the side of caution and refused to allow parliamentary expenses and allowances to be used to meet the cost of anything that could be linked, however tenuously, with separate party political activity.

Indeed, if parliamentary allowances had been used to purchase equipment then these items would have become the property of the Scottish or Westminster Parliaments and would not have been available for use by local organisations. The printer purchased with Development Fund money has been used by local charities, including the MS Society, and will be used by the local Labour Party in the future.

The approach adopted by the local MSP and MP was entirely appropriate and is a good example of the diligence exercised by the

local elected representatives to protect the public purse and public interest.

4.6 Red Rose Dinners

Fundraising is a legitimate and vital exercise for CLPs and the arrangements within Motherwell and Wishaw were very successful.

The 1999 Red Rose Dinner was organised by the CLP as part of its general fundraising activities. Subsequent dinners have been organised by trustees and accounts kept separately from the CLP.

It is impossible to state the accounts for Red Rose Dinners with absolute certainty as they suffered from the same poor record keeping as set out in section 4.1 of this report.

Frank Roy MP has previously sought advice on whether any contribution to these dinners requires to be declared on his Register of Interests. The local MSP indicated that he would of course act in accordance with that advice.

The Registrar of Members' Interests in Westminster changed her advice to Frank Roy in October from advice given in July on what requires to be registered in relation to Red Rose Dinners. The Commissioner has apologised for providing incorrect advice some time ago. The local MSP is to consider whether to amend his register in light of this new advice, even though there may be no requirement to do so in the Scottish Parliament.

Donations from the Red Rose Dinners have been properly recorded under the PPERA Act with the Electoral Commission.

4.7 Local Audit Process

The Motherwell and Wishaw CLP voluntary auditors had difficulty in obtaining information from the Constituency Treasurer in relation to items within the CLP accounts. Normally the Treasurer should have provided all relevant information to local auditors to allow them to conclude their audit. But the failure to do so on this occasion led the local auditors to contact both the MSP and MP direct for explanations.

Both the elected representatives complied with this local audit process and provided the local volunteer party auditors with explanations for the items that the local auditors raised between March and August 2002. The local auditors have not raised any further issues in respect of these items with the external auditors during this investigation.

4.8 Registration of donations under PPERA

During my investigation, it became clear that Motherwell and Wishaw CLP had not fully complied with all the requirements of the Political Parties, Elections and Referendums Act. Responsibility for complying with this Act lies with the Constituency Labour party Treasurer (Clause IX.6 of Labour party Rules).

These failures to declare donations relate to ISTC funds received by the Constituency and have now been rectified.

As part of my investigation, I have held various meetings with the Electoral Commission to review the Labour party processes in Scotland in respect of declaring donations and contributions.

A further assessment of the position across the UK as a whole has been undertaken by David Triesman, General Secretary and he will report his findings separately.

In Scotland, the failure to declare is related to two constituencies only.

4.9 Election Expenditure/Register of Interests

During the course of my investigation some of the facts surrounding the income for the Motherwell and Wishaw CLP parliamentary election campaign in 1999 were misrepresented in the media.

The ISTC made a contribution of £5,000 to the Motherwell and Wishaw CLP to cover general campaigning expenditure in an election year. It was made after most of the election expenditure had been incurred and it was not used for funding election campaigning. Furthermore, it was not a contribution to a Red Rose dinner. In fact, the ISTC contribution was credited on 4 May 1999 to the Development Fund Bank Account (quite separate from the Constituency funds) and the bulk of the money (over £4,000) met the costs of equipment for use by the Constituency Labour Party.

The CLP maintains an Election Fund (which is used to help meet expenditure associated with elections to the Scottish Parliament, European Parliament, Westminster and local authority). The CLP undertakes a range of initiatives to raise money for the Election Fund, including raffles and fundraising dinners. The CLP made a contribution from this Fund to the Election Agent of £4839.10 to cover election expenses. The declaration of election expenses made by the candidate and his election agent is accurate and was recorded and published correctly.

5.0 Recommendations

A full list of recommendations relating to the financial governance of Motherwell and Wishaw CLP will be made upon completion of any Police inquiries.

Lesley Quinn

Scottish General Secretary

8th November, 2002

RESTRICTED - APPOINTMENTS

file

*not added to
In Box*



10 DOWNING STREET
LONDON SW1A 2AA

From the Senior Policy Adviser

3 October 2002

Dear Helen,

Thank you for your minute to the Prime Minister proposing to invite Professor Gavin McCrone and Dr Elspeth Graham to serve for a further term as Commissioners. The Prime Minister is content for you to offer reappointment to Professor McCrone and Dr Graham and for you to consult on the basis you suggest.

Alasdair McGowan

ALASDAIR MCGOWAN

The Right Honourable Helen Liddell MP

RESTRICTED - APPOINTMENTS

[Handwritten mark]

Tony - both of these candidates
are well respected. Are you cabinet?

fine

Alastair



MATRIX

AMC
cc JHM
App 13
AA

RESTRICTED - APPOINTMENTS

Prime Minister

BOUNDARY COMMISSION FOR SCOTLAND: PROPOSED RE-APPOINTMENT OF COMMISSIONERS

The Boundary Commission for Scotland comprises currently Lady Hazel Cosgrove, Chairman, plus Professor Gavin McCrone and Dr Elspeth Graham, her two Commissioners. The commissioners' terms of appointment expire on 31 December this year and I propose, subject to your agreement, to offer re-appointment to them both. Pen pictures are attached.

I have consulted Lady Cosgrove who is extremely positive about retaining these commissioners for a further term. She has indicated that each is playing a key part in discharging the Commission's responsibility for their Fifth Periodic Review of Parliamentary Boundaries at Westminster and Holyrood which will be submitted to me not later than December 2006. Professor McCrone and Dr Graham have told the Chairman that they would be happy to serve for a further term, if invited.

In recognition of the Commission's independent status, it is customary to consult the leaders of political parties about appointments. I will do so once I have your view on the proposal.

I would be glad to have your clearance to invite Professor McCrone and Dr Graham formally to serve for a further term as Commissioners.

HL

HL

25/9/02

ANNEX

Professor R.G.(Gavin) L McCrone CB MA PhD Hon LLD FRSE

Gavin McCrone joined the former Scottish Office in 1970 after a distinguished academic career. He was an eminent specialist in regional policy. He held various senior posts including that of Chief Economic Adviser in the Scottish Office and retired in 1992 as Head of the Scottish Development Department. Since then he has held several academic positions, as well as serving on NHS and Housing Trusts. At the invitation of the then First Minister, Professor McCrone led the major review of teachers' salaries and conditions in Scotland. He was appointed to the Boundary Commission in 1998.

Dr Elspeth Forbes Graham MA PhD

Dr Graham is an university teacher and professional geographer working mainly on urban geography and population histories in Scotland, Europe and south-east Asia. She has taught at St Andrews University since 1980 and currently holds a senior lectureship in the Geography Department. Her publications and research include detailed studies into the links between geography and the social sciences, especially psychology and health matters. She is actively involved in professional geographer associations at both Scottish and UK levels. She was first appointed to the local government Boundary Commission in 1994 and to the Parliamentary Commission in 1998.



h-c

AMC
cc JHM
App 13
AA

RESTRICTED - APPOINTMENTS

Prime Minister

BOUNDARY COMMISSION FOR SCOTLAND: PROPOSED RE-APPOINTMENT OF COMMISSIONERS

The Boundary Commission for Scotland comprises currently Lady Hazel Cosgrove, Chairman, plus Professor Gavin McCrone and Dr Elspeth Graham, her two Commissioners. The commissioners' terms of appointment expire on 31 December this year and I propose, subject to your agreement, to offer re-appointment to them both. Pen pictures are attached.

I have consulted Lady Cosgrove who is extremely positive about retaining these commissioners for a further term. She has indicated that each is playing a key part in discharging the Commission's responsibility for their Fifth Periodic Review of Parliamentary Boundaries at Westminster and Holyrood which will be submitted to me not later than December 2006. Professor McCrone and Dr Graham have told the Chairman that they would be happy to serve for a further term, if invited.

In recognition of the Commission's independent status, it is customary to consult the leaders of political parties about appointments. I will do so once I have your view on the proposal.

I would be glad to have your clearance to invite Professor McCrone and Dr Graham formally to serve for a further term as Commissioners.

HL

25/9/02

ANNEX

Professor R.G.(Gavin) L McCrone CB MA PhD Hon LLD FRSE

Gavin McCrone joined the former Scottish Office in 1970 after a distinguished academic career. He was an eminent specialist in regional policy. He held various senior posts including that of Chief Economic Adviser in the Scottish Office and retired in 1992 as Head of the Scottish Development Department. Since then he has held several academic positions, as well as serving on NHS and Housing Trusts. At the invitation of the then First Minister, Professor McCrone led the major review of teachers' salaries and conditions in Scotland. He was appointed to the Boundary Commission in 1998.

Dr Elspeth Forbes Graham MA PhD

Dr Graham is an university teacher and professional geographer working mainly on urban geography and population histories in Scotland, Europe and south-east Asia. She has taught at St Andrews University since 1980 and currently holds a senior lectureship in the Geography Department. Her publications and research include detailed studies into the links between geography and the social sciences, especially psychology and health matters. She is actively involved in professional geographer associations at both Scottish and UK levels. She was first appointed to the local government Boundary Commission in 1994 and to the Parliamentary Commission in 1998.

Jonathan Powell



From: Alasdair McGowan
Sent: 19 September 2002 16:11
To: Sally Morgan
Cc: Jeremy Heywood; Robert Hill; Jonathan Powell; Anne Shevas; Andrew Adonis
Subject: SCOTLAND - PR FOR LOCAL GOVERNMENT

Jack is likely to announce in a PQ next week (prob Tue/Wed) that they will introduce a draft bill this session - to be voted on after the elections - on PR for local government. This will back STV. News is already leaking out of Scotland - although the Lib Dems have over spun the deal. Party is still fairly firmly opposed - but my guess is that they will grudgingly accept it as the price of four more years of coalition government.

pm

to me

JP





101910100

RESTRICTED - POLICY

From: **MARK TAYLOR**
Devolution Division
Rm 3.6a, Admiralty Arch
7 276 3556

Date: 7 August 2002

DEPUTY PRIME MINISTER

Copy: PS/Sir Richard Wilson
Mavis McDonald
Paul Britton
Helen Ghosh
Peter Unwin
Peter Thompson
Special Advisers
Alasdair McGowan (No10)
Rosemary Jeffreys (TSol)
Nigel Lambert (TSol)

**SCOTTISH PARLIAMENT'S POWERS TO CONFER DEVOLVED FUNCTIONS
ON UK BODIES**

Issue

1. How to take forward the UK Law Officers' advice regarding the Scottish Parliament's powers to confer devolved functions on UK bodies.

Recommendation

2. That you:
 - (i) agree the best way of taking this matter forward is to seek a non-legislative agreement, in the form a protocol, with the Scottish Executive; and
 - (ii) write to CNR colleagues seeking their agreement to this course of action. I attach a suitable draft at Annex A.

Timing

3. Routine.

Background

4. In July 2000, the UK and Scottish Law Officers were asked to advise on whether the Scottish Parliament has any legislative competence to confer devolved functions on UK bodies or regulate their activities in Scotland in other ways. The questions to the Law Officers related to a whole spectrum of bodies, ranging from those acting on behalf of the Crown (including Ministers and government departments) to other public bodies associated

RESTRICTED - POLICY

with UK Government or exercising functions which are exclusively or partially reserved. The issue is difficult and goes to the heart of the Scottish settlement.

5. My submission to you of 31 October last year set out the UK Law Officers provisional view. In essence they concluded that although there were arguments both ways, the better view was that the Scottish Parliament does in principle have the competence to confer functions on UK bodies (though subject to significant limitations arising from situations in which conferring a devolved function could be seen as relating to a reserved matter). Nevertheless, the Law Officers made it clear that they would be prepared to advance two particular lines of argument against the Parliament's competence if the Government considered this appropriate for policy reasons. However, these could be met by counter-arguments, and the Law Officers were not confident they would succeed if they were ever tested in court.

6. Subsequently, you wrote to Helen Liddell and Derry Irvine to consult them on the handling of the Law Officers' provisional advice. You sought their views on three options for taking the matter forward:

- **option 1:** to maintain a hard line that the UK Government did not accept that there were ever circumstances where the Scottish Parliament had competence to confer functions on such UK bodies;
- **option 2:** to seek to amend the Scotland Act to require the Executive to seek the consent of the relevant UK Minister whenever it proposed to confer functions on such bodies; and
- **option 3:** to seek a non-legislative agreement or protocol with the Executive, setting out how the Parliament's competence would be used.

Both Helen Liddell and Derry Irvine concluded that option 3 was the best way forward.

7. In the meantime, the Law Officers have finalised their Opinion (unchanged on the provisional draft), and we have circulated it at official level to departments and their legal advisers for information.

8. **Given Helen Liddell's and Derry Irvine's support for option 3, are you content to recommend it to CNR colleagues as your preferred course of action?** If so, a suitable draft is attached at Annex A.

MARK TAYLOR
Deputy Director

The Rt Hon Robin Cook MP
Leader of the House of Commons and the President of the Council
2 Carlton Gardens
London
SW1Y 5AA

SCOTTISH PARLIAMENT'S POWERS TO CONFER DEVOLVED FUNCTIONS ON UK BODIES

As you know, the UK and Scottish Law Officers were asked in July 2000 to advise on whether the Scottish Parliament has any legislative competence to confer devolved functions on UK bodies or regulate their activities in Scotland in other ways. The questions to the Law Officers related to a whole spectrum of bodies, ranging from those acting on behalf of the Crown (including Ministers and government departments) to other public bodies associated with UK Government or exercising functions which are exclusively or partially reserved. These are difficult issues which go to the very heart of the Scottish settlement.

The UK Law Officers issued their Opinion earlier in the year (previously circulated at official level to departmental devolution contacts and departmental legal advisers, and attached now in accordance with the Ministerial Code). They concluded that:-

- There are arguments both ways, but the better view is that the Scottish Parliament does in principal have competence to confer devolved functions on UK bodies, though subject to significant limitations. Whether the Parliament would have competence would depend mainly on the degree to which conferring the particular function on the particular body would relate to a reserved matter. A number of ways in which this might be the case were identified, including whether the new function would be incompatible with the nature and dignity of the body concerned, would change the body's scope of action, would apply for devolved purposes machinery or funding dedicated to reserved purposes, or would interfere with the body's ability to perform its reserved functions.
- The Law Officers would be prepared to advance two particular lines of argument against the Parliament's competence if this was considered appropriate for policy reasons. These were, first, an argument against any competence to confer functions on UK bodies based on comparison with federal constitutions and, secondly, an additional argument against competence to confer functions on Ministers of the Crown based on the proposition that conferring any function in a devolved subject matter must necessarily alter their status. However, these could both be met by counter-arguments, and the Law Officers were not confident that they would succeed in court.
- The Scottish Parliament can also pass legislation on devolved matters such as planning or criminal justice which will regulate the activities of UK bodies just

as they bite on any other organisation operating in Scotland. Again, this is subject to the specific reservations and protections in the Scotland Act.

- If the Scottish Parliament were ever to legislate to interfere with the working of the UK Government or to confer inappropriate functions on UK bodies, the Courts would be sympathetic to the argument that this was an abuse of the Parliament's powers.

We now need to decide how to proceed in the light of this advice. I believe that there are three broad options:-

- (i) **We could maintain a hard line, namely that the UK Government did not accept there were ever circumstances where the Scottish Parliament had competence to confer functions on such UK bodies.**

This has clear risks, given the Law Officers' advice, not least in terms of our relations with the Scottish Executive. In the face of a hard line, the Executive might well feel compelled to test the point sooner rather than later on grounds of their choosing, and our position would commit us to challenging a Scottish Bill containing such a provision in the Judicial Committee of the Privy Council. The crucial test could well arise in circumstances where we would be unable to point to any significant interference with the workings of the UK machinery or the principles underlying the Scotland Act, and would be relying solely on the argument of principle. We should also not forget the possibility of a Committee or Member's Bill in the Scottish Parliament gaining sufficient support to make this an issue, even without the backing of the Executive. Moreover, if we were to contest a Bill and lose, we would face some public embarrassment and be left with trying to implement options two or three from a weakened position.

- (ii) **We might concede that the Parliament does have some competence here, but seek to amend the Scotland Act to ensure that it can be exercised only with the consent of the relevant UK Minister.**

Such legislation would either have to be drawn very widely or, if we sought only to protect key areas of concern, would be detailed and probably difficult to draft. It would certainly be contentious in Scotland, as it would be seen as the Government curtailing the competence of the Scottish Parliament. The Prime Minister also made plain (in earlier correspondence on this issue) his reluctance to amend the Scotland Act in this way, given all the attendant risks of people seeking to re-open other aspects of the Scottish settlement.

- (iii) **We could concede that the Parliament does have some competence and seek to negotiate a non-legislative agreement with the Executive, in the form of a protocol that would set out how such competence would be used.**

The judgement here is whether such protocol would provide sufficient reassurance against the possibility of the Parliament imposing unwanted and unwelcome powers on UK bodies. The key elements would obviously have to be UK Government consent, plus clarity on issues of funding. While it too has its

risks - not least in that the current Executive cannot bind its successor - a protocol would also sit well with the general tenor of our relationships with the devolved administrations, which are heavily based on co-operation and agreement. It would not displace the existing legal restraints which the Law Officers have identified, and we would still be able to contest any individual proposals which we felt to be outside competence

I have already sounded out Helen Liddell and Derry Irvine, both of whom believe that option three provides the best way forward. I agree. Given the Law Officers' Opinion, I do not think we can credibly maintain the line that the Parliament has no competence here. There are also clear disadvantages in trying to amend the Scotland Act at this stage. This seems to me something to hold in reserve in case we cannot secure a suitable protocol. So, subject to any views from CNR colleagues, I shall ask my officials, in close liaison with Helen's, to start exploring with the Scottish Executive the basis of a possible protocol. I shall, of course, ensure that you are all kept informed of progress.

I am copying this letter to the Prime Minister, members of CNR and Sir Richard Wilson.

JOHN PRESCOTT



SCOTTISH EXECUTIVE

Deputy First Minister & Minister for Justice
The Rt Hon Jim Wallace QC MSP

St Andrew's House
Regent Road
Edinburgh EH1 3DG

Telephone: 0131-556 8400
scottish.ministers@scotland.gsi.gov.uk
<http://www.scotland.gov.uk>

The Rt Hon John Prescott
Deputy Prime Minister and First Secretary of State
Dover House
London
SW1

25 July 2002

Dear John,

HAGUE CONVENTION ON PRIVATE INTERNATIONAL LAW CONVENTION ON THE PROTECTION OF ADULTS

I have now seen a copy of Derry Irvine's letter of 12 June 2002 to the Prime Minister which is now being treated as Domestic Affairs correspondence.

I have also seen a letter from Helen Liddell of 2 July in which she supports Derry's suggestion that the United Kingdom should ratify the Convention on the Protection of Adults for Scotland.

As is noted in the correspondence Scottish domestic law in relation to the protection of adults has been reformed and the Adults with Incapacity (Scotland) Act 2000 is in the course of being implemented in stages. The final stage of implementation takes place in April 2003.

If possible we would like to implement those parts of the Act which pave the way for the operation of the Convention when the final domestic implementation takes place. We would therefore clearly support the Lord Chancellor's proposal that the United Kingdom ratify on behalf of Scotland as is possible under the Convention.

We would like this to take place in sufficient time ahead of the final implementation of the Scottish domestic legislation. If Ministerial colleagues agree this then we would arrange for our officials to work together so that the formalities could be completed in accordance with this aim.

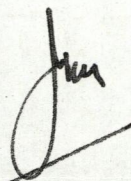
Even if ratification is only for Scotland there is nothing to stop the United Kingdom signing the Convention at this stage as a mark of its intent that the Convention should apply throughout its whole territory – I understand that consultations in England and Wales support in principle the application of the Convention there and I therefore suggest that the United Kingdom should sign the Convention as soon as reasonably practicable.

GMK07656



I am sending a copy of this letter to the Prime Minister and the other recipients of the Lord Chancellor's letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Jim", written over a horizontal line.

JIM WALLACE

GMK07656



for a political culture that is willing to overcome the remaining problems of distrust between and among Scotland's public servants. While many had hoped devolution would produce a 'new politics', progress has been limited and Scotland has yet to fully free itself from the 'old politics' of the past. If devolution is to produce new goals and a new history then it must make progress on this issue more than on anything else.

About the project

The research was carried out by John Fairley, Mark McAteer and Mike Bennett of Strathclyde University. The study consisted of 120 personal interviews with Scottish Executive Ministers, civil servants and senior councillors and officials from 11 local authorities. Other key commentators on Scottish political affairs were also interviewed. Five surveys were also conducted, with each producing a representative response rate. Surveys were carried out with elected councillors, and four local government professional associations: the Society of Local Authority Chief Executives and Senior Managers (SOLACE), the Association of Directors of Education in Scotland (ADES), the Association of Local Authority Chief Housing Officers (ALACHO) and the Scottish Local Authority Economic Development Group (SLAED).

How to get further information

The full report, **Devolution in Scotland: The impact on local government** by Michael Bennett, John Fairley and Mark McAteer, is published for the Foundation by YPS (ISBN 1 84263 068 7, price £12.95). It is available from York Publishing Services Ltd, 64 Hallfield Road, Layerthorpe, York YO31 7ZQ, Tel: 01904 430033, Fax: 01904 430868, email: orders@yps.ymn.co.uk. Please add £2.00 p&p per order.

The following *Findings* look at related issues:

- **The National Assembly for Wales and local government**, May 02 (Ref: 532)

All JRF *Findings* are also published on our website: www.jrf.org.uk. If you do not have access to the Internet or have any further queries on publications, you can call 01904 615905 (answerphone for publications queries only) or email: publications@jrf.org.uk.

The impact of devolution on local government in Scotland

ME

→ AMCS

Following Labour's 1997 General Election victory devolution was granted to Scotland and Wales. This study, by a team from the University of Strathclyde, analysed the impact of devolution on local government in Scotland. The study mapped the changing relationships in the new 'multi-level democratic governance' of Scotland, including the continuing relevance to Westminster in Scottish central-local relations. It assessed the impact of devolution on national local government organisations; the centralisation of political power in Scotland; and the impact of devolution on local public service delivery. The study found:

- f** The great majority of local government interviewees supported devolution politically with virtually none calling for a return to pre-devolution state of affairs. Notwithstanding this endorsement, there were a number of areas where there was dissatisfaction with how devolution has worked out in practice.
- f** Nearly half of councillors (48 per cent) thought devolution had reduced the importance of local government.
- f** While relations between local government and the political Executive were generally much improved compared with those before devolution, relations with the civil service were often marked by mutual distrust.
- f** Westminster has become much less important to the day-to-day operations of Scottish local government although UK party political links remained important.
- f** List MSPs were largely seen as a nuisance who simply chased headlines in local newspapers in order to raise their own profile.
- f** Forty per cent of councillors thought that COSLA had been too close to the Scottish Executive in policy-making terms and only 28 per cent thought that COSLA represented all councils' interests fairly and equally.

This study was based on interviews and surveys of those working in central and local government in 11 Scottish local authorities.

Central-local relations in post-devolution Scotland

The majority of interviewees working in local government believed that the Scottish Executive was striving to be more open and inclusive, and that there was more partnership working. However, most in local government also felt that they were the junior partners in the relationship, with 48 per cent of councillors thinking that devolution had reduced the importance of local government. While there were tensions in the complex relationship between the tiers of government, the general view was that things had improved for local government since devolution.

"Things are better than they were before devolution. They are not as good as they could be but I think that is a development issue; things will improve."
(Councillor)

The research highlighted the continued fragmentation of central-local relations in Scotland. A range of relationships between different departments of the Scottish Executive and different parts of local government was uncovered. At the corporate level of councils, relations with the Executive varied significantly depending on the issue. For example, Directors of Education reported positive relations with the Scottish Executive Education Department. This contrasted with the views of Directors in other local government service areas where, in general, less positive relations seem to exist. The research also highlighted the different perceptions between politicians and senior officers, particularly chief executives, within the case study councils.

Most of the local government interviewees regarded the civil service with a degree of suspicion

and mistrust. They felt that the civil service was largely dismissive of local government and on some issues even hostile to it.

"Devolution has brought the civil service more in the limelight but they don't like it. There is still a tendency to tell things rather than to listen. They are high in arrogance – they have a command model of the world." (Local government interviewee)

On the civil service side of the 'divide' an equal sense of mistrust of local government was found and interviewees expressed unease about local government's capacity to formulate policy and its ability to deliver public services.

"Can [local government] deliver modern, high quality services? If they fail on any Executive priority, that will put strain on the 'partnership'." (Civil service interviewee)

One of the aspirations that underpinned Scottish devolution was that a new form of governance would be created, or, to use the term adopted by many, a 'new politics' would emerge in Scotland. The research found that Westminster remains a major influence not just in financial and policy terms but also as a mindset, one that does not always sit in accordance with the aspirations of devolution.

"In the old days ministers spent 3 days a week in London; there is now more exposure of the civil service to ministers from about grade V and down. The civil service still remains pre-occupied with reacting to 'events, dear boy, events'."

The relevance of Westminster and Whitehall

While Westminster remains important in establishing the financial and policy frameworks within which Scottish local authorities and devolved

government operate, 62 per cent of local councillors said Westminster had become less important to local government. One Scottish Executive Minister commented:

"Westminster has no impact on Scotland; the separation is quite astonishing [it is] much more so than anyone would have realised."

On an interpersonal level, however, it is clear that many councillors still retain significant levels of contact with Westminster MPs. This indicates the continuing importance of UK party political contact within Scottish political networks. These informal party political channels were critical to the management of policy and created a web that bound local government, the devolved administration and Westminster together.

The Executive and Parliament: differing perceptions

While both the Scottish Parliament and the Scottish Executive were inter-linked and formed central elements of the governance framework of Scotland they were also perceived in very different terms by many in local government, who tended to view the Parliament more favourably than they did the Executive. A further issue highlighted by the research was the role of List MSPs. Under the Additional Member System used for the Scottish Parliament elections, these MSPs' seats were allocated according to the total number of votes cast for the political parties. List MSPs were largely seen as a nuisance who simply chase headlines in local newspapers in order to raise their own and their party's profile.

The study found that the advent of the Scottish Parliament with a Labour-led coalition has created new pressures on the Labour-controlled Convention of Scottish Local Authorities (COSLA).

The key issue that emerged from this analysis was that, while COSLA has pursued a strategy of

partnership in order to try to influence the Scottish Executive, most councillors had not perceived the benefits of this approach. Forty per cent of councillors thought that COSLA had been too close to the Scottish Executive in policy-making terms and only 28 per cent thought that COSLA represented all councils' interests fairly and equally.

Devolution and public service delivery

Among both councillors and local government professional associations there were strong feelings that central control of many local government services had increased since devolution. Despite these concerns the general consensus for public service delivery was a positive one. While devolution has not resolved all the problems, it has made some important changes and the machinery of devolution allows closer joint working.

"I think devolution has made a bigger difference than the '97/'99 period. I think devolution was needed to improve decision-making structures and processes in Scotland." (Councillor)

Conclusion

While devolution may not have realised all expectations, it was perceived to have brought significant improvements in the governance of Scotland in the first two years.

In the main the research found that devolution had significantly improved matters by bringing national government closer, geographically, to local government. In addition to being physically closer to local government the research found that the Scottish Executive was perceived as more open and willing to listen to local government than the Scottish Office had been before devolution. In addition, the policy and legislative capacity that devolution brought created far greater opportunities to deal with Scotland's problems.

What is apparent from the research is the need



SCOTLAND OFFICE
DOVER HOUSE
WHITEHALL
LONDON SW1A 2AU

www.scottishsecretary@scotland.gov.uk

The Rt Hon John Prescott
Deputy Prime Minister and First Secretary of State
Dover House
LONDON
SW1

2 July 2002

Dear John,

**HAGUE CONVENTION ON PRIVATE INTERNATIONAL LAW
CONVENTION ON THE PROTECTION OF ADULTS**

Top SW

cc DN MR

I write to support Derry Irvine's letter of 12 June 2002 to the Prime Minister, which is now being treated as Domestic Affairs correspondence.

The Adults with Incapacity (Scotland) Act 2000, passed by the Scottish Parliament, contains provisions enabling implementation of the Hague Convention. The Convention itself contains provisions which enable a Contracting State with more than one legal system to ratify on behalf of one or more of its legal systems. The Act of the Scottish Parliament is currently being implemented in stages and the final implementation will be in April 2003. It is therefore appropriate that the United Kingdom should ratify the Convention for Scotland at this stage.

The Scottish Parliament was the first Parliament to consider this Convention after it had been signed at The Hague in October 1999. It would therefore be fitting if the United Kingdom could indicate its support for the Convention in taking this step.

I would be grateful if Derry's officials could keep in close touch with my officials and with colleagues in the Scottish Executive. It would be useful if Derry could send his letter to the Prime Minister to the Justice Minister in the Scottish Executive, Jim Wallace, to ensure that the Executive is kept fully in touch. When we ratify, we will want to make the point that Scotland has progressive legislation in this area and that this is an example of Scotland playing an active part in international matters as part of a strong United Kingdom.

I am copying this letter to the Prime Minister, the Lord Chancellor, the Foreign Secretary, the Secretary of State for International Development, members of DA and Sir Richard Wilson

John Liddell

HELEN LIDDELL



SCOTLAND OFFICE
DOVER HOUSE
WHITEHALL
LONDON SW1A 2AU

www.scottishsecretary@scotland.gov.uk

The Rt Hon Robin Cook MP
Leader of the House of Commons
2 Carlton Gardens
LONDON
SW1Y 5AA

27 June 2002

Dear Robin

*Top AM.
✓ CC CS.*

THE SEWEL CONVENTION AND THE SCOTTISH ELECTION PERIOD

As I mentioned at LP yesterday, the period surrounding the Scottish election next May will restrict the opportunity for the Scottish Parliament to consider Sewel motions in relation to devolved provisions contained in bills in next session's legislative programme. I thought colleagues would find it helpful to have the position set out in writing.

The Sewel Convention embodies the principle that the UK Parliament is sovereign, but will only legislate for devolved matters in Scotland with Holyrood's consent. Sewel motions are the means by which this consent is given. The Sewel Convention is non-statutory, and there are no alternatives to it. As was apparent earlier this year during the debates north and south of the border on the issue of planning consents for reserved matters, proceeding with legislation in a devolved area without Sewel consent would be unprecedented and exceptionally politically sensitive.

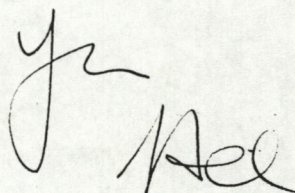
The Scottish Parliament will probably be dissolved on 25 March 2003 and will not reconvene until sometime during the period of 7 days after the election on 1 May. It will be unable to approve Sewel motions during that period and in practice probably not for at least a week or two thereafter, given the need for a new administration to be formed and sworn in. Colleagues will need to ensure that devolved provisions in Westminster bills do not fall to be considered by Commons Committee before a Sewel motion could be approved by the Parliament, as that would represent a breach of normal practice in relation to the Sewel Convention.

Furthermore, for political reasons Scottish Ministers are anxious to avoid more Sewel motions than are strictly necessary being put before the Parliament in the period January to March 2003, in the run up to dissolution of the Scottish Parliament. There will thus be a relatively narrow window of opportunity after The Queen's Speech to

put Sewel motions before the Scottish Parliament before new session Bills receive their Second Reading. Under these circumstances, it will become very important for Westminster Bill teams not to allow their bills to slip by a week or two at the turn of the year, when timing will be critical.

As you will be aware, my office works closely with the Legislation Secretariat on the Scottish aspects of the Westminster legislative programme, and has already taken steps to inform next session's bill teams of the position. My officials will also continue to liaise closely with those in the Scottish Executive. However, the sensitivities of this matter north of the border are such that I think that colleagues may find it helpful to be aware of it also.

I am copying this letter to the Prime Minister, Cabinet and LP colleagues, Sir Richard Wilson and First Parliamentary Counsel.

A handwritten signature in black ink, appearing to read 'Helen Liddell', written in a cursive style.

HELEN LIDDELL

CONFIDENTIAL - VISITS

From: Kate Garvey
Date: 19 June 2002

**PRIME MINISTER
CHERIE BOOTH**

cc: Alastair Campbell
Fiona Millar
Robert Hill
Alasdair McGowan
Anne Shevas
Angela Goodchild
Katie Kay
Godric Smith
Gavin Mackay
Detectives
Drivers
Duty Clerk

VISIT TO GLASGOW, THURSDAY 20 JUNE 2002

You are in Glasgow tomorrow to attend the Scottish Labour Party Gala Dinner. You have also been asked by Glasgow City Council to open one of their biggest PPP school buildings projects, at St Andrews RC Secondary School, which both you and Cherie will perform. It cost £12.5m and was completed ahead of schedule. It has been in operation since Easter 2002. The old site next door is in the process of being demolished to be used for playing fields. It is a huge school with excellent facilities designed to hold 1,700 pupils. (See background note on school).

Helen Liddell will travel on the plane with you and you should use this opportunity to have a chat with her about Scotland. You will be seeing Jack later. (John Reid and his wife are also on the plane – they are attending the gala dinner).

1445-1545 Official Opening of St Andrew's Secondary School, Glasgow

You will be met by Bruce Malone, the excellent headteacher, Charlie Gordon, Leader of Glasgow City Council, Tony Donnelly, Headboy and Stacey Gribben, Headgirl. Inside you will be introduced to Archbishop Conti, Jimmy Wray, local MP and Margaret Curran, local MSP and the ministerial representative for the

CONFIDENTIAL - VISITS

Scottish Executive (Jack cannot attend as he has Questions). (**ARRIVAL SHOTS**).

The Headboy and Headgirl will be your guides for the tour of classrooms, and your time keepers. They will take you into a Biology lesson for Second Year pupils and introduce you to Karen Broadfoot, teacher. The pupils will be taking part in an experiment – **you should join them and see the final results (POOLED)**.

You will then visit an ICT Classroom, one of eleven in the school which the head is very proud of. You should sit down with the Forth Year Pupils who will be in the middle of an Accounting and Finance lesson. The teacher will be using a **SMART board displaying a balance sheet for a furnishing company, the pupils – and you – will be able to fill in the blanks from your seats. (POOLED)**.

Finally you will enter one of the school's huge Games Halls where Basketball and table tennis classes will be in progress. The PE teachers will call together all the pupils who will gather round you in centre of the hall so you can meet them all - rather than join in (**POOLED**).

Whilst you tour the school, other invited guests and pupils will have gathered in the main hall to listen to a musical programme. You will enter at the end of this and take seats by the band in the following order:

Headboy/CB/PM/Headgirl/Headteacher.

Bruce Malone will welcome everyone – there will be about 250 pupils and 100 guests (Cllrs, PTA, Governors, teachers, Heads of local Primary schools, and clergy). Charlie Gordon will then say a few words and introduce you. You will then speak for a few minutes (**see Alasdair's words**) from the platform with a backdrop of the school's crest and its motto "**Putting Young People First**".

At the end of your speech ask Cherie, the headboy and headgirl to join you to unveil the plaque next to the stage. The Archbishop will then give a blessing and the headboy will thank.

At the end of the ceremony, Bruce Malone will escort you through the audience to his office for a 5 minute private word. You and Cherie will then be joined by the Archbishop for an informal chat (I think you are going to suggest you meet again either in London or at Chequers).

You will depart by 1545 and go straight to the Marriott Hotel where you will have time to prepare for Seville either side of your meeting with Jack McConnell which is 1630-1700. Cherie, you will be free between 1600 and 1730 so you should change then. Nick and Kareen Ryden will come to the Marriott around 1730 for a drink.

1915- 2035 Scottish Labour Party Gala Dinner, Hilton Hotel

You will leave the Marriott at 1900, Lesley Quinn and Annmarie Whyte will meet you at the door and escort you to the reception on the first floor. Lesley will then take the PM and Annmarie will take Cherie around the room to meet as many people as possible before you sit down. There are around 300 guests. At 1930 the toastmaster will announce dinner and at 1945 you will both enter the room and take your seats at top table (see table list). Peter Cox will welcome guests and then Helen will introduce you. You should speak for around 15 minutes - you should explain you have to fly to Seville that night, and also why! (see Speech attached) **(NO PRESS -except invited guests)**.

At 2015 the starter will be served, and after 15 minutes at your table Lesley and Annmarie will walk you out so that we are away by 2035. You will travel to the airport separately so Cherie can go straight to the 2110 flight.

Kate

KATE GARVEY

BACKGROUND NOTE ON ST ANDREW'S SECONDARY SCHOOL

Headteacher : Mr Bruce Malone CBE

- New school building started on site August 2000 and is part of a major Public Private Partnership project to rebuild or refurbish all of Glasgow's secondary schools (see separate note). The original finish date was for August 2002. The actual finish and handover date was March 2002, 5 months early. The school has now been occupied since Easter 2002.
- The cost of the new facilities was approx £12.5m
- St Andrew's Secondary School is the biggest new-build school within Project 2002. The new facility has been designed to hold 1,700 pupils, but is expected to have an average roll of around 1,600.
- A new indoor social area of some 1000 sq m will form the heart of the new school along with a library and IT Learning Center to allow pupils to make the most of internet revolution.

State of the art facilities include:

- 42 General Classrooms
- 11 ICT Rooms
- 15 Science Labs
- 8 Technical Rooms
- 7 Art & Design Rooms
- 5 Home Economics Rooms
- 4 Music Rooms
- 2 Drama Studios
- Oratory
- Physical Education: 8 Internal Teaching Spaces and External Sports Pitches

Current Performance

- Over forty percent of pupils are entitled to free school meals, a figure that is well above the national average and is among the highest in the country.
- By the end of sixth year, although the proportion of pupils gaining five or more Standard Grade Credit or Intermediate 2 awards is below the national average the school performs better than schools with similar characteristics (ie similar levels of free meal entitlement).

- At Higher level, by the end of sixth year, the school also performs better than schools with similar characteristics. It is worth noting that the proportion of pupils gaining at least one Certificate of Sixth Year Studies or Advanced Higher has increased from zero percent in 1999 to six percent in 2001.

The latest inspection by the Chief Inspector in November 1999 stated that the school and the education authority had made very good progress overall in the past year.

Key strengths identified were:

- The leadership of the headteacher.
- The high profile and dedication of the senior management team.
- The dedicated and hard-working staff.
- The school's ethos, the behaviour of pupils and staff's relationship with them.
- The headteacher's and senior management's high expectations of staff in terms of their work with, and care for, pupils.
- Communication with parents and partnership with parents, the School Board, the Parent Teacher Association and the wider community.
- Links with other schools and agencies.

The Learning Community Initiative

- Glasgow City Council embarked on a major pilot in which the management of schools was reorganised into local clusters or Learning Communities (LC) in 1999. The St Andrew's head, Mr Malone, is Principal of the Learning Community.
- The initiative is regarded as a natural step in the further development of devolved school management.
- An interim evaluation of the pilot conducted by a team from Glasgow University has indicated that the initiative had the potential to deliver significant improvements, and the council intends to extend the LC model to all its schools and use LCs as the vehicle through which the New Community School concept will be sustained on a city wide basis.

GLASGOW SECONDARY SCHOOLS PPP

During 1998, Glasgow City Council carried out a major rationalisation of secondary school provision through the closure of 8 schools, reducing the number of secondary schools from 38 to 29.

At around the same time, the then Scottish Office announced a scheme to encourage public private partnership projects across all local authority services. Glasgow was one of the successful authorities for a schools project when decisions were announced in November 1998 and signed a PPP contract in August 2000 for the project, which has a capital cost of around £220 million. Another 10 authorities were guaranteed support at that time in relation to school projects with a capital value of around £310m (total £530m including Glasgow).

The Glasgow project includes the replacement of 11 secondary schools with new buildings (of which St Andrew's is one), the extension and/or refurbishment of the remaining 18 secondary schools, and the replacement of Knightswood Primary School.

A few of the schools were ready for occupation in August 2001. All except one of the others are expected to be available by August 2002, and the remaining school is expected to be available for August 2003.

The City Council is not proposing to use PPP to address the outstanding accommodation issues in its nursery, primary and special schools. It has embarked on a limited pilot programme and is seeking alternative means of funding.

Criticism of PPPs

The standard of accommodation provided by the scheme is high but there have been teething problems (some widely reported in the press) and reports on insufficient consultation with schools. There has also been opposition to the PPP concept from some quarters including teachers in a number of schools.

The Accounts Commission report "Taking the Initiative", published on 12 June 2002, examines the PPP procurement of schools in Scotland. The report

is generally favourable about the benefits of the 12 projects which began to develop in the mid-1990s and have delivered to time and cost schedules. However, the value for money of the projects and the methodology for calculating the Public Sector Comparator (PSC) comes under criticism. The auditor's views about the methodology will be considered in the context of the forthcoming public consultation on changes to the Treasury's 'Green Book'.

The main conclusions of the report are:

- Councils have managed the PPP processes well. There are real benefits and to date PPP providers are delivering the new schools and associated service reliably and without significant cost changes for councils.
- The councils' analyses of the PPP compared to the public sector comparator demonstrates that the cost advantage was narrow. From the evidence of the study, it has not been possible to draw overall conclusions on value for money by comparison of the costs and benefits involved.
- The benefits available from PPP are not necessarily unique to PPP.
- There is significant variation between councils in the cost of schools developed under PPP.

Lines to Take

- The Accounts Commission's report clearly endorses what we have been saying about the benefits of PPPs.
- HMT are looking at the broader issues surrounding public sector comparators, and a public consultation is expected shortly.

**DRAFT - SPEAKING NOTE FOR VISIT TO ST ANDREW'S
SECONDARY SCHOOL, 20 JUNE 2002**

Thank you very much, Charlie.

Let me begin by saying that it is a great privilege to be asked to open the new St Andrew's Secondary school building.

And may I also take this opportunity to pay tribute to Glasgow City Council for their efforts in making today's event possible.

It is thanks to your vision, and that of the Scottish Executive, that St Andrew's Secondary and another 29 schools across Glasgow will benefit from new, modern state of the art facilities through the Project 2002 initiative.

I understand that the building work here was completed 5 months early. That is a great credit both to the council and the contractors concerned – and proof positive of the benefits of public-private partnerships.

The new IT Learning Centre, the science labs, the facilities for art and design, the music rooms and the drama studios are very impressive indeed – and will, I hope, encourage pupils to develop their talents to the full.

I notice that there is even an Oratory. As some of you may know, Cherie and I are very keen on Oratories. But that is another story.

But even more impressive than the bricks and the mortar are the people: the staff who have worked so hard, the parents who have given their time and support to the school - and of course the pupils who so richly deserve these marvellous new facilities.

Already, St Andrew's is gaining recognition for the improvements it has made. I see that the school's latest report singled out for praise not just the leadership of Bruce Malone and his teaching staff, but also the behaviour of the pupils, the school's partnership with parents and also its links with other schools through the Learning Community Initiative.

But what shines out most is the ethos of the school. Much has been said and written about faith schools both in England and Scotland. But I continue to

believe that such schools can be an enormous force for good, and that where there is a demand for them – as there so clearly is here - we should respond to it.

Let me finish by thanking you once again for inviting me here today.

Thank you as well for your hospitality and may I wish you all the very best of success for the future.

DRAFT - SCOTTISH LABOUR PARTY GALA DINNER SPEECH

Thank you, Helen, for your kind words of introduction and may I thank you for the central role you played in securing an outstanding result for Labour in Scotland in the General Election.

Thanks also to the party staff for organising tonight's event.

And thanks, too, to the Daily Record for their support in sponsoring this Gala Dinner and to all of you for your support and generosity.

It is easy to support a political party when they are popular and in Opposition. It is harder when they are in Government and are taking lots of tough and often unpopular decisions.

Yet Governments need friends who stick with them through thick and thin. And I for one am deeply grateful for your continued support.

And what a week it's been.

A week where we have seen what some sections of the press are truly capable of:

Complete hysteria. No sense of proportion whatsoever. The facts hyped out of all recognition.

So let me set out the facts so that there can be no doubt:

England have not won the World Cup yet. They have only reached the Quarter Finals.

I understand that the SNP are now saying that Scots should support England.

Judging by the number of Brazil tops around Scotland, I can see just how much sway they hold with the Scottish people.

When I touched down in Glasgow, I almost thought I'd landed in Rio de Janeiro there was so much yellow. I'd like to think this is down to a love of the beautiful

game - although I suspect if I'd been up last week, it would have looked a whole lot more like Buenos Aires.

I should say that my spin doctors warned me not to mention the current state of Scottish football this evening - apparently, it's a bit of a sensitive subject up here right now. But as you know, I never listen to a single word my spin doctors say.

So let me say good luck to Scotland in their bid to host Euro 2008 jointly with Ireland. And let me pay tribute to Jack McConnell and Bertie Ahern for putting together such an exciting bid.

And here's hoping that Berti Vogts can lead Scotland to Euro 2004 - without a referendum.

But tonight I want to talk to you about the big picture - about what this Government is doing and why. Because amid all the froth of last week, it's easy to lose sight of the things that matter in politics.

We were elected on a platform of schools and hospitals first - of investment versus cuts.

And we will deliver on that platform. Here in Scotland as in the rest of Britain.

The first term was about laying the foundations and creating the economic stability needed for investment. And as a result, our economic growth last year was higher than that of any major competitor.

Our inflation and interest rates are lower than they have been for nearly 40 years. And now that we have won that economic stability, we will do nothing, now or in the future, to put it at risk.

But it was only ever going to be the start: the second term prize must be to raise our economic performance to another level, to build on these foundations; and that means investment in people, boosting enterprise, raising productivity, and seizing the new opportunities offered by science and technology.

But the second term must be about more than improving economic performance. It must also be about delivering a step change in our public services.

game - although I suspect if I'd been up last week, it would have looked a whole lot more like Buenos Aires.

I should say that my spin doctors warned me not to mention the current state of Scottish football this evening - apparently, it's a bit of a sensitive subject up here right now. But as you know, I never listen to a single word my spin doctors say.

So let me say good luck to Scotland in their bid to host Euro 2008 jointly with Ireland. And let me pay tribute to Jack McConnell and Bertie Ahern for putting together such an exciting bid.

And here's hoping that Berti Vogts can lead Scotland to Euro 2004 - without a referendum.

But tonight I want to talk to you about the big picture - about what this Government is doing and why. Because amid all the froth of last week, it's easy to lose sight of the things that matter in politics.

We were elected on a platform of schools and hospitals first - of investment versus cuts.

And we will deliver on that platform. Here in Scotland as in the rest of Britain.

The first term was about laying the foundations and creating the economic stability needed for investment. And as a result, our economic growth last year was higher than that of any major competitor.

Our inflation and interest rates are lower than they have been for nearly 40 years. And now that we have won that economic stability, we will do nothing, now or in the future, to put it at risk.

But it was only ever going to be the start: the second term prize must be to raise our economic performance to another level, to build on these foundations; and that means investment in people, boosting enterprise, raising productivity, and seizing the new opportunities offered by science and technology.

But the second term must be about more than improving economic performance. It must also be about delivering a step change in our public services.

On schools, there are now more teachers, more classroom assistants and a nursery place for every three year old in Scotland. Primary school standards have improved, class sizes for the early years are smaller, and more young Scots are in further or higher education than ever before.

And as I saw today at St Andrews Secondary School in Glasgow, a new state-of-the-art school built through a public-private partnership, we are making a real impact in tackling the problem of crumbling Victorian school buildings.

But there is still a lot to do to tackle secondary school standards, to tackle the backlog of school repairs and modernisation, and to increase still further the number of people entering further and higher education.

Already, we have made significant strides in increasing the proportion of our national income that is devoted to education but I hope that we will be able to increase investment in schools further through the Spending Review. Education is my passion. And I know it is Jack McConnell's passion too.

And on health, we are seeing new record investment into the National Health Service as a result of the Budget.

But I want this evening to tackle head on the issue of National Insurance.

Because while people welcome the investment, they still ask two questions: firstly, why are we increasing taxes; and secondly, will the money be properly spent?

The answer to the first question is simple. It is beyond doubt that we need extra investment in health care. There are real capacity constraints in the NHS: shortages of doctors, nurses and other essential workers, shortages of equipment and buildings.

By far the fairest and most cost-effective way of funding the NHS is through general taxation. In a world where the science of genetics and the rising costs of drugs, it is only sensible that we make collective provision for our health care and pool risk.

And the National Health Service offers people an insurance policy with no 'ifs' and 'buts' with care provided on the basis of need, not ability to pay. That makes sense for everyone - business included.

Of course, no one likes paying taxes. But even after the Budget, we remain a relatively low taxed economy and one of the best countries in the world to do business.

So the question is not whether we can afford to invest in the National Health Service. The question is whether we can afford not to invest in the NHS.

But investment on its own is not enough. Each pound spent must be accounted for. And we can see already where the existing money has gone here in Scotland:

- The biggest hospital-building programme in our country's history with eight new hospital developments by 2003.
- The number of fast-track outpatient clinics has trebled to 300 since 1999.
- Waiting times for heart bypass operations have halved over the same period.
- And there are now over 45,000 more operations a year.

So investment makes a difference. But investment in our public services must also be matched by reform.

And that is why we need a Labour government at Westminster and Labour at Holyrood.

Labour MPs to help deliver the investment. And Labour MSPs to deliver the reform.

That is why the election in 2003 is so important.

And the choice Scotland will face is clear:

The Tories – the anti-investment party, and the SNP – the anti-reform party...
versus Labour – the party of investment and reform in Scottish politics today.

The Tories - who now claim a lifelong dedication to public services but are still committed to cutting public spending from 40% to 35% of GDP; who, in truth, believe that the problem of the last Conservative Government was not too much Thatcherism but too little; and whose strategy is now so to denigrate public services that people give up on them.

And the SNP:

- opposed to virtually any form of meaningful private sector involvement in public services even where it means new schools and hospitals for communities.
- opposed to the Glasgow Housing Stock Transfer, even though – as I saw for myself when I was here in May - it means warm, dry, secure homes for tens of thousands of families in Glasgow.
- and on the international scene, committed to taking Scotland out of NATO at a time when the rest of Europe is queuing round the block to get in.

These are policies which will take Scotland backwards, not forwards. And they are certainly not the policies of any party that seriously aspires to government.

Government is about tough choices, not easy promises.

And sometimes you do have to take unpopular decisions. But I tell you, it's a thousand times more rewarding than opposition.

So that is why we must forget all the froth and stay focused on the fundamentals.

Because at the end of the day what people care about is public services.

They care about education, health, law and order, transport – the things that really do make a difference to people's lives.

Of course, people should always question politicians and hold them to account if they don't deliver.

But we should never allow our opponents to say that just because we haven't done everything, we have done nothing.

And to those who say that politics can't make a difference, I say:

'Tell that to the pensioner who now has a Winter Fuel Payment, a free TV licence, VAT on heating cut to its lowest possible level, a guaranteed income of

at least £92 a week, up-rated in line with earnings - and thanks to Labour in the Scottish Parliament, new rights to concessionary travel and central heating.'

Hasn't politics made a difference to her life?

Or the New Dealer who now has a job, the lone parent who now has childcare, or the hard working family that now has a little bit more in the bank.

Hasn't politics made a difference, however small, to their lives?

And to those who say that Labour is no different from the Tories, or that politicians are all the same, I say this:

Just ask yourself - would the Tories ever have introduced a National Minimum Wage?

Would they have created a Scottish Parliament or a Welsh Assembly?

Would they have introduced the New Deal, the Working Families Tax Credit, record increases in child benefit, or a statutory right to trade union recognition?

Of course not - they voted against all of these reforms.

Yes, we have changed as a party. But we are stronger, not weaker, because of it.

For the political movements that stand the test of time are those that are prepared to change with the times. Change not for change's sake, but for a purpose.

We didn't become the party of economic competence simply to win over business.

We did it because economic competence is the precondition of social justice - and because the victims of mass unemployment, 15% interest rates, and high inflation are ordinary hard-working families.

We didn't become the party that was tough on crime and the causes of crime because we wanted to steal the Tories' clothes.

We did it because the victims of crime and anti-social behaviour are often those in our poorest communities.

We didn't become the party of strong defence because it was electorally popular.

We did it because we believe that Britain's armed forces are an outstanding force for good in the world – whether in Bosnia or Kosovo, Afghanistan or Sierra Leone or anywhere else in the world. And because we are an internationalist party and proud of it.

Our policies may change but our values remain the same.

Community. Social justice. Opportunity for all.

Progressive values that every Labour leader from Keir Hardie onwards would recognise.

Values that are in the ascendancy in British politics today.

We are now emerging from a long period in which Tory values held sway; elitism; selfish individualism; the belief that there is no such thing as society and its international equivalent, insularity and isolationism, which led Britain to turn its back on Europe and the world.

I passionately, profoundly, reject these values. I reject elitism because I believe that our country will only ever fulfil its true potential when all of our people fulfil their potential. And there is such a thing as society. As communities and as an international community, we achieve more when we work in co-operation with others. We are stronger together and weaker apart.

Our values – our belief in community, in progress, our belief in opportunity for all – these are the values that hold strong now.

Scottish values.

British values.

Labour values.

Values that are worth fighting for.

[2,043]

Top Table Plan

John McGuire	Pheonix Honda
Baroness Meta Ramsay	
Cherie Booth	
Victor Blank	Daily Record
Eileen Duncan	wife of James
James Duncan	DCS Engineering
Prime Minister	
Philip Graf	Daily Record
Alison Taylor	Alan Watt & Co
David Sandison	Lawford Kidd
Dean Park	Entertainer

TOP ACHIEVEMENTS IN SCOTLAND

HEALTH

- Biggest hospital building programme in history of NHS in Scotland - 8 new hospital developments on stream by 2003, 6 already open.
- £11.5 million to employ 375 more junior doctors by 2003.
- Over 45,000 more operations than 1997.
- Since 1999 trebled to 300 the number of "one-stop" clinics.
- 600 more consultants by 2005. Current number up 7.7% on 1997.
- 1180 more qualified nurses and midwives now than in 1997.

TRANSPORT

- £175 million from Public Transport Fund since devolution for 79 projects.
- Free local bus travel for pensioners and people with disabilities (outwith the morning peak) from October 2002.
- Opening of £11 million Edinburgh Crossrail. First new rail in Scotland in almost a decade. Improving rail links, reducing congestion.

CRIME

- Record Police numbers in March 2002 of 15251, *up 2.5% since 1997* and higher now than in 1999.
- Record police clear up rate for crime of 45% in 2001 *up 6 % points since 1997*.
- Set up the Scottish Drug Enforcement Agency, excellent example of intelligence-led policing and partnership working with Customs and others.

EDUCATION

- Increased pre-school education participation rate for 3 and 4 years olds to 80% and 97% respectively.
- 3000 additional teachers will be recruited by August 2006 and 5000 classroom assistants to be recruited.
- On target to train 5000 childcare workers by September 2002.
- 42,800 new places in HE and FE by 2003.

JOBS

- Since 1997 employee jobs up by 100,000.
- Employment around highest ever.
- Recent unemployment lowest for a generation.
- New Deal tackled long-term unemployed: 18-24 year olds down 81%; older group down 68%.
- Creation of the UK's first national adult careers guidance service - Careers Scotland.
- PfG target of 20,000 Modern Apprenticeships in place by 2003. Reached over 1 year early.

PRIME MINISTER

From: Alasdair McGowan
Date: 19 June 2002

Cc: Jonathan Powell
Jeremy Heywood
Sally Morgan
Robert Hill
Fiona Millar
Angela Goodchild
Anne Shevas

VISIT TO SCOTLAND, 20 JUNE 2002 - BILATERAL WITH JACK
McCONNELL

As part of your visit to Scotland tomorrow, Kate has scheduled some time for a political chat with Jack McConnell. Jack will probably want to raise three issues:

'Early warning' on announcements

Jack's office have written complaining about Whitehall Ministers making announcements without consulting the Scottish Executive. A reply is still outstanding, but we have asked Cabinet Office and ODPM to look at how we can strengthen the guidance on this and improve both the frequency and quality of official and Ministerial contact.

Two current issues in this regard are:

- SR2002 where they will be looking for more of a heads up on key spending decisions than they got for the Budget. I suggest that you say you will have a word with Gordon about this but also encourage them to make contact on the Special Adviser network through Ed Balls.
- Frank Field Bill: although benefits are reserved, the trigger for withholding benefits (anti-social behaviour) is a devolved responsibility. Despite earlier reservations from officials, Jack has now said that he wants the Scottish Executive to be on board. However, they want to be included in early discussions with DWP on implementation and presentation of Frank's Bill as well as any further developments on the benefit conditionality agenda. I have been working with Carey and Emma to make sure this happens.

2003 Elections

I have attached my note for your visit in May which covers most of the issues. Jack will want to run through how election planning is proceeding.

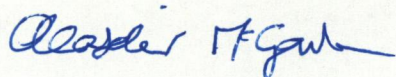
The two 'live' political issues of the day are:

SNP selections: the SNP has been tearing itself apart as MSPs jockey for position on the party's additional members list. A number of key Swinney loyalists have lost out.

Relations with the Civil Service: Jack is reported to have had a major spat with Muir Russell, his Permanent Secretary, over the latter's decision to advertise for 40 new policy analysts without consulting Ministers. Jack is perceived to have backed down on this issue.

Position of Secretary of State

Jack may also probe you on your intentions re the future of the Scottish Secretary. Jack enjoys good relations with Helen and appreciates that this is a matter for you alone to decide. I expect, though, that he will be more concerned about whether there are likely to be developments in this area prior to May 2003.



ALASDAIR McGOWAN

ELECTIONS 2003

- Labour is in a fundamentally strong position in Scotland. The Scottish General Election results were excellent. We held all our priority seats. The SNP lost one seat to the Tories while their overall share of the vote fell.
- However, we can expect a much rougher ride in 2003. Split ticket voting – with people voting Labour for Westminster and SNP for Holyrood – will be a problem, as will turnout. In 1999, we benefited from the UK government's honeymoon period as well as from having led the campaign to set up the Parliament. The backdrop for 2003 is unlikely to be as benign.
- On the plus side, the focus groups show that voters want stability. Having had three First Ministers in as many years, they show no real signs of wanting a fourth. In many respects, the Scottish Labour Party is in a similar position to where we were prior to the General Election. Voters seem inclined to give us the benefit of the doubt (although they are much more sceptical about the achievements of the Scottish Executive and the Parliament as a whole).
- The SNP are stagnating under John Swinney's lacklustre leadership. They are struggling to set the agenda – and there are still deep divisions between the leadership and the party rank and file. They are vulnerable on tax and the constitution - opinion polls so far show no appetite for independence.
- The key – as it was in 2001 – will be to ensure that we make the election a clear political choice instead of a referendum on the delivery record of the Labour Government and the Scottish Executive.
- We should encourage Jack to base his dividing lines on values rather than competence. And given that we will be fighting both the SNP and the Tories, we need to triangulate between them. The choice should be between the Tories who are anti-investment, the SNP who are anti-reform, and Labour as the party of investment and reform.
- Jack has done well so far – displaying steady competence and a commendable focus on delivery, in deliberate contrast to Henry's approach of an initiative a day. He has also shown good reforming instincts and has been more willing to embrace private sector involvement in public services. His refusal to give into union demands on PFI at this year's Scottish Conference augurs well for

RESTRICTED

- 2 -

the future. His only mistake so far has been an excessively brutal Cabinet reshuffle which rewarded loyalty instead of merit.

- A major political challenge ahead will be balancing the demands of the Scottish Labour Party and his coalition partners over the vexed issue of PR for local government. Jack has been much more willing than his predecessors to push PR – and has won praise from the media who see this as a solution to the problems affecting Scottish local government. So far, Jack has managed party opinion on this reasonably well. We will probably end up at AV – which the Party will wear but which many Liberal Democrats will denounce as not enough.
- The key priority between now and 2003 will be delivery. The Scottish Executive's record on school standards and class sizes is good. Crime has risen since 1997, but it is now falling and we have an excellent story to tell on police numbers. The real problem will be tackling NHS waiting times. We are trying to arrange a Joint Ministerial Committee with all the devolved administrations to discuss NHS reform before the summer recess. A key message to reinforce is that we must not allow the unions to play the devolved administrations off against each other and the centre.
- Jack or Helen may also raise the timing of any Euro referendum. If it were to be on the same day as the Scottish and Welsh elections, this would have an obvious impact on turnout. Helen's view is that a referendum might muddy the issues in an unhelpful way. However, I understand that Jack is reasonably relaxed about this. While any Euro vote would galvanise the Tory vote, this might hurt the SNP more than it hurts us. We should ask them both to do everything they can to discourage speculation about dates.
- Jack will be keen to discuss your own involvement in the campaign and how we can ensure that there is the same sustained assistance from the UK party as there was in 1999. You are speaking at the Scottish Labour Party Gala dinner on 20 June.
- Finally, Jack is keen to develop better day-to-day communication with HMT. The Scottish Executive would have preferred to have been better sighted on some of the Budget implications for Scotland and hope to rectify this for the Spending Review. We can certainly promise to facilitate stronger links with Gordon's people and keep them more closely informed.

RESTRICTED

RESTRICTED

PRIME MINISTER

From: Alasdair McGowan
Date: 18 June 2002

Cc: Jeremy Heywood
Alastair Campbell
Sally Morgan
Andrew Adonis
Robert Hill
Anne Shevas
Kate Garvey
Fiona Millar
Angela Goodchild
Garden Rooms

VISIT TO SCOTLAND - 20 JUNE 2002

Scottish Labour Party Gala Dinner

Please find attached a draft of your Gala Dinner speech. I am advised by Alastair that you will probably wish to extemporise. But I have prepared a script that you may wish to draw upon just in case. Can you let me know if you have any changes and if you are happy for me to circulate it to other departments?

St Andrew's Secondary School

You are also opening the new St Andrew's Secondary School in Glasgow earlier in the day. You will be expected to say a few words in front of an audience consisting of pupils, teachers, and representatives from neighbouring schools. A lectern will be provided. The leader of the council, Charlie Gordon, will introduce you. Please find attached a short note on the school prepared by the Scottish Executive.

I have also prepared a short speaking note for this which is pretty self-explanatory. The only two bits I would flag up are the reference to PPPs and the small reference to faith schools. Are you happy with this and for me to circulate this too for comments?

Finally, although Anne Shevas advises me that there are no media bids planned, I have attached a one page Scottish Executive brief on achievements. Let me know if you need more.

RESTRICTED

RESTRICTED

- 2 -

Meeting with Jack McConnell

As Jack will not be with you at the school opening (he has First Minister's Questions at that time), Kate has factored in some time for a political chat later on. I will do you a separate note on this. Helen Liddell is travelling up with you, as is John Reid, so you may want to have a chat with her on the way up.

ALASDAIR McGOWAN

RESTRICTED

DRAFT - SCOTTISH LABOUR PARTY GALA DINNER SPEECH

Thank you, Helen, for your kind words of introduction and may I thank you for the central role you played in securing an outstanding result for Labour in Scotland in the General Election.

Thanks also to the party staff for organising tonight's event.

And thanks, too, to the Daily Record for their support in sponsoring this Gala Dinner and to all of you for your support and generosity.

It is easy to support a political party when they are popular and in Opposition. It is harder when they are in Government and are taking lots of tough and often unpopular decisions.

Yet Governments need friends who stick with them through thick and thin. And I for one am deeply grateful for your continued support.

And what a week it's been.

A week where we have seen what some sections of the press are truly capable of:

Complete hysteria. No sense of proportion whatsoever. The facts hyped out of all recognition.

So let me set out the facts so that there can be no doubt:

England have not won the World Cup yet. They have only reached the Quarter Finals.

I understand that the SNP are now saying that Scots should support England.

Judging by the number of Brazil tops around Scotland, I can see just how much sway they hold with the Scottish people.

When I touched down in Glasgow, I almost thought I'd landed in Rio de Janeiro there was so much yellow. I'd like to think this is down to a love of the beautiful

game - although I suspect if I'd been up last week, it would have looked a whole lot more like Buenos Aires.

I should say that my spin doctors warned me not to mention the current state of Scottish football this evening - apparently, it's a bit of a sensitive subject up here right now. But as you know, I never listen to a single word my spin doctors say.

So let me say good luck to Scotland in their bid to host Euro 2008 jointly with Ireland. And let me pay tribute to Jack McConnell and Bertie Ahern for putting together such an exciting bid.

And here's hoping that Berti Vogts can lead Scotland to Euro 2004 - without a referendum.

But tonight I want to talk to you about the big picture - about what this Government is doing and why. Because amid all the froth of last week, it's easy to lose sight of the things that matter in politics.

We were elected on a platform of schools and hospitals first - of investment versus cuts.

And we will deliver on that platform. Here in Scotland as in the rest of Britain.

The first term was about laying the foundations and creating the economic stability needed for investment. And as a result, our economic growth last year was higher than that of any major competitor.

Our inflation and interest rates are lower than they have been for nearly 40 years. And now that we have won that economic stability, we will do nothing, now or in the future, to put it at risk.

But it was only ever going to be the start: the second term prize must be to raise our economic performance to another level, to build on these foundations; and that means investment in people, boosting enterprise, raising productivity, and seizing the new opportunities offered by science and technology.

But the second term must be about more than improving economic performance. It must also be about delivering a step change in our public services.

On schools, there are now more teachers, more classroom assistants and a nursery place for every three year old in Scotland. Primary school standards have improved, class sizes for the early years are smaller, and more young Scots are in further or higher education than ever before.

And as I saw today at St Andrews Secondary School in Glasgow, a new state-of-the-art school built through a public-private partnership, we are making a real impact in tackling the problem of crumbling Victorian school buildings.

But there is still a lot to do to tackle secondary school standards, to tackle the backlog of school repairs and modernisation, and to increase still further the number of people entering further and higher education.

Already, we have made significant strides in increasing the proportion of our national income that is devoted to education but I hope that we will be able to increase investment in schools further through the Spending Review. Education is my passion. And I know it is Jack McConnell's passion too.

And on health, we are seeing new record investment into the National Health Service as a result of the Budget.

But I want this evening to tackle head on the issue of National Insurance.

Because while people welcome the investment, they still ask two questions: firstly, why are we increasing taxes; and secondly, will the money be properly spent?

The answer to the first question is simple. It is beyond doubt that we need extra investment in health care. There are real capacity constraints in the NHS: shortages of doctors, nurses and other essential workers, shortages of equipment and buildings.

By far the fairest and most cost-effective way of funding the NHS is through general taxation. In a world where the science of genetics and the rising costs of drugs, it is only sensible that we make collective provision for our health care and pool risk.

And the National Health Service offers people an insurance policy with no 'ifs' and 'buts' with care provided on the basis of need, not ability to pay. That makes sense for everyone - business included.

Of course, no one likes paying taxes. But even after the Budget, we remain a relatively low taxed economy and one of the best countries in the world to do business.

So the question is not whether we can afford to invest in the National Health Service. The question is whether we can afford not to invest in the NHS.

But investment on its own is not enough. Each pound spent must be accounted for. And we can see already where the existing money has gone here in Scotland:

- The biggest hospital-building programme in our country's history with eight new hospital developments by 2003.
- The number of fast-track outpatient clinics has trebled to 300 since 1999.
- Waiting times for heart bypass operations have halved over the same period.
- And there are now over 45,000 more operations a year.

So investment makes a difference. But investment in our public services must also be matched by reform.

And that is why we need a Labour government at Westminster and Labour at Holyrood.

Labour MPs to help deliver the investment. And Labour MSPs to deliver the reform.

That is why the election in 2003 is so important.

And the choice Scotland will face is clear:

The Tories – the anti-investment party, and the SNP – the anti-reform party...

versus Labour – the party of investment and reform in Scottish politics today.

The Tories - who now claim a lifelong dedication to public services but are still committed to cutting public spending from 40% to 35% of GDP; who, in truth, believe that the problem of the last Conservative Government was not too much Thatcherism but too little; and whose strategy is now so to denigrate public services that people give up on them.

And the SNP:

- opposed to virtually any form of meaningful private sector involvement in public services even where it means new schools and hospitals for communities.
- opposed to the Glasgow Housing Stock Transfer, even though – as I saw for myself when I was here in May - it means warm, dry, secure homes for tens of thousands of families in Glasgow.
- and on the international scene, committed to taking Scotland out of NATO at a time when the rest of Europe is queuing round the block to get in.

These are policies which will take Scotland backwards, not forwards. And they are certainly not the policies of any party that seriously aspires to government.

Government is about tough choices, not easy promises.

And sometimes you do have to take unpopular decisions. But I tell you, it's a thousand times more rewarding than opposition.

So that is why we must forget all the froth and stay focused on the fundamentals.

Because at the end of the day what people care about is public services.

They care about education, health, law and order, transport – the things that really do make a difference to people's lives.

Of course, people should always question politicians and hold them to account if they don't deliver.

But we should never allow our opponents to say that just because we haven't done everything, we have done nothing.

And to those who say that politics can't make a difference, I say:

'Tell that to the pensioner who now has a Winter Fuel Payment, a free TV licence, VAT on heating cut to its lowest possible level, a guaranteed income of

at least £92 a week, up-rated in line with earnings - and thanks to Labour in the Scottish Parliament, new rights to concessionary travel and central heating.'

Hasn't politics made a difference to her life?

Or the New Dealer who now has a job, the lone parent who now has childcare, or the hard working family that now has a little bit more in the bank.

Hasn't politics made a difference, however small, to their lives?

And to those who say that Labour is no different from the Tories, or that politicians are all the same, I say this:

Just ask yourself - would the Tories ever have introduced a National Minimum Wage?

Would they have created a Scottish Parliament or a Welsh Assembly?

Would they have introduced the New Deal, the Working Families Tax Credit, record increases in child benefit, or a statutory right to trade union recognition?

Of course not - they voted against all of these reforms.

Yes, we have changed as a party. But we are stronger, not weaker, because of it.

For the political movements that stand the test of time are those that are prepared to change with the times. Change not for change's sake, but for a purpose.

We didn't become the party of economic competence simply to win over business.

We did it because economic competence is the precondition of social justice - and because the victims of mass unemployment, 15% interest rates, and high inflation are ordinary hard-working families.

We didn't become the party that was tough on crime and the causes of crime because we wanted to steal the Tories' clothes.

We did it because the victims of crime and anti-social behaviour are often those in our poorest communities.

We didn't become the party of strong defence because it was electorally popular.

We did it because we believe that Britain's armed forces are an outstanding force for good in the world – whether in Bosnia or Kosovo, Afghanistan or Sierra Leone or anywhere else in the world. And because we are an internationalist party and proud of it.

Our policies may change but our values remain the same.

Community. Social justice. Opportunity for all.

Progressive values that every Labour leader from Keir Hardie onwards would recognise.

Values that are in the ascendancy in British politics today.

We are now emerging from a long period in which Tory values held sway; elitism; selfish individualism; the belief that there is no such thing as society and its international equivalent, insularity and isolationism, which led Britain to turn its back on Europe and the world.

I passionately, profoundly, reject these values. I reject elitism because I believe that our country will only ever fulfil its true potential when all of our people fulfil their potential. And there is such a thing as society. As communities and as an international community, we achieve more when we work in co-operation with others. We are stronger together and weaker apart.

Our values – our belief in community, in progress, our belief in opportunity for all – these are the values that hold strong now.

Scottish values.

British values.

Labour values.

Values that are worth fighting for.

[2,043]

**DRAFT - SPEAKING NOTE FOR VISIT TO ST ANDREW'S
SECONDARY SCHOOL, 20 JUNE 2002**

Thank you very much, Charlie.

Let me begin by saying that it is a great privilege to be asked to open the new St Andrew's Secondary school building.

And may I also take this opportunity to pay tribute to Glasgow City Council for their efforts in making today's event possible.

It is thanks to your vision, and that of the Scottish Executive, that St Andrew's Secondary and another 29 schools across Glasgow will benefit from new, modern state of the art facilities through the Project 2002 initiative.

I understand that the building work here was completed 5 months early. That is a great credit both to the council and the contractors concerned – and proof positive of the benefits of public-private partnerships.

The new IT Learning Centre, the science labs, the facilities for art and design, the music rooms and the drama studios are very impressive indeed – and will, I hope, encourage pupils to develop their talents to the full.

I notice that there is even an Oratory. As some of you may know, Cherie and I are very keen on Oratories. But that is another story.

But even more impressive than the bricks and the mortar are the people: the staff who have worked so hard, the parents who have given their time and support to the school - and of course the pupils who so richly deserve these marvellous new facilities.

Already, St Andrew's is gaining recognition for the improvements it has made. I see that the school's latest report singled out for praise not just the leadership of Bruce Malone and his teaching staff, but also the behaviour of the pupils, the school's partnership with parents and also its links with other schools through the Learning Community Initiative.

But what shines out most is the ethos of the school. Much has been said and written about faith schools both in England and Scotland. But I continue to

believe that such schools can be an enormous force for good, and that where there is a demand for them – as there so clearly is here - we should respond to it.

Let me finish by thanking you once again for inviting me here today.

Thank you as well for your hospitality and may I wish you all the very best of success for the future.

BACKGROUND NOTE ON ST ANDREW'S SECONDARY SCHOOL

Headteacher : Mr Bruce Malone CBE

- New school building started on site August 2000 and is part of a major Public Private Partnership project to rebuild or refurbish all of Glasgow's secondary schools (see separate note). The original finish date was for August 2002. The actual finish and handover date was March 2002, 5 months early. The school has now been occupied since Easter 2002.
- The cost of the new facilities was approx £12.5m
- St Andrew's Secondary School is the biggest new-build school within Project 2002. The new facility has been designed to hold 1,700 pupils, but is expected to have an average roll of around 1,600.
- A new indoor social area of some 1000 sq m will form the heart of the new school along with a library and IT Learning Center to allow pupils to make the most of internet revolution.

State of the art facilities include:

- 42 General Classrooms
- 11 ICT Rooms
- 15 Science Labs
- 8 Technical Rooms
- 7 Art & Design Rooms
- 5 Home Economics Rooms
- 4 Music Rooms
- 2 Drama Studios
- Oratory
- Physical Education: 8 Internal Teaching Spaces and External Sports Pitches

Current Performance

- Over forty percent of pupils are entitled to free school meals, a figure that is well above the national average and is among the highest in the country.
- By the end of sixth year, although the proportion of pupils gaining five or more Standard Grade Credit or Intermediate 2 awards is below the national average the school performs better than schools with similar characteristics (ie similar levels of free meal entitlement).

- At Higher level, by the end of sixth year, the school also performs better than schools with similar characteristics. It is worth noting that the proportion of pupils gaining at least one Certificate of Sixth Year Studies or Advanced Higher has increased from zero percent in 1999 to six percent in 2001.

The latest inspection by the Chief Inspector in November 1999 stated that the school and the education authority had made very good progress overall in the past year.

Key strengths identified were:

- The leadership of the headteacher.
- The high profile and dedication of the senior management team.
- The dedicated and hard-working staff.
- The school's ethos, the behaviour of pupils and staff's relationship with them.
- The headteacher's and senior management's high expectations of staff in terms of their work with, and care for, pupils.
- Communication with parents and partnership with parents, the School Board, the Parent Teacher Association and the wider community.
- Links with other schools and agencies.

The Learning Community Initiative

- Glasgow City Council embarked on a major pilot in which the management of schools was reorganised into local clusters or Learning Communities (LC) in 1999. The St Andrew's head, Mr Malone, is Principal of the Learning Community.
- The initiative is regarded as a natural step in the further development of devolved school management.
- An interim evaluation of the pilot conducted by a team from Glasgow University has indicated that the initiative had the potential to deliver significant improvements, and the council intends to extend the LC model to all its schools and use LCs as the vehicle through which the New Community School concept will be sustained on a city wide basis.

GLASGOW SECONDARY SCHOOLS PPP

During 1998, Glasgow City Council carried out a major rationalisation of secondary school provision through the closure of 8 schools, reducing the number of secondary schools from 38 to 29.

At around the same time, the then Scottish Office announced a scheme to encourage public private partnership projects across all local authority services. Glasgow was one of the successful authorities for a schools project when decisions were announced in November 1998 and signed a PPP contract in August 2000 for the project, which has a capital cost of around £220 million. Another 10 authorities were guaranteed support at that time in relation to school projects with a capital value of around £310m (total £530m including Glasgow).

The Glasgow project includes the replacement of 11 secondary schools with new buildings (of which St Andrew's is one), the extension and/or refurbishment of the remaining 18 secondary schools, and the replacement of Knightswood Primary School.

A few of the schools were ready for occupation in August 2001. All except one of the others are expected to be available by August 2002, and the remaining school is expected to be available for August 2003.

The City Council is not proposing to use PPP to address the outstanding accommodation issues in its nursery, primary and special schools. It has embarked on a limited pilot programme and is seeking alternative means of funding.

Criticism of PPPs

The standard of accommodation provided by the scheme is high but there have been teething problems (some widely reported in the press) and reports on insufficient consultation with schools. There has also been opposition to the PPP concept from some quarters including teachers in a number of schools.

The Accounts Commission report "Taking the Initiative", published on 12 June 2002, examines the PPP procurement of schools in Scotland. The report

is generally favourable about the benefits of the 12 projects which began to develop in the mid-1990s and have delivered to time and cost schedules. However, the value for money of the projects and the methodology for calculating the Public Sector Comparator (PSC) comes under criticism. The auditor's views about the methodology will be considered in the context of the forthcoming public consultation on changes to the Treasury's 'Green Book'.

The main conclusions of the report are:

- Councils have managed the PPP processes well. There are real benefits and to date PPP providers are delivering the new schools and associated service reliably and without significant cost changes for councils.
- The councils' analyses of the PPP compared to the public sector comparator demonstrates that the cost advantage was narrow. From the evidence of the study, it has not been possible to draw overall conclusions on value for money by comparison of the costs and benefits involved.
- The benefits available from PPP are not necessarily unique to PPP.
- There is significant variation between councils in the cost of schools developed under PPP.

Lines to Take

- The Accounts Commission's report clearly endorses what we have been saying about the benefits of PPPs.
- HMT are looking at the broader issues surrounding public sector comparators, and a public consultation is expected shortly.

TOP ACHIEVEMENTS IN SCOTLAND

HEALTH

- Biggest hospital building programme in history of NHS in Scotland - 8 new hospital developments on stream by 2003, 6 already open.
- £11.5 million to employ 375 more junior doctors by 2003.
- Over 45,000 more operations than 1997.
- Since 1999 trebled to 300 the number of "one-stop" clinics.
- 600 more consultants by 2005. Current number up 7.7% on 1997.
- 1180 more qualified nurses and midwives now than in 1997.

TRANSPORT

- £175 million from Public Transport Fund since devolution for 79 projects.
- Free local bus travel for pensioners and people with disabilities (outwith the morning peak) from October 2002.
- Opening of £11 million Edinburgh Crossrail. First new rail in Scotland in almost a decade. Improving rail links, reducing congestion.

CRIME

- Record Police numbers in March 2002 of 15251, *up 2.5% since 1997* and higher now than in 1999.
- Record police clear up rate for crime of 45% in 2001 *up 6 % points since 1997*.
- Set up the Scottish Drug Enforcement Agency, excellent example of intelligence-led policing and partnership working with Customs and others.

EDUCATION

- Increased pre-school education participation rate for 3 and 4 years olds to 80% and 97% respectively.
- 3000 additional teachers will be recruited by August 2006 and 5000 classroom assistants to be recruited.
- On target to train 5000 childcare workers by September 2002.
- 42,800 new places in HE and FE by 2003.

JOBS

- Since 1997 employee jobs up by 100,000.
- Employment around highest ever.
- Recent unemployment lowest for a generation.
- New Deal tackled long-term unemployed: 18-24 year olds down 81%; older group down 68%.
- Creation of the UK's first national adult careers guidance service - Careers Scotland.
- PfG target of 20,000 Modern Apprenticeships in place by 2003. Reached over 1 year early.

The Scottish Economy: The Growth Strategy

For those of us who are passionate about the Scottish Economy there has been an unusual flurry of interest recently, whether in the landmark budget, an Australian's perspective on our performance or opposition parties agreeing that growth matters. This is something to celebrate. It is not often that our front pages echo with discussions of economic strategies, yet any nation that is not passionate about its own economic prospects will ultimately pay a price.

Over the last three years the Executive has put in place a new strategy to create a Smart Successful Scotland. What is now needed is a national consensus around that strategy. But consensus demands a shared understanding of why we must "do it differently" in future.

For the last thirty years Scotland has concentrated on attracting inward investors. First from the US, and then from Asia, they came here seeking access to European markets. The game has changed. Today when it comes to growing new markets, Europe is not where it is at for the corporations powering global economic growth - all eyes are on Asia and to a lesser extent Eastern Europe. For these global corporations their interest in both Europe and the US is increasingly as a source of innovation.

So the starting point for Scotland's future economic strategy is the recognition that what the world looks to Scotland for today is increasingly the ideas and brainpower that will support technology-led productivity growth. As companies scour the world for new ideas, science and skills are the assets on which future growth must be built.

If we don't understand this fundamental shift we will make significant strategic errors. Scotland's key European competitors know the game has changed and are focussed on building their research and design capabilities to support technology leadership. Scotland's advantage will come from innovating faster and more effectively.

Scotland has a simple choice. Either we take some bold steps to commit to a new strategy based on our own science and skills or we stick with the old strategy based on attracting inward investors as we did in the past.

I believe we need the new strategy the Executive has put in place. Its starting point

is that our best assets for productivity-led growth are the superiority of our science base and the skills of our people. The focus on science and innovation is not to deny that we have strong sectors in oil and gas, financial services, whisky etc. But the key to growing faster than we have in the past means focussing on what is unique to Scotland. Look at how the application of IT boosted whole economy productivity in the US in the nineties, and these gains are now being applied globally. What Scotland has that is special is science and skills in the form of specialist knowledge - harnessing this is the key to closing the wealth gap.

Scottish science can be a source of future innovation. Scotland is third in the world in research citations per capita. Our challenge is to improve our ability to transform this into commercialised products and in so doing create companies that can compete in global markets.

Indeed over the last three years all the foundations have been laid for the single minded pursuit of the science and skills strategy. Firstly, leapfrogging competitors by bringing together enterprise, science, skills and R&D within one department has led to:

- Supporting Scotland's real scientific excellence in life sciences, energy, optoelectronics, micro-electronics, increasingly they will benefit from dedicated **specialist technology institutes**.
- Establishing the **Edinburgh-Stanford** link, to the world's leading research university, helping change the way people worldwide interact with technology, with information and with each other.
- Launching the **Proof of Concept Fund** - just two years old, part of the race to get our ideas out of our labs and into our businesses.
- Redesigning our support to industry - in future we will support investment in intangibles; create a new **Fund of Funds** which will attract co-investment from venture capitalists into Scottish technology; and a new **Centre of Excellence in Intellectual Property** will help prevent the loss of Scottish IP.
- Creating a new world-wide sales-force in **Scottish Development International** to sell Scottish science and skills into global markets.
- Planning a new '**company building**' programme to bring sales, marketing and business development expertise through a **network of global mentors**, members of Scottish Enterprise's "globalscot" programme.

In future Scottish ideas should flourish in Scottish headquartered companies - ensuring that Scotland benefits from those technologies. To realise that vision skills are as vital as science. We now get more Scottish school-leavers into higher education than any other EU country. However, to beat the competition we need to

get every Scot ready for tomorrow's jobs. Ahead of the rest of the UK, Ireland and key competitors, we have brought skills to the heart of our enterprise strategy, and further building blocks being put in place

- Establishing Careers Scotland, aligned to the enterprise network, so all Scots can get specialist advice about the skills that will be rewarded in tomorrow's market place.
- Creating 60,000 extra places in further education colleges and 20,000 extra modern apprenticeships, over 5000 in engineering related disciplines
- Introducing a new scheme of student financial support, and new opportunities for anytime, anywhere learning through Learndirect Scotland with 5m hits on the website so far.

This multi-dimensional long-term and fundamental shift in policy priorities adds up to a coherent and visionary economic strategy for Scotland. This strategy lets Scotland harness our growth potential, potential that Eastern Europe and Asia, for all their size and economic muscle, will for many years struggle to replicate. It recognises our global advantages such as the knowledge of our financial services, the jewels in the crown that is so much of our university research, the innovative capabilities of our energy companies. These are the terms on which Scotland can compete.

But to really win we need to commit to the science and skills strategy over all other alternatives. Creating a national consensus for growth matters. As I go about selling the strategy I come across sceptics who legitimately worry that not everyone can be a scientist or highly skilled. But the evidence from the US, after ten years of productivity led growth, is startling.

In the US, over the 10 year period from 1991-2001 productivity rose at 2.2% per annum, around half a percentage point faster than in the 1980s, the biggest winners from this productivity growth were workers, not investors. In the 1990s real wage gains for private sector workers were six times faster than in the 1980s, and the gains were also better distributed than in the 1980s - everyone from top managers to factory workers to hairdressers benefited. The explanation for why workers fared so well was the leap in the education level amongst Americans in the '90s. The percentage of the US workforce with at least some college education rose sharply, from 40% in 1991 to 51% in 2001 (*Business Week*, 1 April 2002).

We in Scotland need to understand that a science and skills led strategy can deliver prosperity for all Scots. But the sceptics are not the only ones holding us back. There is an alternative put forward by the SNP. So let's look at their proposals on

their merits.

Taking their growth strategy first. The SNP offer a new silver bullet - business tax cuts. They ignore science and skills in favour of the need for Scotland to adopt the same strategy as Ireland did two or more decades ago. To 'do an Ireland' it is important to understand what Ireland did and whether it could work for Scotland today. Ireland's success was built on attracting inward investors to a low tax, low labour cost location. Would it work for Scotland today? Garrett Fitzgerald, the Irish Taoiseach in the 1980s has written:

The period of extremely rapid economic growth, which has seen our national output rise by well over two-thirds within a seven-year period, is coming to an end. Nothing quite like it will be seen again in Ireland. This extraordinary burst of growth was due to a set of circumstances that no European economy has ever before experienced. It came about because of a chance coincidence of demand and supply factors - on the one hand an unprecedented level of demand for labour in Ireland, and on the other hand a unique combination of demographic factors that served to expand the supply of that labour dramatically.

Irish Times, 24 March 2001

So just 'doing what they did' is unlikely to deliver the same results. Old style inward investment can find cheaper locations elsewhere. *This is the conclusion reached by all other current EU members, none of whom have followed suit on corporation tax, partly because they too are now focussed on science and skills, as are the Irish these days!*

The SNP do not favour science and skills, they have not a single policy proposal in this area, and instead propose to rely entirely on tax cuts to deliver growth. But putting aside their refusal to confirm what the tax cuts might be, their strategy misses that fact that the world has moved on. There is no Scottish tax break or cut in wages that will attract activity to Scotland when companies can now find cheaper sites in Eastern Europe and Asia. Yes we need to be tax competitive, but we are already in the lowest quartile in the EU for mainstream corporation tax and have the lowest level in the world i.e. zero for our smallest companies. If we are this competitive already, we cannot rely on totally unspecified changes to speed our relative growth when Eastern Europe would be repeatedly able to undercut us, without the precipitate drop in revenues we would see in Scotland.

But the more fundamental point for a nation embarking on a new growth strategy is to align its tax regime with its competitive advantages. Hence, if global companies look to Scotland as a location for innovation, the critical incentives issues will be the relative attractiveness of our incentives for R&D, product development and company building - areas where the recent budget brought further incentives. So the key requirement is to align strategy to incentives. This is the real lesson we should learn from the Irish, not to slavishly replicate their dated strategy.

But touting possible business tax cuts is simply a more palatable way of repackaging fiscal autonomy - or how we raise and spend cash in Scotland. There are two variants of fiscal autonomy - one for devolution and one for independence. Under devolution fiscal autonomy would necessitate an annual negotiation with the Treasury on how much Scotland "paid in" for social security, defence etc. So instead of Scotland automatically getting the proceeds of the recent Budget, the cash available for Scottish public services would depend on what we had collected and the deal we did with the UK. Instead of certainty in public services we would be locked into an annual negotiation with the rest of the UK. We would be arguing how to divide up the cake rather than how to grow it. And Scots for months would not know if they would see the improvements in the NHS the rest of the UK was guaranteed by the budget, because we would have a different regime. Is such uncertainty in public services likely to create an environment conducive to growth, or improve services? I doubt it.

Under independence, there would be no annual expenditure negotiation, just a future where government revenues would be highly dependent on one volatile commodity, the price of oil. Yes we could do it, but does anyone think that public services relying on ricocheting oil prices would lead to lower taxes or getting Scotland growing faster?

By introducing underlying instability into the funding of public services we would lose the opportunity to focus on what really matters: growth. Scotland can get growing again - without jeopardising the stability Scottish public services have finally got and deserve to keep.

So to the SNP, the message, is stop playing politics with the financing of public services and stop searching for a quick fix. Touting a single tax cut is a tactic, rather than a strategy. The SNP provides no details on the overall tax burden which is critical to business confidence. Such a confidence requires both credibility and consistency. Yet week in week out SNP spokespeople in the Parliament continue to parade extra spending as the solution to every problem.

The reality for Scotland is there is no simple silver bullet – instead we need a simple commitments. We need to take responsibility for our economic performance - just as Ireland got behind their growth strategy in the '80s, Scots of all persuasions and all parties need to do the same.

The truth is that we already have the powers to succeed. Devolution has made it possible for Scotland to control its own fortunes, in science, skills, education, lifelong learning and enterprise strategy. Economic success will elude us if we kid ourselves that if only we had another policy lever in our hand it would all be so different..

Our European competitors have accepted the reality of economic interdependence, the case for a common monetary policy, and the trend to harmonisation of approach. They know that science and skills are where it is now at in the race for economic success and so should we.

What these competitors don't have is Scottish scientific expertise or the jewels in the crown that are many of our universities. We need to embrace the strategy for a smart, successful Scotland - and commit to it for the long term. Yesterday's strategy was hoping that cost or tax cutting for a temporary cost advantage could deliver prosperity. Tomorrow's growth strategy is about superior capabilities in science and skills.

I do not minimise the scale of the challenges Scotland faces to become a serious player in the new global economy. But the science and skills strategy for a Smart Successful Scotland offers a new awareness of, and pride in, our own formidable inheritance and potentially, a new sense of common purpose around a strategy built on our most valuable resource, our people. We are now building a national consensus that a **faster growing** Scotland is the key to delivering a **fairer** Scotland. It has brought us to the brink of great opportunity, and the challenge is to seize that opportunity at home and abroad.

Table 1 – 2001 Effective Marginal Corporate Tax Rates for EU Countries

	2001 Effective Marginal Corporate Tax Rates
Italy	40
Belgium	40
Germany	39
Greece	38

Luxembourg	37
France	36
Portugal	35
Netherlands	35
Spain	35
Austria	34
Denmark	30
UK	30
Finland	29
Sweden	28
Ireland	10

Source: *Towards an Internal Market without tax obstacles*. European Commission 23/10/2001.

Words 2515



R 2315

Scottish Executive
St Andrew's House
Regent Road
Edinburgh EH1 3DG

Telephone: 0131-556 8400
scottish.ministers@scotland.gsi.gov.uk
http://www.scotland.gov.uk

Jeremy Heywood Esq
Principal Private Secretary
Prime Minister's Office
10 Downing Street
LONDON
SW1A 2AA

cc Amc

MATRIX

20 May 2002

cc
Sir R. Wilson
Do we need to see 2 v-c
guidance now or later?
1. AMc
2. (F)
9

Dear Jeremy

During the Prime Minister's recent visit to Scotland, the First Minister and the Prime Minister had a word about a number of recent occasions on which we have been caught unawares by announcement from UK Ministers which have a bearing on devolved matters.

As you know, the Memorandum of Understanding between the UK Government and the devolved administrations, and the 'Devolution in practice' guidance which was approved by the Prime Minister and the Leaders of the devolved administrations last year, emphasises the importance of good communication and prior consultation on matters of mutual interest, and the principle of 'no surprises.' Indeed this issue was discussed at the JMC Plenary in Cardiff last October, and in summing up the discussion the Prime Minister stressed the importance of thorough and comprehensive liaison before policy announcements were made.

I should emphasise that we are very grateful for the regular flow of information which we receive from UK Departments both at Ministerial and official levels. Scottish Ministers meet their counterparts in the UK Government from time to time, and in general both formal and informal lines of communication are very good. Both the Scotland Office and the Cabinet Office also play an important role in identifying issues where developments in one administration may have relevance for others.

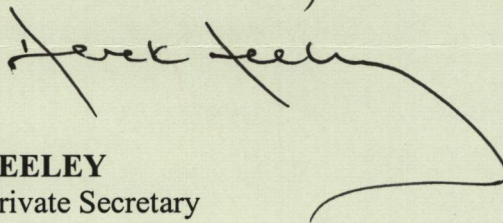
That said, there have been a number of occasions recently when we have been wrongfooted by major policy initiatives, proposals for legislation or spending announcements which have clear implications for Scotland but about which we have had little or no prior notice. Recent examples include police pay negotiations, the Communications Bill, the Higher Education Student Support scheme and a number of NHS spending announcements. Apart from putting pressure on Scottish Ministers who are liable to be asked almost immediately about their own plans, the First Minister considers that there is an obvious risk of any failures of consultation, particularly in relation to primary legislation and spending, being exploited in the run up to the Holyrood elections next May.



We are, of course, well aware that accidents and oversights are inevitable from time to time; and Scottish Ministers would be the first to admit that the devolved administrations make mistakes as well. However if there is anything you can do to remind UK Ministers to keep us in mind as they are developing policy and legislation in areas which have a direct 'read across' for Scotland, such as health and criminal justice, I know that that would be greatly appreciated by the First Minister. For his part, the First Minister will encourage his Ministerial colleagues to keep their counterparts and interlocutors in the UK Government in touch with developments here, and in particular to make a point of meeting them at regular intervals.

I am copying this letter to the Private Secretaries to the Deputy Prime Minister, the First Minister for Wales, the First Minister and Deputy First Minister for Northern Ireland, the Secretary of State for Scotland and Sir Richard Wilson.

Yours sincerely



DEREK FEELEY
Principal Private Secretary



INVESTOR IN PEOPLE



PRIME MINISTER

From: Kate Garvey

Date: 6 May 2002

cc: Anne Shevas
Alasdair McGowan
Sally Morgan
Ann Marie O'Brien
Detectives
Drivers
Katie Kay
Duty Clerk

VISIT TO GLASGOW, TUESDAY 7 MAY 2002

You are spending the afternoon in Scotland tomorrow following an invitation from the Daily Record to unveil a statue of Donald Dewar in the centre of Glasgow. You will also have a meeting with Jack McConnell and Helen Liddell, followed by a housing visit to the Queen's Cross area of Glasgow.

1230-1330 Unveiling of Donald Dewar's Statue, Buchanan Street, Glasgow

The Daily Record and its readers raised £87,000 to pay for an enormous statue of Donald (over 9 foot tall) which you will unveil in the middle of the busy shopping area of Glasgow. The sculptor, Kenny Mackay, charged nothing for his work. You will unveil the statue in Buchanan Street in front of the steps of the Royal Concert Hall in Buchanan Street. There will be an invited audience for the ceremony including Iain and Marion Dewar (see guest list attached).

You will be met by Jack McConnell, Helen Liddell, Peter Cox, Editor of the Daily Record and Phil Smith, Manager of the Royal Concert Hall. They will escort you inside to the Green Room Restaurant to meet Iain and Marion. You can have a brief word with the platform party as guests assemble outside. You will then you walk down the Concert Hall steps with Iain and Marion and the rest of the party and assemble on the platform by the statue. You will stand next to Iain and Marion on one side of the lectern nearest the statue with Jack, Peter Cox and the Lord Provost on the other.

Peter Cox will welcome guests and onlookers (there will be a big screen displaying the ceremony for the general public). You will then speak from the lectern for 10 minutes (see Alasdair McGowan's words) (**POOLED**). When you

PREM49/2822/1

Guest List
dated
6/5/2002

have finished speaking step down from the platform to unveil the statue (**FULL MEDIA ASSEMBLED OPPOSITE**). The statue is covered by a huge piece of cloth so you will pull the rope at the front whilst an official helps by pulling a rope at the back. Pause for a moment and invite Iain and Marion to join you. You can remain there whilst the Lord Provost thanks and invites guests to join him for a reception back in the Green Room. I suspect people will want to look at the statue first so you should lead the way back inside. You will have 15-20 minutes to mingle before leaving for Meridian Court for a meeting with Jack and Helen.

1500-1540 Visit to Queen's Cross, Maryhill, Glasgow

You are visiting Queen's Cross to highlight the benefits of housing stock transfers. The Queen's Cross Housing Association is successfully improving the homes and surrounding area of its residents by renovating existing houses, demolishing sub-standard buildings and replacing with new builds and community centres etc. (See detailed brief attached).

Firstly you will visit a street to see this work in progress (demolished site and new houses already built). You will then have a cup of tea with residents at the Windsor Community Centre. Alastair McGregor, Director of the Queen's Cross Housing Association will accompany you throughout and invite residents to talk about improvements. The first five minutes will be filmed and then you will be able to continue the discussion privately. You will then leave to return back to London.

Liz Lambert

PP
KATE GARVEY

BRIEFING NOTE

Queens Cross Housing Association

Pros

- Queen's Cross Housing Association is the largest community-based housing association in the Glasgow area, with over 2000 properties. Based in Maryhill, it is forward-looking and dynamic, and has received an "A" rating (the highest possible) from Communities Scotland's Regulation and Inspection Division.
- The association was formed in 1976 to improve below tolerable standard, pre-1914 tenement properties in its area. Between 1977 and 1986, it rehabilitated 1,250 tenement flats, before diversifying to provide new-build homes for rent and shared ownership, housing for people with special needs and environmental improvements.
- Through its wider role activities, the association has done much to create jobs for local people. In 1990 it set up a sister company, Queen's Cross Workspace Limited, to contribute to the economic regeneration of the area and provide job and training opportunities. It also operates a daily lunch club from its community centre in Windsor Street, and employs youth workers and employment counsellors.
- Under the proposed transfer of Glasgow City Council's housing stock to Glasgow Housing Association, Queen's Cross Housing Association is the preferred Local Housing Organisation in three, out of a possible three, areas. These are: Hamiltonhill (843 properties), South Maryhill (1,218 properties) and Dundasvale/Burnbank (867 properties). The Chief Executive of Queens Cross Housing Association, Alastair MacGregor, is on the Glasgow Housing Association management committee.
- The association opened the Westercommon Community Centre earlier this year. The project has given the people of Westercommon access to training facilities, crèche support, youth work and other social and recreational activities, and has created safe play facilities for children. Local people were involved in the design of the development, which has a moss roof and is highly energy efficient. They will also continue to be involved in the long-term management of the centre.

Cons

None.

GLASGOW HOUSING TRANSFER: Key facts

- Largest stock transfer in the UK – 78,000 tenants, 81,160 units plus 3,251 garages
- Approved by a ballot of tenants, result announced 5th April: 64% turnout, 58% in favour, 42 % against, majority of 8,290
- Treasury will repay Glasgow Council's outstanding PWLB loan debt principal @ £920m
- GHA has planned expenditure of £5.6bn over 30 years
- Up to £1.6bn of resources from the UK Government and the Scottish Executive will support the transfer
- Will lever in over £700m of private sector investment
- Will contribute to the SE priorities of Health, Crime, Education and Employment

Will lead to

- modernisation and improvement of all housing stock with a long term life within 10.5 years of transfer
- guaranteed stable rents
- protection for staff via TUPE and the arrangements for the DLO, GHA will negotiate a contract with Council's building services to provide repairs services for five years
- major contribution to the regeneration of Glasgow through the demolition of 10,854 units, the provision of 13,000 new houses and the creation of thousands of new jobs – estimated up to 3,100 in the construction industry over the investment period

Significant investment

- Within 4 years of transfer completion of a programme of security improvements for older tenants
- Within 6 years of transfer warm, dry homes with central heating for all tenants in homes with a long term future
- Within 11 years of transfer all homes with a long term future to be improved and modernised to an agreed Glasgow Standard¹

Rent guarantees

- Years 1-5 no more than inflation guaranteed for both transferring and new tenants
- Years 6- 8 no more than inflation + 1% for transferring tenants guaranteed
- Years 9-30 no more than inflation + 1 % planned

Community empowerment

- tenants involved in, and responsible for, decisions on day to day management and local investment through the network of 62 Local Housing Organisations established by the GHA
- more responsive local services - delivering the types of homes wanted and where tenants want to live
- GHA will encourage LHOs to become landlords in their own right if a majority of tenants in an area want this, and vote for such a second stage transfer

Gill Glass

Housing 1: 2

¹ Glasgow Standard – safe and structurally sound, secure, modern kitchens and bathrooms, warm, dry, damp-free, affordable central heating, energy efficient

0141 204 0770

DONALD DEWAR STATUE UNVEILING (AS AT 23/04/02)
GUEST LIST and CHECK LIST (ALPHABETICAL ORDER)

Name	Address	Surname	No	Attending	
				Y	N
Douglas Alexander, MP	19 Sir James Clark Building Abbey Mill Business Park PAISLEY PA1 2TJ	Alexander	1.		
Wendy Alexander, MSP	Minister for Transport and Lifelong Learning The Scottish Executive St Andrew's House EDINBURGH EH1 3DG	Alexander	2.		
Mr James Andrews	Chief Executive City Chambers George Square GLASGOW G2 1DU	Andrews	3.		
Jackie Baillie, MSP	The Scottish Parliament St Andrew's House EDINBURGH EH99 1SP	Baillie	4.		
Sir Victor Blank	Chairman GUS Plc Knightingale House 65 Curzon Street LONDON W1J 8PE	Blank	5.		
Sarah Boyack, MSP	The Scottish Parliament St Andrew's House EDINBURGH EH99 1SP	Boyack	6.		
Mr J Boyle	The Hamilton Portfolio Limited 94 Mitchell Street GLASGOW G1 3LN	Boyle	7.		
Ms Annie Brown (outside VIP area)	News Reporter Scottish Daily Record & Sunday Mail Limited One Central Quay GLASGOW G3 8DA	Brown	8.		
The Rt Hon Gordon Brown, MP	Chancellor of the Exchequer 11 Downing Street LONDON SW1A 2AA	Brown	9.		
Mr John Brown	Head of Public Relations and Marketing Glasgow City Council City Chambers George Square GLASGOW G2 1DU	Brown	10.		
Mrs Sarah Brown	21 Ferryhills Road NORTH QUEENSFERRY KY11 1HE	Brown	11.		
Mr Tom Brown	1 Station Road Bothwell GLASGOW G71 8EB	Brown	12.		

Desmond Browne, MP	House of Commons LONDON SW1A 0AA	Browne	13.		
Ms Joan Burnie	Associate Editor Daily Record One Central Quay GLASGOW G3 8DA	Burnie	14.		
Bill Butler, MSP	The Scottish Parliament St Andrew's House EDINBURGH EH99 1SP	Butler	15.		
Mr Brian Caster	Powderhall Bronze 28/30 Stewartfield EDINBURGH EH6 5RQ	Caster	16.		
Malcolm Chisholm, MSP	Minister for Health and Community Care The Scottish Executive St Andrew's House EDINBURGH EH1 3DG	Chisholm	17.		
Councillor James Coleman, JP	Depute Leader City Chambers George Square GLASGOW G2 1DU	Coleman	18.		
Ms Gill Coltman	Events Director Business Insider 7 Castle Street EDINBURGH EH2 3EA	Coltman	19.		
Mr Peter Cox	Editor Daily Record One Central Quay GLASGOW G3 8DA	Cox	20.		
Mr Gordon Craig	59 Woodlinn Avenue GLASGOW G44 5TY	Craig	21.		
The Rt Hon Alistair Darling, MP	Secretary of State for Work & Pensions Richmond House 79 Whitehall LONDON SW1A 2NS	Darling	22.		
Mr Neil Davidson	Faculty of Advocates Advocates Library Parliament House EDINBURGH EH1 1RF	Davidson	23.		
Susan Deacon, MSP	The Scottish Parliament St Andrew's House EDINBURGH EH99 1SP	Deacon	24.		
*Mr Bruce del Priore	Development & Regeneration Services Glasgow City Council 229 George Street GLASGOW G2 1QU	Del Priore	25.		

Mr Brian Dempsey	SL Homes Strathvale House 6 Newton Place GLASGOW G3 7PR	Dempsey	26.		
Mr Ian Dewar		Dewar	27.		
Mrs Marion Dewar	18 Rue Autoire Dansaert 1000 BRUSSELS	Dewar	28.		
Mr Charles Donnelly (inside VIP area)	Photographer Daily Record One Central Quay GLASGOW G3 8DA	Donnelly	29.		
Mr Paul Drury	Media Now 21 James Morrison Street St Andrew's Square GLASGOW G1 5PE	Drury	30.		
Mr Phil Dye (outside VIP area)	Photographer Daily Record One Central Quay GLASGOW G3 8DA	Dye	31.		
Mr A James K Dykes	The Merchants House of Glasgow 7 West George Street GLASGOW G2	Dykes	32.		
Lord Murray Elder	House of Lords LONDON SW1A OPW	Elder	33.		
Mr Richard Emanuel	Interactive Telecom Solutions Units 10/14 Fleming Court 2 North Avenue Clydebank Business Park CLYDEBANK G81 2DR	Emanuel	34.		
Patricia Ferguson, MSP	Minister for Parliamentary Business The Scottish Executive St Andrew's House EDINBURGH EH1 3DG	Ferguson	35.		
Ross Finnie, MSP	Minister for Environmental and Rural Development The Scottish Executive St Andrew's House EDINBURGH EH1 3DG	Finnie	36.		
Brian Fitzpatrick, MSP	The Scottish Parliament St Andrew's House EDINBURGH EH99 1SP	Fitzpatrick	37.		
Mr Murray Foote	Deputy Editor Daily Record One Central Quay GLASGOW G3 8DA	Foote	38.		

CLOSED UNDER THE
FREEDOM OF INFORMATION
ACT 2000

Mr Graeme Frame	CBC Group Limited Central House 119 Whitefield Road GLASGOW G51 2SD	Frame	39.		
Mr Sam Galbraith	60 Partickhill Road GLASGOW G11 5AB	Galbraith	40.		
Mr Magnus Gardham	Political Reporter Daily Record One Central Quay GLASGOW G3 8DA	Gardham	41.		
Mr Ellen Gibbons	NVA Organisation 128 Elderslie Street GLASGOW G3 7AW	Gibbons	42.		
Mr Neil Gillan		Gillan	43.		
Lord Gordon of Strathblane	House of Lords LONDON SW1A 0AA	Gordon	44.		
Councillor Charles Gordon	City Chambers George Square GLASGOW G2 1DU	Gordon	45.		
Baroness Mary Goudie	House of Lords LONDON SW1A OPW	Goudie	46.		
Mr Philip Graf	Chief Executive Trinity Mirror Plc 1 Canada Square Canary Wharf LONDON E14 5AP	Graf	47.		
Iain Gray, MSP	Minister for Social Justice The Scottish Executive St Andrew's House EDINBURGH EH1 3DG	Gray	48.		
Sir Angus Grossart	Noble Grossart Limited 48 Queen Street EDINBURGH EH2 3NR	Grossart	49.		
Lord Andrew Hardie	House of Lords LONDON SW1A OPW	Hardie	50.		
Professor Ross Harper	Harper McLeod Solicitors 45 Gordon Street GLASGOW G1 3PE	Harper	51.		
Sir Jack Harvie	Auchencraig Mugdock Milngavie GLASGOW G62	Harvie	52.		

CLOSED UNDER THE
FREEDOM OF INFORMATION
ACT 2000

Mr W Haughey	City Refridgeration Holdings Limited 201 Glasgow Road Rutherglen GLASGOW G73 1SU	Haughey	53.		
Mr Mark Haysom	Managing Director - Nationals Trinity Mirror PLC 1 Canada Square Canary Wharf LONDON E14 5AP	Haysom	54.		
Mr Mark Hollinshead	Managing Director Scottish Daily Record & Sunday Mail Limited One Central Quay GLASGOW G3 8DA	Hollinshead	55.		
Mr Simon Houston	Senior News Reporter Daily Record One Central Quay GLASGOW G3 8DA	Houston	56.		
Mr Kevin Hughes	Operations Director Scottish Daily Record & Sunday Mail Limited One Central Quay GLASGOW G3 8DA	Hughes	57.		
Mr T Hunter	TBH Holdings Marathon House Olympic Business Park Drybridge Road Dundonald KILMARNOCK KA2 9AE	Hunter	58.		
Cathy Jamieson, MSP	Minister for Education and Young People The Scottish Executive St Andrew's House EDINBURGH EH1 3DG	Jamieson	59.		
Andy Kerr, MSP	Minister for Finance and Public Services The Scottish Executive St Andrew's House EDINBURGH EH1 3DG	Kerr	60.		
The Rt Hon Helen Liddell, MP	Secretary of State for Scotland Scotland Office Dover House Whitehall LONDON SW1A 2AU	Liddell	61.		
Mr Kenny Mackay	9 Westbank Quadrant GLASGOW G12 8NT	Mackay	62.		
Mr William Mann	18 Rue Autoire Dansaert 1000 BRUSSELS	Mann	63.		

0:41 204 0770

Mr Ricardo Marini	Development & Regeneration Services Glasgow City Council 229 George Street GLASGOW G2 1QU	Marini	64.		
Michael Martin	The Rt Hon Michael J Martin House of Commons LONDON SW1A 0AA	Martin	65.		
Tom McCabe, MSP	The Scottish Parliament St Andrew's House EDINBURGH EH99 1SP	McCabe	66.		
The Rt Hon Jack McConnell, MSP	First Minister The Scottish Executive St Andrew's House EDINBURGH EH1 3DG	McConnell	67.		
Mr Rodger McConnell	Director of Development and Regeneration Services 229 George Street GLASGOW G1 1RX	McConnell	68.		
Pat McFadden		McFadden	69.		
Mr John McLaren		McLaren	70.		
The Rt Hon Henry McLeish, MSP	The Scottish Parliament St Andrew's House EDINBURGH EH99 1SP	McLeish	71.		
Professor Duncan McLennan		McLennan	72.		
David McLetchie, MSP	The Scottish Parliament St Andrew's House EDINBURGH EH99 1SP	McLetchie	73.		
*The Rt Hon Bruce Millan	1 Torridon Avenue GLASGO G41 5LA	Millan	74.		
Mrs Kirsten Morrison	Marketing Director Scottish Daily Record & Sunday Mail Limited One Central Quay GLASGOW G3 8DA	Morrison	75.		
Lord Provost Alex Mosson	City Chambers George Square GLASGOW G2 1DU	Mosson	76.		
Mr and Mrs K Munro		Munro	77.		

CLOSED UNDER THE
FREEDOM OF INFORMATION

ACT 2000

0141 204 0770

Mr Bob Nixon	CBC Group Ltd Central House 119 Whitefield Road GLASGOW G51 2SD	Nixon	78.		
Councillor Marjorie O'Neill, JP	Convener Housing Services City Chambers George Square GLASGOW G2 1DU	O'Neill	79.		
Ms Rachel Paton	C/O John Robertson, MP 131 Dalsetter Avenue GLASGOW G15 8TE	Paton	80.		
Bailie Steven Purcell, JP	Convener Development and Regeneration Services City Chambers George Square GLASGOW G2 1DU	Purcell	81.		
Lesley Quinn	General Secretary Scottish Labour Party John Smith House 145 West Regent Street GLASGOW	Quinn	82.		
Chief Constable Willie Rae	Strathclyde Police Headquarters 173 Pitt Street GLASGOW G2 4JS	Rae	83.		
Baroness Ramsay of Cartvale	House of Lords LONDON SW1A 0PW	Ramsay	84.		
The Rt Hon Dr John Reid, MP	Secretary of State Private Offices Block B, Castle Buildings Stormont SD8 BELFAST BT4 3SG	Reid	85.		
John Robertson, MP	House of Commons LONDON SW1A 0AA	Robertson	86.		
Mr Mark Runnacles (outside VIP area)	Photographer Daily Record One Central Quay GLASGOW G3 8DA	Runnacles	87.		
Sir Muir Russell, KCB	Permanent Secretary The Scottish Executive St Andrew's House EDINBURGH EH1 3DG	Russell	88.		
Alex Salmond, MP	House of Commons LONDON SW1A 0AA	Salmond	89.		
Superintendent Caroline Scott	Head of Media Services Strathclyde Police Headquarters 173 Pitt Street GLASGOW G2 4JS	Scott	90.		

0141 204 0770

Lord John Sewel	House of Lords LONDON SW1A OPW	Sewel	91.		
Mr George Sinclair		Sinclair	92.		
Mr Paul Sinclair	Assistant Editor (Politics) Daily Record One Central Quay GLASGOW G3 8DA	Sinclair	93.		
*Mr Joe Sinyor	Chief Executive, Newspapers Trinity Mirror Plc 1 Canada Square Canary Wharf LONDON E14 5AP	Sinyor	94.		
Baroness Smith of Gilmorchill	House of Lords LONDON SW1A OPW	Smith	95.		
Mr Malcolm Speed	Managing Editor Scottish Daily Record & Sunday Mail Limited One Central Quay GLASGOW G3 8DA	Speed	96.		
Mr and Mrs M Spicer		Spicer	97.		
The Rt Hon Sir David Steel, KBE, MSP	The Scottish Parliament St Andrew's House EDINBURGH EH99 1SP	Steel	98.		
John Swinney, MSP	The Scottish Parliament St Andrew's House EDINBURGH EH99 1SP	Swinney	99.		
Mr John Toffolo	Technical Officer - Heritage and Design Development and Regeneration Services 229 George Street GLASGOW G1 1RX	Toffolo	100.		
The Rt Hon Jim Wallace, QC, MSP	Deputy First Minister and Minister for Justice The Scottish Executive St Andrew's House EDINBURGH EH1 3DG	Wallace	101.		
Councillor Alistair Watson, JP	Convener Land Services City Chambers George Square GLASGOW G2 1DU	Watson	102.		
Mike Watson, MSP	Minister for Tourism, Culture and Sport The Scottish Executive St Andrew's House EDINBURGH EH1 3DG	Watson	103.		

CLOSED UNDER THE
FREEDOM OF INFORMATION
ACT 2000

0141 204 0770

Mr Peter Watson	Solicitor Advocate Levy & McRae Solicitors 266 St Vincent Street GLASGOW G2 5RL	Watson	104.		
Mr and Mrs Weisfeld	PO Box 297 Bothwell GLASGOW G71 8BZ	Weisfeld	105.		
Mr David Whitton		Whitton	106.		
Chris Winslow		Winslow	107.		
Mr Alistair Young	Director of Land Services Richmond Exchange 20 Cadogan Street GLASGOW G2 7AD	Young	108.		
Mrs Weisfeld			109.		
Mrs Elizabeth Munro			110.		
Mrs Olive Spicer			111.		

CLOSED UNDER THE
FREEDOM OF INFORMATION
ACT 2000

STORIED UNDER THE
FREEDOM OF INFORMATION
ACT 2001

PRem49/2822/1

Guest list
dated
6/5/2002

RESTRICTED

PRIME MINISTER

*won't it be nice to do
some interviews?
✓*

From: Alasdair McGowan

Date: 3 May 2002

Cc: Jonathan Powell
Jeremy Heywood
Alastair Campbell
Sally Morgan
Robert Hill
Andrew Adonis
Kate Garvey
Anne Shevas
Simon Virley
Garden Rooms

VISIT TO GLASGOW - DONALD DEWAR MEMORIAL

You are visiting Glasgow on Tuesday to unveil the Donald Dewar Memorial which has been organised by the Daily Record and funded by its readers as well as from business contributions. The Record have already published pictures of Donald's statue in its clay form which are attached overleaf.

You will be expected to speak for 5-10 mins for which a lectern has been provided. I have prepared a draft speech to which you may want to add some of your own personal recollections of Donald. Anne Shevas has given some extracts to the Scottish Executive for a press release they plan to put out on the day. Can you therefore let me know if you are broadly content with the draft as it stands?

We have also set aside time for you to have a political chat with Jack and Helen. Jack is keen to discuss (1) the forthcoming elections in 2003 and (2) how to strengthen relations between the Scottish Executive and Whitehall.

In particular, Jack is keen to establish better links between the Scottish Executive and HMT. For obvious reasons, he does not have the same links as Henry had with Gordon - which means that he is less sighted on issues such as the Budget and the Spending Review. I have done a separate note for you on this.

I have also attached some briefing on achievements which you may peruse if you wish. However, there are no media interviews planned - so this is *not* essential reading.

RESTRICTED

RESTRICTED

- 2 -

Finally, you will also be aware by now that Wendy Alexander has announced her decision to resign from the Scottish Executive. She has stated that this is for purely personal reasons and that she intends to stay on as a backbencher.

Wendy had privately complained for some time of her excessive workload and of the toll which politics had taken on her personal life. However, her decision was probably motivated at least in part by her often strained personal relations with Jack.

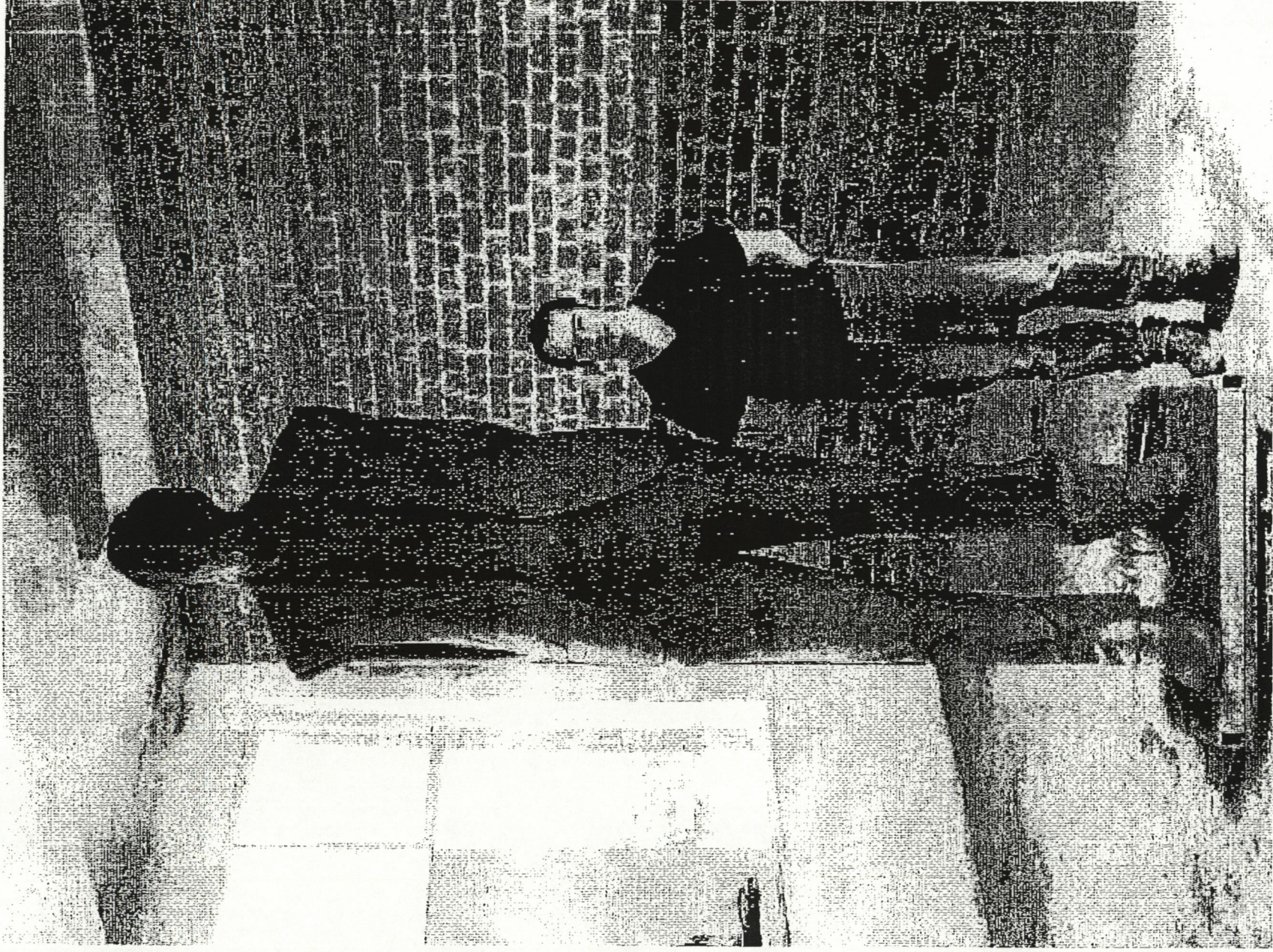
I expect Jack will himself also take a lot of flak for having added transport to her already large enterprise and lifelong learning brief – a decision which was seen at the time by many political commentators as Jack setting up Wendy to fail. She will be a great loss from a Cabinet which is short of real stars. More generally, it will add to the growing sense that the Parliament as a whole is haemorrhaging talent.

Kate is doing a separate note on the Queen's Cross Housing Association part of the visit.

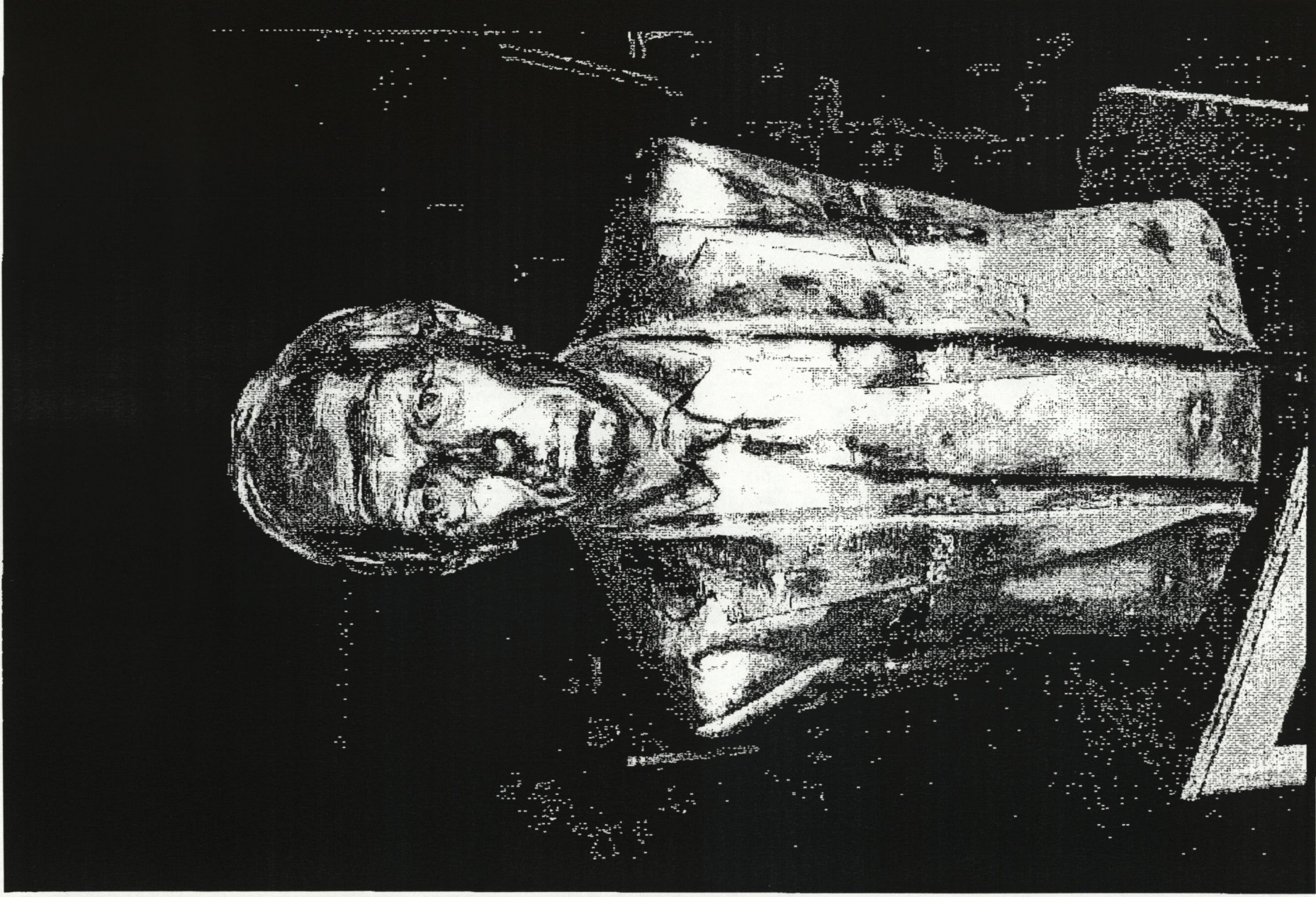
Alasdair McGowan

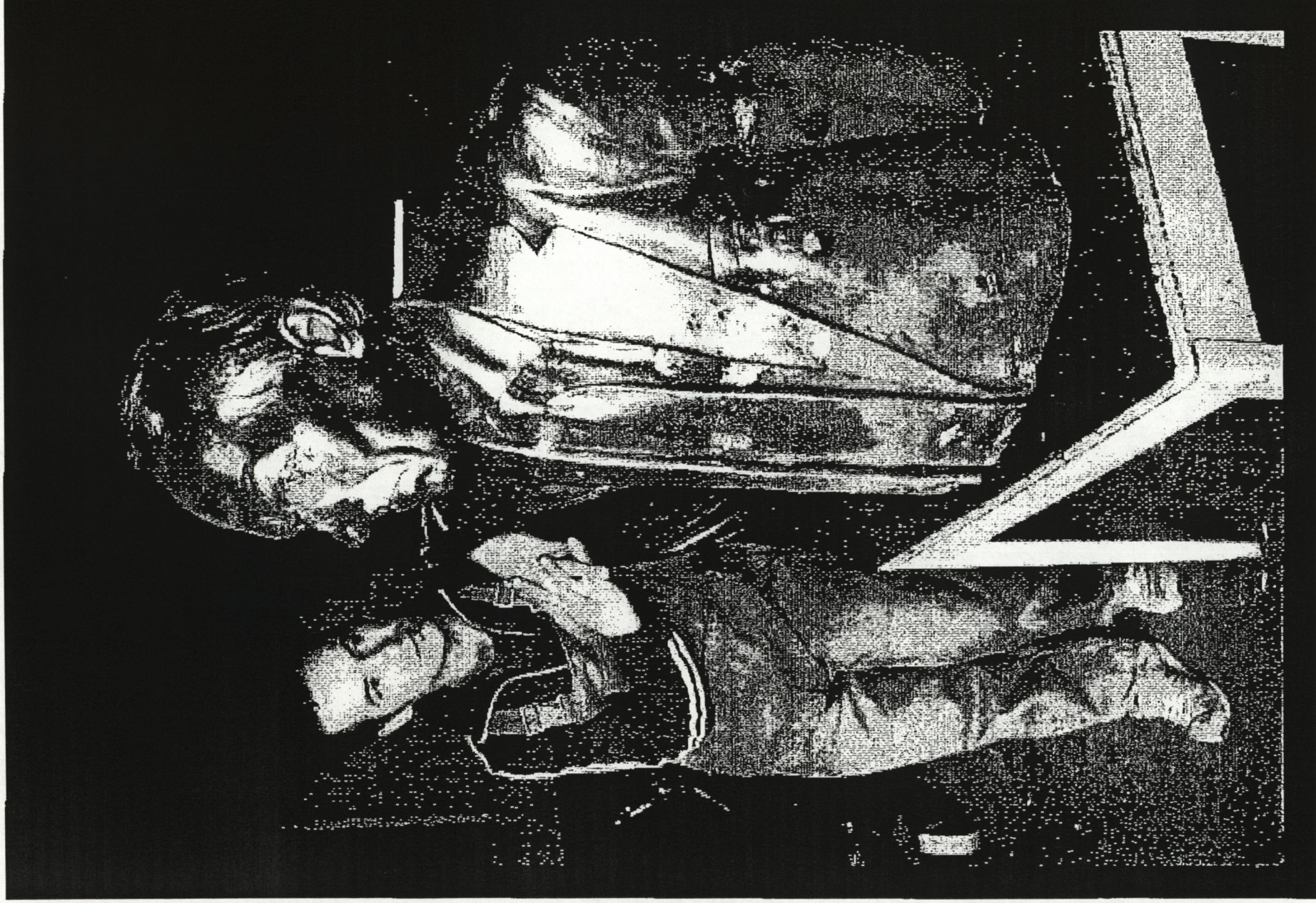
ALASDAIR McGOWAN

RESTRICTED









DRAFT

RT HON TONY BLAIR MP, AT THE UNVEILING OF THE DONALD DEWAR MEMORIAL STATUE, GLASGOW

Thank you, Peter, for your kind words of introduction - and may I take this opportunity to pay tribute to the Daily Record and its readers for bestowing such a magnificent memorial on the people of Glasgow.

Can I also thank Glasgow City Council for their hospitality and for helping to make today's event possible.

And having seen pictures of the memorial in its early stages, I should also pay tribute to Kenny Mackay for having captured Donald's trademark stoop so authentically - although, if I might be permitted one minor criticism, it is that, at that stage, his suit looked altogether too well pressed. However, I understand that you have now skilfully managed to 'iron in' the wrinkles.

I suppose the first thing I should say is that I suspect Donald would probably have been thoroughly embarrassed by the idea that there should be a permanent memorial to him and positively mortified at the thought that his likeness should be cast in bronze.

But his embarrassment would have been misplaced, because he was a man who achieved much in his life and who will forever have an important place in Scotland's history.

Donald's political career was very much a triumph of substance over style, largely because the substance was all that mattered to him - but also, in truth, because - with Donald - 'style' never really stood a chance.

Most of you probably remember as I do, Ruth Wishart's very moving and funny tribute at Donald's funeral where she recalled meeting him one day, proudly sporting a fashionable new tie he had been given, bearing the logo 'YSL'.

What could the initials possibly stand for? Yves Saint Laurent, perhaps?

'No', he replied, positively beaming. 'It stands for Yarrow Shipbuilders Limited.'

That story says a lot about Donald – not so much about his fashion sense (or the lack of it) as it does about his pride in the Labour movement, and his dedication to the people he represented.

In all his time in office, Donald never once forgot his roots or the people who put him there.

He cared deeply about the problems of his constituents and was determined that no child should ever be denied the chance of a decent upbringing simply because, as he put it, they fell on the wrong side of the social arithmetic.

For all the titles bestowed upon Donald – ‘father of the nation’, ‘Secretary of State for Scotland’, ‘First Minister’ – the ones that mattered to him most were ‘Member of Parliament for Glasgow Garscadden’ and then later ‘MSP for Glasgow Anniesland’.

It is therefore particularly appropriate that his memorial should overlook one of Glasgow’s finest thoroughfares - for Donald was a Glasgow man, and it was in the streets of this great city that he felt most at home.

And fitting, too, for someone who had such a keen interest in the arts, that it should stand on the steps of Glasgow’s Royal Concert Hall.

Donald loved Glasgow as he loved Scotland - and the feeling was clearly mutual. The immense outpouring of grief which followed his tragic and untimely death and the huge sense of loss that has barely diminished over time are evidence of that.

People loved him quite simply because the sheer integrity of the man shone through.

His compassion, his fundamental decency and his deep sense of social justice defined his entire approach as a politician.

He transcended party politics, winning the respect and affection of men and women of all political persuasions and none. People may not always have agreed with Donald. But they always knew they could trust him.

If it is often said that you don't make friends in politics – only allies. That was never true of Donald. As today's gathering testifies, Donald had many friends. And I for one consider myself extremely privileged to have been one of them.

Those of us who knew him admired him for his great intelligence and erudition, his sage advice and abundant common sense, not to mention the irreverent, razor-sharp wit from which no one was spared.

An outstanding debater, his skills honed at Glasgow University where he met John Smith, few could command the House of Commons like Donald in full flow. He was without doubt one of the towering political figures of his generation.

But I hope that this memorial will remind us of more than just Donald Dewar, the man.

I hope it will also remind us of what he stood for - values like decency, fairness, and social justice.

And I hope it will also remind future generations of what he achieved.

It is not an exaggeration to say that there would not have been a Scottish Parliament without people like Donald Dewar who were prepared to fight for it.

He campaigned all his life for Scottish devolution – a dream he never gave up even during the long dark days of opposition. A dream encapsulated in the opening words of the Scottish Parliament's founding statute, and written by Donald himself: 'There shall be a Scottish Parliament.'

It is fitting that this same proclamation – now imprinted on the mace of the Scottish Parliament - should serve as the inscription to this memorial and as a reminder of his proudest achievement.

But I hope that when people pass this memorial they will also be reminded of the other four words that are woven into that mace's symbolic thistles. Four words that sum up the very essence of the man:

'Wisdom', 'Justice', 'Compassion' and 'Integrity.'

That, Ladies and Gentlemen, was Donald Dewar.

RESTRICTED

ELECTIONS 2003 – BACKGROUND NOTE

- Labour is in a fundamentally strong position in Scotland. The Scottish General Election results were excellent. We held all our priority seats. The SNP lost one seat to the Tories while their overall share of the vote fell.
- However, we can expect a much rougher ride in 2003. Split ticket voting – with people voting Labour for Westminster and SNP for Holyrood – will be a problem, as will turnout. In 1999, we benefited from the UK government's honeymoon period as well as from having led the campaign to set up the Parliament. The backdrop for 2003 is unlikely to be as benign.
- On the plus side, the focus groups show that voters want stability. Having had three First Ministers in as many years, they show no real signs of wanting a fourth. In many respects, the Scottish Labour Party is in a similar position to where we were prior to the General Election. Voters seem inclined to give us the benefit of the doubt (although they are much more sceptical about the achievements of the Scottish Executive and the Parliament as a whole).
- The SNP are stagnating under John Swinney's lacklustre leadership. They are struggling to set the agenda – and there are still deep divisions between the leadership and the party rank and file. They are vulnerable on tax and the constitution - opinion polls so far show no appetite for independence.
- The key – as it was in 2001 – will be to ensure that we make the election a clear political choice instead of a referendum on the delivery record of the Labour Government and the Scottish Executive.
- We should encourage Jack to base his dividing lines on values rather than competence. And given that we will be fighting both the SNP and the Tories, we need to triangulate between them. The choice should be between the Tories who are anti-investment, the SNP who are anti-reform, and Labour as the party of investment and reform.
- Jack has done well so far – displaying steady competence and a commendable focus on delivery, in deliberate contrast to Henry's approach of an initiative a day. He has also shown good reforming instincts and has been more willing to embrace private sector involvement in public services. His refusal to give into union demands on PFI at this year's Scottish Conference augurs well for

RESTRICTED

RESTRICTED

- 2 -

the future. His only mistake so far has been an excessively brutal Cabinet reshuffle which rewarded loyalty instead of merit.

- A major political challenge ahead will be balancing the demands of the Scottish Labour Party and his coalition partners over the vexed issue of PR for local government. Jack has been much more willing than his predecessors to push PR – and has won praise from the media who see this as a solution to the problems affecting Scottish local government. So far, Jack has managed party opinion on this reasonably well. We will probably end up at AV – which the Party will wear but which many Liberal Democrats will denounce as not enough.
- The key priority between now and 2003 will be delivery. The Scottish Executive's record on school standards and class sizes is good. Crime has risen since 1997, but it is now falling and we have an excellent story to tell on police numbers. The real problem will be tackling NHS waiting times. We are trying to arrange a Joint Ministerial Committee with all the devolved administrations to discuss NHS reform before the summer recess. A key message to reinforce is that we must not allow the unions to play the devolved administrations off against each other and the centre.
- Jack or Helen may also raise the timing of any Euro referendum. If it were to be on the same day as the Scottish and Welsh elections, this would have an obvious impact on turnout. Helen's view is that a referendum might muddy the issues in an unhelpful way. However, I understand that Jack is reasonably relaxed about this. While any Euro vote would galvanise the Tory vote, this might hurt the SNP more than it hurts us. We should ask them both to do everything they can to discourage speculation about dates.
- Jack will be keen to discuss your own involvement in the campaign and how we can ensure that there is the same sustained assistance from the UK party as there was in 1999. You are speaking at the Scottish Labour Party Gala dinner on 20 June.
- Finally, Jack is keen to develop better day-to-day communication with HMT. The Scottish Executive would have preferred to have been better sighted on some of the Budget implications for Scotland and hope to rectify this for the Spending Review. We can certainly promise to facilitate stronger links with Gordon's people and keep them more closely informed.

RESTRICTED

PRIME MINISTER'S VISIT

GLASGOW, TUESDAY 7 MAY 2002

	Page
Top Achievements in Scotland	1
Crime	2
Transport	3
Education	4
Economy and Jobs	5-6
Health	7-8
• Top Dozen Recent Health Achievements as at end 24 April 2002	9
• Health: April 2002 Budget	10
• Health Finance - General	11-13
• Waiting Times in Accident and Emergency Departments	14
• Nurse Numbers	15-16
• Waiting Lists and Waiting Times	17
• Waiting Lists - Reclassification of Patients	18
Glasgow Housing Stock Transfer	19-20
Holyrood Project - Costs	21-22
Size of the Scottish Parliament	23
Euro 2008	24-25

TOP ACHIEVEMENTS IN SCOTLAND

HEALTH

- Biggest hospital building programme in history of NHS in Scotland - 8 new hospital developments on stream by 2003, 6 already open.
- £11.5 million to employ 375 more junior doctors by 2003.
- Over 45,000 more operations than 1997.
- Since 1999 trebled to 300 the number of "one-stop" clinics.
- 600 more consultants by 2005. Current number up 7.7% on 1997.
- 450 more qualified nurses and midwives now than in 1997.

TRANSPORT

- £175 million from Public Transport Fund since devolution for 79 projects.
- Free local bus travel for pensioners and people with disabilities (outwith the morning peak) from October 2002.

CRIME

- Record Police numbers in March 2002 of 15251, *up 2.5% since 1997* and higher now than in 1999.
- Record police clear up rate for crime of 45% in 2001 *up 6 % points since 1997*.
- Set up the Scottish Drug Enforcement Agency, excellent example of intelligence-led policing and partnership working with Customs and others.

EDUCATION

- Increased pre-school education participation rate for 3 and 4 years olds to 80% and 97% respectively.
- 3000 additional teachers will be recruited by August 2006 and 5000 classroom assistants to be recruited.
- On target to train 5000 childcare workers by September 2002.
- 42,800 new places in HE and FE by 2003.

JOBS

- Since 1997 employee jobs up by 100,000.
- Employment around highest ever.
- Recent unemployment lowest for a generation.
- New Deal tackled long-term unemployed: 18-24 year olds down 81%; older group down 68%.
- Creation of the UK's first national adult careers guidance service - Careers Scotland.
- PfG target of 20,000 Modern Apprenticeships in place by 2003. Reached over 1 year early.

CRIME

Our key priorities are to make Scotland safer, dealing especially with violent crime and drugs, to cut re-offending and to make the justice system more efficient.

Achievements so far against these objectives:

- Record police numbers in March 2002 of 15251, *up 2.5% since 1997* and higher now than in 1999.
- Set up the Scottish Drug Enforcement Agency, excellent example of intelligence-led policing and partnership working with Customs and others.
- Record police clear-up rate for crime of 45% in 2001 *up 6 % points since 199.*
- Overall crime down 1% in 2001, though still problems with violence and drug crime.
- Electronic tagging of offenders rolled out across Scotland from May 2002.
- Leading the way on specialist drug courts with first in Glasgow and second soon in Fife.
- Reform and modernisation of prosecution service including additional investment in more prosecutors just announced by Lord Advocate.

TRANSPORT

Motorways and trunk roads

Almost £320 million has been committed up to April 2004 to the delivery of 94 schemes across Scotland. Longer-term funding is committed to the completion of the M74 through Glasgow, and investment in the M77 in Ayrshire.

The Rail Network

Improvements are being delivered through the Public and Integrated Transport Funds. Awards include:

- over £13m for new trains for Strathclyde Passenger Transport.
- over £24m towards the proposed Larkhall to Milngavie rail link.

Increases in passenger numbers where targeted investment has been made e.g. 45% increase on the Glasgow – Edinburgh express service (1996-2000).

Freight Facilities Grant Awards Scheme

Awards made transferring 18million lorry-miles per annum off Scotland's roads on to rail and water. Includes support for the Rosyth to Zeebrugge ferry – beginning later this month.

Public Transport Improvements Across Scotland

The Public and Integrated Transport Funds have supported 79 projects with awards totalling over £175m

Rural Transport Achievements

Rural Transport Fund has supported almost 500 projects with awards totalling over £16m.

Cycling, Walking and Safer Streets

An additional £20m to local authorities to spend at their discretion on projects.

Scotland's New Transport Strategy – Next 10 Years and Beyond

The Scottish Transport Delivery Report – *Scotland's Transport: Delivering Improvements* – was published on 21 March 2001.

EDUCATION

- Smaller class sizes - meeting our pledge on class sizes for P1-P3 (30 pupils and less).
- New Community Schools - closing the attainment gap by focusing on the range of needs of children.
- New and refurbished schools - ensuring a positive environment for learning.
- Improved attainment through a number of policies, and a legal framework in the Standards in Scotland's Schools etc Act 2000 to provide clear National Priorities and a continuing drive to ensure that every pupil reaches his or her full potential.
- A National Agreement on teacher pay and conditions - laying the foundations for developing their professional role, and putting children back at the heart of teaching.
- Delivered a nursery place for every three and four year old whose parent wants one - giving the best start in life for children and allowing parents to access work opportunities.
- Tackling the problem of repeat young offenders through the establishment of multi-agency youth justice teams, and measures such as giving victims a greater say in the youth justice process.
- Produced radical proposals to overhaul the assessment and recording of young people with Special Educational Needs, including giving parents a greater say in their child's education.
- Improved support for vulnerable children and their families - to prevent any child falling through the gaps between service providers.
- National Debate on Education - to engage all stakeholders in developing a vision for education in the future.
- An examination system that is back on track - rewarding the efforts of pupils and students.

Closing The Gap

Closing the gap for Scotland's children is one of the Executive's key priorities. We have commissioned and published a report on better integrated services (*For Scotland's Children*) which sets out concrete action points for local service delivery agencies - statutory and non-statutory.

A new Cabinet Sub-Committee on Children's Services has been established, chaired by the First Minister, to ensure a top-level cross-cutting approach to this agenda. The third meeting was on 1 May. It has agreed a number of key priorities for delivery in the next 12 months. We have also issued guidance for a more coherent and outcome-focused approach to children's services planning and provided supporting 'change' funding through the Changing Children's Services Fund (a total of £81.5 million over 3 years).

ECONOMY AND JOBS

LATEST SCOTTISH INDICATORS

1. Economic growth in Scotland was positive over the recent quarter.

- Scottish GDP in 2001 Q4 increased by **0.6%** (4q on 4q) - UK GDP rose by 2.0% - compared with 2.3% to '97 Q2, and 1.3% to '99 Q2.
- GDP rose by **0.1%** in 2001 Q4 (q on q) compared with a fall of 0.1% for the UK.

2. The service sector continues to grow in Scotland.

- Service sector GDP rose by **4.4%** (2001 Q4 4 q on 4 q) - UK figure was +3.8% - up from 2.0% to '97 Q2 and 1.0% to '99 Q2.
- The latest quarter change on the previous quarter was +1.4%. (UK: +0.6%)

3. Scotland's manufacturing sector cannot avoid the impact of global economic slowdown.

- Manufacturing output decreased by **8.2%** (2001 Q4 4 q on 4 q) - UK output fell by 2.3% - compared to rise of 4.9% to 1997 Q2 and 1.5% to 1999 Q2.
- Output fell 3.8% in 2001 Q4 (q on q) compared to a 1.9% fall for the UK.

4. UK is enjoying its longest period of sustained low inflation, and has remained within a narrow band of between 1.8% and 3.2% since '97 UK election.

- RPIX Inflation increased to **2.3%** in March, compared with 2.5% in May'97 and 2.1% in May'99.

5. Interest rates are at historically low levels, and less than half the levels seen in the early 1980's and early 1990's.

- UK Base Rates were kept at **4.0%** on 04 April, down from 6.25% in May'97 & 5.25% in May'99.

SCOTTISH LABOUR MARKET

6. The Scottish Labour Market remains in good health. Unemployment has fallen by 47,000 since March-May 1997 (International Labour Organisation figures).

- ILO unemployment in December '01-February '02 stood at **168,000 (6.6 %)**, down from 215,000 (8.6%) in March-May '97 and 185,000 (7.4%) in March-May '99.

7. Claimant count unemployment rate (4.0%) is around its lowest level for over 25 years.

- The number of claimants on unemployment-related benefits in Scotland is **101,000**. The claimant count is down 37% since May'97 & 24% since May'99.

8. Employment in Scotland remains high by historical standards.

- LFS (Labour Force Survey) data for December 2001-February 2002 illustrated that total employment currently stands at **2,371,000** in Scotland, up 4% since March-May'97 & 3% since March-May '99.

9. Youth unemployment in New Deal Group (18-24 unemployed 6 months+) has fallen by 79% since January 1997.

- Currently 3,800. Down 76% since May'97 and 47% since May '99.

GENERAL ECONOMIC DATA

10. Manufactured exporting figures illustrate continued growth over the past year despite facing difficult trading conditions.

- Manufactured exports currently +1.1% (2001Q4 4q on 4 q) compared to + 7.3% to 1997 Q2 and -0.2 % to 1999 Q2.

11. Average Scottish earnings increased by 5.6% last year (April 2000 – April 2001). Scotland's male & female earnings increased by 5.1% & 7.7% respectively. GB earnings by 5.9% total.

- Currently £404.5 (00-01). Was £336.80 (96-97) and £364.90 (98-99).

Updated: 1 May 2002

Contact: Steven McMahon
ELLD – EAS
☎ 0141 242 5533

David Rennie
ELLD – EAS
☎ 0141 242 5463

HEALTH

The NHS in Scotland, as in other parts of the UK, is now receiving record levels of investment. Health spending per man, woman and child is now £1,200 per year compared with £900 in 1999 and £830 in 1997. That's £300 more per person than when the Scottish Executive took office, and £370 more than in 1997.

And as a result of the recent UK Budget and the shared commitment to health of the Scottish Executive, spending on health will rise by a nearly 50 per cent over the next 5 years. By 2008, we will be investing over £8,000 per year on improving the health of a family of four in Scotland.

It is simply untrue to claim that health spending in Scotland does not deliver results. For example, the number of fast-track outpatient clinics in Scotland has more than trebled to 300 since 1999. Waiting times for heart bypass operations have halved over the same period.

Crude comparisons in spending between Scotland and England are misleading since they do not take account of the circumstances each health system faces.

Additional health spending in Scotland reflects the additional health needs of the Scottish population. More Scots live in deprived communities. *48% of population in Scotland live in most deprived 20% of electoral wards – compared with just 28% in England.*

Scotland has more older people to support. *Proportion of the elderly living alone is 4.4% higher in Scotland than in England.*

Lifestyle problems like smoking and poor diet are more entrenched in a higher proportion of Scotland's population. *For example, 34% of Scottish men smoke compared with 30% in England.*

So, rates of heart disease and cancer are historically higher. *Mortality rate for lung cancer in Scottish women is 41.5% compared to 25.3% in England and Wales.*

And the NHS here meets additional costs in delivering healthcare to Scotland's many remote and rural areas.

Despite this, NHS staff in Scotland deliver health services that stand comparison with anywhere in the UK. Average waiting times are the shortest in the UK and we have fewer people on a waiting list in the first place:

- *no patients in Scotland waiting longer than 12 months compared with 3.9% of all inpatient and days cases in England.*
- *waiting lists per 100,000 of population: 1,578 in Scotland; 2,091 in England*
- *8 out of 10 Scots patients are admitted to hospital within just 3 months.*

More operations are carried out per head of population than south of the border. *Number of operations per 1,000 population: 144.9 in Scotland; 130.5 in England.*

Patients in Scotland have access to more NHS doctors and nurses – with real benefits in terms of the quality of care provided. For example, more patients are surviving cancer for longer. *Number of nurses and health visitors per 100,000 population: 1,001.6 in Scotland; 716.8 in England.*

We are not complacent. There is much more still to do. More investment is planned and needed. More trained staff - especially nurses - are required to improve the quality and quantity of care provided. National standards need to be set, monitored and maintained to drive up the quality of the services patients receive. Reforms to ways of working and new ways of delivering care need to be stepped up.

Above all, long waiting times need to be cut, we need to maintain short waits for priority conditions like cancer and heart disease, access to GPs and practice nurses for common problems must be speeded up, and new NHS facilities must be built and maintained to the highest standards of cleanliness. These will continue to be our priorities for investment.

Working in partnership with frontline staff, backed by investment and committed to reform, we can and will transform the NHS over time into a modern world-class health provider. A service that is not only free at the point of delivery in principle, but fast and effective at the point of delivery in practice.

TOP DOZEN RECENT HEALTH ACHIEVEMENTS AS AT END 24 APRIL 2002

- We are delivering **record investment** to transform the NHS and improve health in Scotland – over **£440 million more** this year alone. The health budget in Scotland will rise from just **less than £5 billion in 2000** to **almost £7 billion by 2003**
- Nearly **half a billion pounds** is now being invested in the **biggest hospital building programme in the history of the NHS in Scotland**, bringing 8 new hospital developments on stream by 2003, of which 7 are already open, including the first phase of the new Edinburgh Royal Infirmary
- **By 2004** we will have **increased investment in vital hospital buildings and equipment to over £282 million per year** – more than double the amount spent in 1997
- **69 health centres, GP surgeries, pharmacies** and other **family health facilities** are being rebuilt or renovated as part of a **£48 million investment in community health services**
- Since 1999 we have **more than trebled to 300** the number of **fast, effective ‘one stop’ clinics** to speed **diagnosis and treatment** for patients
- **Accident and Emergency services** in 12 major centres are being upgraded as part of a **£11 million initiative**
- **Over 45,000 more operations a year** are being carried out **than in 1997** – including **over 50 per cent more angioplasties** for patients with heart complaints
- The Scottish Executive is **committed to targeted investment in more doctors and nurses** for NHS Scotland:
 - over the next 5 years, **10,000 nurses and midwives** will qualify in Scotland, **1,500 more than previously planned**; and
 - **by 2005**, we expect the total number of **NHS consultants to rise by 600**
- In 2000, we **funded 110 more doctors and 210 more nurses**. In April 2001 we announced an additional **£11.5 million** funding to employ **375 more junior doctors by 2003** – **an increase of around 9 per cent**
- We have set up a national **Health Improvement Fund** to invest **an additional £100 million** over four years from the **tobacco tax** to tackle Scotland’s enduring public health problems – **a radical step which leads the UK**
- We have published a comprehensive **Cancer Plan** for Scotland which sets out a **challenging programme of change and modernisation**. **By 2005, the maximum wait from urgent referral to treatment for all cancers will be two months**
- **NHS 24** will be launched in **Grampian in spring 2002**, before being rolled out across Scotland. **Round-the-clock telephone advice** from highly qualified nurses will provide patients with **confidential, reliable and responsive help** and **enhance access to health advice and services**

Trevor Lodge
0131 244 8130

HEALTH : APRIL 2002 BUDGET

Top Line	Annual additions to Scotland's Health provision over the period 2003-04 to 2007-08 are: £223 million, £857 million, £1,575 million, £2,341 million and £3,201 million. By 2005-06 expenditure on health is planned to be £8.6 billion, rising to £10.2 billion by 2007-08.
Facts & statistics	Health provision of: <ul style="list-style-type: none">• £7,233m in 2003-04• £7,867m in 2004-05• £8,585m in 2005-06• £9,351m in 2006-07• £10,211m in 2007-08• Average annual increase of 8.9% (6.2% real)
Targets	Commitment to real terms growth in health spending for the duration of this Parliament
Next steps	Detailed allocations will be announced following the outcome of the Spending Review in September 2002
Key arguments (positive)	Record levels of investment in health rising from £7.2 billion in 2003-04 to £10.2 billion in 2007-08, an average annual increase of 8.9% (6.2% real)
Key arguments (defensive)	Percentage increases lower than England. – Same cash increase per head in Scotland as in England but, since we spend more per head in Scotland, the rate of increase is lower
Contact	Brian Crawford Last 19/04/2002 Ext 42129 Reviewed
Next review	Sandy Kinnear Ext 42356 17/05/2002

HEALTH FINANCE - GENERAL

Top line Health spending set to increase on average by more than £440 million each year from 2001-02 to 2003-04. By 2003-04 health spending will be £7 billion

Facts & statistics **Health & Community Care Total Managed Expenditure (TME)**

- £6,162m in 2001-02
- £6,690m in 2002-03 (includes £85.7m addition from Pre-Budget consequentials)
- £7,032m in 2003-04

(Note: Total Managed Expenditure figures now used for consistency with Annual Expenditure Report/ Spending Review 2002)

Health & Community Care TME increase of:

- £469m in 2001-02
- £528m in 2002-03
- £340m in 2003-04
- Average annual increase of £446m (Note: 2002-03 and 2003-04 increases affected by addition of non-recurring £85.7m from Pre-Budget consequentials)

Health & Community Care TME growth of:

- 8.2% 2001-02
- 8.6% 2002-03
- 5.1% 2003-04
- Average annual growth of 7.8% (Note: 2002-03 and 2003-04 growth affected by addition of non-recurring £85.7m from Pre-Budget consequentials)

Health & Community Care Real Terms growth:

- 5.6% 2001-02
- 5.9% 2002-03
- 2.6% 2003-04
- Average annual real terms growth of 4.9% (Note: 2002-03 and 2003-04 real terms growth affected by addition of non-recurring £85.7m from Pre-Budget consequentials)

NHS Board Allocations for 2001-02

NHS Boards notified of revenue allocations for 2001-02 on 21 September 2000

- NHS Boards received a minimum increase of 5.5%, more than twice the rate of inflation, with an average increase of 6.5%

NHS Board Allocations for 2002-03

NHS Boards notified of initial unified budgets for 2002-03 on 7 February 2002

- For 2002-03 health boards received minimum increase of 6.8%, an average increase of 7.2% and a maximum increase of 7.7%.

NHS Board Allocations for 2003-04

- For 2003-04 health boards received indicative minimum increase of 7.4%, an average of 7.8% and a maximum increase of 8.2%

£1,301 per head in 2002-03 in Scotland, some 15-20% more than in England.

Targets	Commitment to real terms growth in health spending for the duration of this Parliament.
Trends	Health spending set to rise on average by more than £440 million a year from 2001-02 to 2003-04 giving real terms growth of 5.6%/5.9%/2.6%, an annual average of 4.9%. (Note: 2002-03 and 2003-04 increases affected by addition of non-recurring £85.7m from the Pre-Budget consequentials)
Strategies	Ensure NHS boards have sufficient funds to meet local healthcare needs in line with the priorities set out in "Our National Health: a plan for action, a plan for change.
Achievements	<p>Have committed record investment in health, rising on average by more than £440 million per year from £4.9 billion in 1999-2000 to £7 billion in 2003-04.</p> <p>A fairer better way of sharing NHS funds across Scotland – the Arbutnott formula – is now in place to address the healthcare needs of deprived and rural areas.</p>
Next steps	Indicative allocations to NHS boards for 2003-04 will be confirmed in December 2002.
Key arguments (positive)	Record investment of £6.2/£6.7/£7.0 billion in NHSScotland. Increases on average of more than £440 million each year from 2001-02 to 2003-04 giving increases of 8.2%/8.6%/5.1%, an annual average of 7.8%. (Note: 2002-03 and 2003-04 increases affected by addition of non-recurring £85.7m from Pre-Budget consequentials)

**Key arguments
(defensive)**

Percentage increases lower than England. - Same cash increase per head in Scotland as in England but, since we spend more per head in Scotland, the rate of increase is lower

Contact

Brian Crawford

0131 244 2129

Sandy Kinnear

0131 244 2356

Next review

17 May 2002

Last

17/4/2002

reviewed

WAITING TIMES IN ACCIDENT AND EMERGENCY DEPARTMENTS

EMBARGO

None

Issue

- **Reducing waiting** for patients is **key priority** for the Scottish Executive and NHS Scotland.

Accusation

- **Waiting times** in A&E Department **have increased**.

Fact(s)

- Scottish **Health Plan** reaffirms **commitment to reduce waiting** at all stages of patient's journey.
- **More than 24,000 patients treated** in A&E Departments during the week-long survey conducted this year.
- **90% of trolley cases** were **triaged** within **19 minutes**; for **walking wounded** it was **26 minutes**.
- **Median waits to see a doctor** were **28 minutes** for **trolley cases** and **40 minutes** for **walking wounded**.

Line(s) to take

- **A&E Departments** seeing and **treating increasing numbers of patients**. Almost **1,500 more** than last year.
- **Increase in waiting** must be seen against a backdrop of almost **6% increase in number of patients treated**.
- **9 out of 10 trolley cases triaged** within **19 minutes**; **9 out of 10 walking wounded cases** within **26 minutes**.
- **Median waits to see a doctor** were **28 minutes** for **trolley cases** and **40 minutes** for **walking wounded**
- **9 out 10** of patients with the **most serious problems** had their **full treatment completed** within **less than 4 hours**.
- **Excellent performance** by **NHSScotland staff** in **seeing and treating ever-increasing numbers of patients**.

Lead Minister

Minister for Health and Community Care

Contact

John Robertson
■ 0131 244 2402

Updated

24 April 2002

Next Update

30 May 2002

NURSE NUMBERS

Top Line	SEHD taking positive action to ensure that NHSScotland recruits and retains the number of nurses it needs
Facts & statistics	<ul style="list-style-type: none">◆ 450 more qualified nurses and midwives now than in 1997◆ Vacancy rate 0.5% for qualified nursing posts vacant over 3 months◆ 10,000 more nurses will qualify by 2005-1,500 more than previously planned◆ nursing and midwifery intakes increased steadily over last 5 years by around 17%◆ 13 nurse/midwife consultant posts established from spring 2000
Targets	National Year of Recruitment and Retention launched by Malcolm Chisholm in February 2002 with investment in new initiatives this year trebling to £5M . These include <ul style="list-style-type: none">◆ Return to Practice Programmes for up to 150 nurses to rejoin NHS in 6 areas of the country◆ 250 more student nurse places for the coming academic year◆ Guaranteed minimum of 1 years employment in NHSScotland for 1,500 newly qualified nurses and midwives from Autumn 2002◆ Creation of 1000 clinical leaders by December 2002
Trends	Increasing number of qualified nurses and midwives since 1997 Vacancy rate for qualified nursing posts vacant over 3 months falling from 1999 Increasing number of student intakes since 1997
Strategies	Commitment in Our National Health to more nurses . Facing the Future report and action plan on nurse recruitment and retention published on 7 December 2001 and implementation group chaired by Malcolm Chisholm with funding of £5M to support new initiatives this year
Achievements	60 nurses already on Return to Practice Programmes 250 more student nurses in adult and mental health branches in 2002/2003 academic year Student bursaries increased by 10.4% last year and further 2.4% due from Autumn 2002 Further investment of £380k (from £5M) has been made in RCN leadership programme Nursing voice on NHS Boards

Key arguments

Committed to recruiting and retaining **more nurses** and have taken **positive action** supported with **investment**

Other sensitivities

Number of **unqualified nurses** has fallen by 694WTE since 1997 largely due to move of staff into the community care sector
Student **drop out rate** is around 25% and positive steps are being taken to address causes of attrition

Political line

Contact

Marilyn Barrett

Last

24 April 2002

Reviewed

☎ 0131 244 2478

Next review

1 May 2002

WAITING LISTS AND WAITING TIMES

EMBARGO	None		
Issue	<ul style="list-style-type: none"> ▪ Reducing waiting is key priority for Executive & NHSScotland. 		
Accusation	<ul style="list-style-type: none"> ▪ Pledge to cut waiting list to 75,000 by 31 March 2002 has not been delivered. ▪ Waiting list above inherited level (75,372) - increase of 7%. 		
Fact(s)	<ul style="list-style-type: none"> ▪ Scottish Health Plan reaffirms commitment to reduce waiting at every stage of the patient's journey through the NHS. ▪ Additional £20 million announced on 7 February for waiting and other pressures, in particular to ensure progress towards 9 months maximum wait for inpatient/day case treatment and to support work of National Waiting Times Unit. ▪ Waiting list on 31 December 2001 was 80,630 - down 620 (0.8%) on 30 September 2001, down 4,631 (5.4%) on 31 December 2000, but up 5,258 (7%) on 30 June 1999. 		
Line(s) to take	<ul style="list-style-type: none"> ▪ Executive & NHSScotland committed to reducing waiting list to 75,000 by 31 March 2002. But waiting lists not the prime indicator of performance. ▪ Nothing matters more to patients than the time they wait to see a specialist or for hospital treatment. ▪ Maximum wait for inpatient/day case treatment to be reduced from 12 months to 9 months in 2003. ▪ National condition-specific targets (Cancer & Heart Disease) will be supplemented by local standards set by NHS Boards, reflecting local clinical priorities. ▪ National Waiting Times Unit working with NHSScotland and private sector providers to reduce delays through better & more efficient use of capacity. £5 million "flexible fund" to aid Unit's work announced on 07 February. ▪ Over half of patients treated in NHSScotland hospitals receive immediate treatment & never join a waiting list. Of those who do, about half are treated in 1 month & 8 out of 10 in 3 months. 		
Lead Minister	Minister for Health and Community Care		
Contact	John Robertson	Updated	24 April 2002
	☎ 0131 244 2402		
Next Update	01 May 2002		

WAITING LISTS - RECLASSIFICATION OF PATIENTS

EMBARGO	None.		
Issue	<ul style="list-style-type: none"> ▪ Patients treated in outpatient settings are not included on inpatient/day case waiting lists. 		
Accusation	<ul style="list-style-type: none"> ▪ Scottish Executive fiddling waiting list figures - patients not being treated, but removed from lists. 		
Fact(s)	<ul style="list-style-type: none"> ▪ Advances in clinical practice and changes in service delivery mean many patients previously treated as inpatients now treated as day cases or as outpatients. ▪ Decisions on most appropriate settings for patient care are matters for the relevant clinicians. ▪ Information and Statistics Division (ISD) of the Common Services Agency maintains national definitions for inpatient, day case and outpatient treatment. NHS Trusts should be in regular dialogue with ISD to ensure correct classifications are used. 		
Line(s) To Take	<ul style="list-style-type: none"> ▪ Advances in clinical practice coupled with new ways of working mean NHS Trusts are increasing numbers of patients treated as day cases or outpatients. This progressive migration to ambulatory care is of significant benefit to patients. ▪ Many NHS Trusts have invested significantly in new facilities and staff to promote shift to ambulatory care e.g. new endoscopy suites, training nurse endoscopists. ▪ NHS Trusts should maintain regular dialogue with ISD Scotland to ensure correct classifications are used. ▪ Audit Scotland review of the management of waiting lists in all NHS Trusts, which I instructed the Chief Executive of NHSScotland to put in place, will examine this issue. 		
Potential Pitfalls	<ul style="list-style-type: none"> ▪ There is no centrally collected waiting list for outpatient treatments. 		
Lead Minister	Minister for Health and Community Care		
Contact	John Robertson ☎ 0131 244 2402	Last Review	24 April 2002
Next Review	1 May 2002		

GLASGOW HOUSING STOCK TRANSFER

EMBARGO	None
Issue	Transfer of Glasgow City Council's (GCC) housing stock to new community-based landlord, the Glasgow Housing Association (GHA).
Accusation	Transfer amounts to the privatisation of council housing, will adversely affect tenants' rights and lead to job losses. Proposals will not be fundable.
Fact(s)	<ul style="list-style-type: none">• Housing transfers require consent of Ministers. Before seeking consent Councils have to undertake statutory consultation, including a ballot of tenants. Scottish Executive guidance on transfer issued to councils in June 2000.• Ballot result announced on 5 April 2002; 58% in favour of transfer - 42% against.• Glasgow transfer expected to deliver over £3billion worth of housing investment.• Existing GCC housing staff will transfer to GHA under TUPE. DLO will remain with GCC, will retain repairs and maintenance contract for 5 years. Over 3,000 jobs will be created in construction industry to deliver the investment programme.• Part of transfer deal is that Treasury deal with GCC's c.£900m housing debt. SE has to meet breakage on this from transfer receipt and existing budgets. Current plans assume £25m receipt and £185m breakage costs.

Progress to date

Background to Glasgow proposal set out in framework agreement between GCC and SE in May 2000. Since then:

- Local Housing Organisations established across whole of the city for management of the stock post-transfer.
- GHA published a business plan proposal in September 2001.
- In September 2001 Cabinet agreed to make additional resources available, from savings in debt servicing costs, to fund the GHA's demolition and re-provisioning programme.
- Council sought Ministers' consent to start statutory consultation October 2001.
- Statutory consultation commenced November 2001. Stage 1 ended 14 December.
- Funders' Panel report issued January 2002.
- Announced in January that repayable grant of up to £300m over 10 years to be made available to ensure delivery of the GHA's investment programme
- On 12 February, following consideration of Funders' Panel and Stage 1 consultation reports, the Council agreed to seek First Minister's approval to proceed to stage 2 and a ballot.

- First Minister announced his consent to proceed on 19 February.
- Stage 2 consultation completed on 26 March.
- Ballot result announced on 5 April.
- A Strategy Group, chaired by the Executive, set up to ensure the delivery of the housing transfer. Membership also includes GCC, GHA and CS.
- Implementation Team will be responsible for developing joint project plan and monitoring progress of various work streams. Will report directly to the Strategy group.
- Working towards a transfer date of 28 November

Ministerial responsibility

To date responsibility for issues relating to Value for Money and formal appraisal of GCC's proposal have fallen to the First Minister. This is because of a possible conflict of interest for Social Justice Ministers who are involved in promoting the transfer proposal.

Line(s) to take

- Stock transfer will deliver step change in investment, tenant empowerment, solution to housing debt.
- Transfer does not amount to privatisation. The housing will be owned by a non-profit-making housing association registered with Communities Scotland, with the Council, tenants and communities working together to provide good quality affordable housing, and tenants having a far greater say in the management of their homes.
- So-called alternatives to stock transfer, e.g. arms-length housing companies and the status quo will not deliver the significant level of investment required in Scotland.

Lead Minister

Social Justice Ministers lead on promotion but First Minister responsible for Value for Money appraisal. Minister for Finance has interest in VFM and affordability issues.

Contact

John Ritchie

Updated 24 April 2002

Housing 1-2

☎ 0131 244 5568

Next Update

30 May 2002

HOLYROOD PROJECT - COSTS

EMBARGO

For use if required from 18 March 2002

Issue

Parliament's building costs are still rising.

Accusation

The Parliament was handed a project that could not be built for the sums envisaged. That the costs continue to rise shows that the project was a flawed one, and is out of control.

Fact(s)

- Funding for SPCB, including Holyrood costs, top-sliced from Executive's budget.
- Project was handed over to the Parliament at a total projected cost of £109 million.
- Requirements subsequently increased, and MSPs agreed in March 2000 to a project cost of £195 million plus landscaping etc.
- The Parliament agreed in June 2001 that the £195 million "cap" be removed and that financial control be exercised through quarterly reporting to the Finance Committee.
- Projections reported to Finance Committee in December were some £260 million plus £14.2 million landscaping, i.e. £275 million. Since then costs and design/construction and inflation risks have been reviewed further and report sent to the Finance Committee on 7 March implies possible cost of around £266 million (plus landscaping of some £14 million), i.e. some £280 million in total. The main reason for the £6 million cost increase is the collapse of Flour City, a contractor on the project.
- The project continues to be controversial with various recent Press articles highlighting individual cost items (such as trees, architects' fees etc) or individual areas of continuing design uncertainty, such as the final layout of seating in the Chamber and signage arrangements.

Line(s) to take

- Construction of the Parliament building is a matter for the Parliament.
- Latest quarterly report to Finance Committee has results of latest cost/risk analysis. These are not final cost figures. Steps are being taken to minimise exposure, including over Flour City, and to minimise extent to which risks materialise.
- Expenditure for this year will be contained within existing provision.
- Bearing in mind the timing of the project we are confident that, if necessary, the increase reported could be accommodated without existing spending plans being affected.
- Any request from the Parliament for additional funding will be met from the reserve. The reserve for 2002-03 to 2003-04 at £53 million is more than adequate.
- The project has been the responsibility of the Parliament since June 1999 and its scale has changed significantly.
-

Potential Pitfalls

- Progress Group are doing very good work, and should certainly not be wound up.
- Suggestion that Minister should be on Holyrood Project Group.
- Increased costs could impact on Executive programmes.

Lead Minister

Minister for Parliamentary Business

Contact

Jim Meldrum, DAS

Updated 24/04/02

☎ 0131 244 4311

Mobile 0781 017074

Graham Owenson,

Finance

☎ 0131 244 7337

Next Update

As required.

SIZE OF THE SCOTTISH PARLIAMENT

Top Line

By virtue of the Scotland Act 1998, the reduction in Scottish representation at Westminster will also result in an automatic downsizing of the Scottish Parliament from 129 seats to around 106.

Facts & statistics

Under the terms of the Scotland Act 1998, following the recent Boundary Commission review, Scottish representation at Westminster is likely to be reduced from the present 72 seats to around 59.

The Scotland Act also provided that the same constituency boundaries should apply at Holyrood as at Westminster, and that the present ratio of "constituency" to "regional" seats should be retained.

The effect of this would be to reduce the size of the Scottish Parliament from 129 seats to around 106. The reduction would be likely to take effect at the Holyrood elections in May 2007.

These arrangements were the subject of considerable debate and criticism during the passage of the Scotland Bill, and the UK Government agreed to keep the matter under review in the light of experience.

Accordingly in December 2001, the Secretary of State for Scotland published a consultation papers inviting comments on whether the Scotland Act should be amended to preserve the Scottish Parliament at its present size. The consultation period ended on 29 March.

The Executive published its response to the Scotland Office consultation on 27 March. On the same day, the Parliament passed a resolution tabled by the Executive to retain the Parliament at its current size.

Scottish Ministers have made it clear that they believe there are compelling arguments for retaining the Parliament at its current size; they consider that the Parliament and its Committees could not function as well as it does with 106 Members instead of 129; and that they believe that the force of that argument outweighs the desirability of retaining common constituency boundaries.

Next steps

A decision on whether or not to amend the Scotland Act to retain the Scottish Parliament at its current size will be made by the UK Government in the next few months.

Contact

Colin Miller

LPS-CPU

☎ 0131 244 7432

Last

24 April 2002

Reviewed

Next review

Summer/autumn 2002 – once the UK Government's decision has been published

EURO 2008

Top Line

Scottish Ministers have agreed to support a joint bid by the Scottish Football Association and the Football Association of Ireland to host the European Nations Football Championships in 2008.

Facts & statistics

*The European Championships are estimated to be the 3rd biggest sporting event in the world, with a TV audience of 7 billion.

*In order to host the tournament Scotland and Ireland would need to provide a total of 8 stadiums. Scotland already has 4 top class stadiums and will upgrade or build 2 new stadiums. Ireland has agreed to supply 2 stadiums in Dublin to meet the UEFA requirements.

*The 3 favoured stadium proposals in Scotland are: a new development on the outskirts of Aberdeen; a new stadium at Caird Park in Dundee (shared by the 2 City clubs) or a redeveloped Easter Road stadium in Edinburgh. Costs to the Executive of building new or upgrading existing stadiums in Scotland are estimated at £50m-£70m.

Targets

Deadline for submission of official bids is 31 May. Inspection trips by UEFA official will take place in September/October and a decision will be made in December.

Trends

Every recent European Championship has made a profit. It is estimated that the tournament would attract 400,000 overseas visitors to Scotland and Ireland. Football is still showing growth in popularity world-wide and the tournament is the third most watched event in sport behind the World Cup and Olympics.

Strategies

A solo Scottish bid was considered but was rejected because of the risks involved. A joint bid offers a balance between costs, risks and benefits. After considering a number of options we are confident a bid involving 6 Scottish and 2 Irish stadiums will offer the most attractive package to UEFA.

Achievements

*Scotland already has 4 outstanding stadiums - more than any of our competitors.

*The Scottish-Irish bid is considered to be one of the top three bids for Euro 2008 because of our stadiums, the reputation of our friendly fans and our strong football tradition.

Illustrations

There are 7 bidders for Euro 2008. Most of our competitors are joint bids (Austria/Switzerland, Nordic Group, Greece/Turkey, Bosnia/Herzegovina). The solo bids are from Hungary and Russia.

Work in hand

* A steering group including the SFA, FAI, SE and Irish Government, tourist boards and sports bodies has been set up. The FAI and SFA have put together a team of the top experts in Europe including police, transport providers, telecoms experts and accommodation providers. We aim to put together the best possible case for Euro 2008.

* The First Minister, Mike Watson (Minister for Tourism, Culture and Sport) and Jim McDaid (Irish Minister for Tourism, Sport and Recreation) attended the UEFA Congress in Stockholm on 24/25 April. There they met with key Committee Members including Lennart Johansson, the UEFA President. This was a successful event for the bid, also reflected in a generally supportive line from the domestic media.

Next steps

*We will submit an official bid by the 31 May deadline. The Champions League Final is due to be played at Hampden Park on 15

Key arguments

May. UEFA has stated that the Scotland/Ireland bid should not use the event as a lobbying platform. However, arrangements have been made for a dinner hosted by the First Minister for UEFA Executive Committee Members and senior officials. *Arrangements are being put in place to ensure stadium costs do not exceed those currently envisaged (£50 -70m). If we win the bid, Ministers will set up a special team within **sportscotland** to ensure rigorous examination of construction costs within budgets controlled by the Executive. **Sportscotland** would issue grants to the clubs, subject to the public interest conditions which will be agreed with the club.

This is a unique opportunity for Scotland. Euro 2008 would attract a great deal of overseas tourists and the work on stadiums and additional tourism would create additional revenue and jobs. The potential clubs venues in Scotland are bidding to ensure that they have done everything possible to attract private sector support and to benefit the local community and that stadium development and hosting the finals provides a legacy.

Key people

John Henderson (Executive secondee to SFA) Tel: 0141 616 6090

Other sensitivities

The Irish stadium situation is still to be resolved: However, the Irish Government has assured us that 2 stadiums will be available for 2008. This is a matter for the Irish to resolve and we are confident in their assurances. The position will become clearer after the Irish Election on 17 May.

Scottish Football remains in difficulty with Airdrieonians FC having gone into liquidation on 1 May and the absence of a TV deal for next season, which has already led Motherwell FC to be put in administration. Our understanding is that, for the time being at least UEFA will see these as domestic issues and it will not have a detrimental effect on the bid

Political line

This is an issue with wide political implications. Scottish football is facing severe upheaval, sporting and political commentators need to see how serious we take this bid and how it can help the wider game in Scotland.

Contact

Steven Colquhoun
☎ 0131 244 0202

Last 2 May 2002
Reviewed



CS
cc: AMCE

S.

RT HON ROBIN COOK MP
LEADER OF THE HOUSE OF COMMONS

2 CARLTON GARDENS
LONDON SW1Y 5AA
TEL: 020 7210 1025

Our Ref: LP/02/237/CM

19 APR 2002

Dear Secretary of State,

PRIVATE MEMBER'S BILL: SCOTTISH PARLIAMENT (REFERENDUM)

Thank you for your letter of 11 April about Lord Palmer's Private Member's Bill on the Scottish Parliament. You may take it that you have approval to oppose the Bill and arrangements will be made to block it if it reaches Second Reading in the Commons.

The Bill would provide for a referendum to be held in Scotland on whether the Scottish Parliament should be abolished.

You argued that the Bill should be opposed. It is far too early in our experience of Scottish devolution to seek a further referendum on the existence of the Scottish parliament.

I am copying this letter to the Prime Minister, members of LP Committee, Sir Richard Wilson and First Parliamentary Counsel.

Yours sincerely

ROBIN COOK (*Approved by the Leader
and signed in his absence*)

The Rt Hon Helen Liddell MP
Secretary of State for Scotland





file.

Top: PD (AM:)

SCOTLAND OFFICE
DOVER HOUSE
WHITEHALL
LONDON SW1A 2AU

“ PD (CS)
QS

www.scottishsecretary@scotland.gov.uk

The Rt Hon Robin Cook MP
Leader of the House of Commons
Privy Council Office
2 Carlton Gardens
London
SW1Y 5AA

11 April 2002

Dear President of the Council,

PRIVATE MEMBER'S BILL: LORD PALMER

Lord Palmer has introduced a Bill into the House of Lords called the Scottish Parliament (Referendum) Bill [HL]. The effect of the Bill is to make provision for the holding of a referendum in Scotland on whether the Scottish Parliament should continue to exist or be abolished.

Second Reading of the Bill is set down for Wednesday 17 April. By convention the House of Lords does not block Private Member's Bills. I therefore propose that Lord McIntosh should simply say that the Government does not support the Bill, but will take no steps to inhibit its passage. If it reaches the Commons and finds a sponsor there, I would expect that the Government would want to block the Bill at that stage.

I am copying this letter to the Prime Minister and members of LP Committee and to Sir Richard Wilson.

Yours sincerely

Jayne Colquhoun

PP

HELEN LIDDELL

(Approved by the Secretary of State
and signed in her absence)