

FINANCE COMMITTEE

Tuesday 14 September 1999
(Morning)

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FINANCE COMMITTEE

4th Meeting

CONVENER :

*Mike Watson (Glasgow Cathcart) (Lab)

COMMITTEE MEMBERS :

*Mr David Davidson (North-East Scotland) (Con)

*Rhoda Grant (Highlands and Islands) (Lab)

*Mr Adam Ingram (South of Scotland) (SNP)

George Lyon (Argyll and Bute) (LD)

*Mr Kenneth Macintosh (Eastwood) (Lab)

*Mr Keith Raffan (Mid Scotland and Fife) (LD)

*Dr Richard Simpson (Ochil) (Lab)

*Mr John Swinney (North Tayside) (SNP)

*Elaine Thomson (Aberdeen North) (Lab)

*Andrew Wilson (Central Scotland) (SNP)

*attended

COMMITTEE CLERK:

Sarah Davidson

SENIOR ASSISTANT CLERK:

Callum Thomson

ASSISTANT CLERK:

Mark MacPherson

Scottish Parliament

Finance Committee

Tuesday 14 September 1999

(Morning)

[THE CONVENER *opened the meeting at 09:46*]

The Convener (Mike Watson): I now call to order the fourth meeting of the Finance Committee. For the benefit of everyone in the room, please ensure that mobile phones are turned off and pagers are on vibrate.

Public Finance and Accountability (Scotland) Bill: Stage 1

The Convener: The agenda has been circulated. Today, we will consider stage 1 of the Public Finance and Accountability (Scotland) Bill. We will first consider the general principles of the bill that are relevant to the committee. It is our role to report to the Audit Committee, which has been designated as the lead committee for the bill. It is not our role today to go into detailed discussion on alterations or amendments to the bill or to comment on the detail of the bill, as that can be done at stage 2. Formally, we have to say that having considered the general principles of the bill, we find nothing on which we wish to comment. We are in uncharted territory. I invite comment from members on the general principles of the bill.

Andrew Wilson (Central Scotland) (SNP): We all accept the broad principles. We discussed in earlier meetings some of the points that were brought to our attention. There are some details that we will have to consider later, but at this stage we should put down a marker on written understandings and on the form of accounts. We all agree that there is a need for close dialogue—Jack McConnell, the Minister for Finance, is in favour of that. He has said that he will not legislate for the form of accounts. That will be more flexible. We should make it clear to him—as the convener has done in his correspondence—that there is a need for on-going dialogue.

Forgive me for raising my first point on the general principles of the bill in this forum, but it is important. The policy memorandum makes the point that the bill provides for financial control, accounts and audit matters—

The Convener: Are you talking about the financial memorandum?

Andrew Wilson: No, the policy memorandum.

The Convener: Which page is that?

Andrew Wilson: It is headed “policy memorandum” and sets out the policy objectives of the bill.

The Convener: It is on page 1.

Andrew Wilson: It clearly says that—put very simply—the bill sets out the manner in which the Parliament can examine the auditing, accounting and control of all funds paid out of the Scottish consolidated fund. My concern is that the bill should clarify the relationship between the Scotland Office, the Advocate General’s office and the Secretary of State for Scotland, because the Scottish consolidated fund falls out of the grant that is conferred on the Scottish Parliament by the Secretary of State for Scotland. I can see no constitutional means for examining the basis on which the allocation is made.

In current circumstances, there is no problem because the Scottish Executive and the Government at Westminster are the same party. However, we need to take cognisance of the anomaly that exists, because I do not see any way in which the Scottish Parliament can express its view on the moneys that are passed down by the Secretary of State. At the moment, he retains funding merely for administrative matters, but there is nothing to stop him from retaining more.

Secondly, there are no clear means by which we can examine the efficiency of the Secretary of State’s administration of his own funds. That remains a matter for Westminster. It is a serious anomaly. If we made known our views and asked the Executive for suggestions about the way in which such means could be set up, it would help promote a healthy relationship between the Parliament and Westminster.

The Convener: That is an issue of the moment, in as much as there is the suggestion of increased expenditure from the Scotland Office, where that money comes from; as is whether we will have the chance to express a view on it. I note what you say. Does anyone want to comment on that matter before we decide what to do? Otherwise, I suggest that we write to the minister with those views and invite him to comment.

Mr John Swinney (North Tayside) (SNP): The minister’s acceptance that the budget bill should be introduced by way of primary legislation is to be welcomed. In an earlier meeting, we largely came to the conclusion that we want the budget bill and any revisions in primary legislation. The feedback from external organisations with expertise in this area and the consideration that has been given to the matter by the minister suggest that a sensible position has been arrived at, which allows us to legislate for the budget but to have an efficient process of carrying out budget revisions.

The committee will have a great deal to do with the process of budget revisions and examining secondary legislation. I assume that we will have a say in the consideration of secondary legislation in this area.

The Convener: We commented on that in our meeting with Jack McConnell prior to the recess. He is not just saying that secondary rather than primary legislation will be used, but that standing orders can be devised to allow for the curtailment of the process. If you remember, our main concern was the time that it would take. In terms of the wording, this should not just be about amending the standing orders. I suggest that we recommend the introduction of new standing orders, to provide a set time scale to meet the objectives of the committee that we outlined when we met in June.

I will discuss it with the clerk, but we are not sure whether we could get that suggestion through in time for the revision that is about to take place. In any case, it would not matter if it was delayed until next year's revision—which I understand is to take place in the spring—because the new procedures would not begin until next year's budget. The first budget revision of that year would not be until the autumn of 2000, by which time the new standing orders would have come into play anyway. I hope that I have not complicated things by the way in which I have described them, but it seems that we could get revised standing orders into place in time for the first budget revision, which they would affect.

With your approval, I will suggest to the Procedures Committee that the standing orders be amended or added to in a way that allows the time scale referred to by the minister to take effect.

Andrew mentioned the written understandings. We have been assured that a draft will be with us by stage 2. The bill is in line with the financial issues advisory group report, which we welcomed. With the exception of the matter that we have just discussed, is it the accepted view of the committee that we welcome the bill? Does anyone want to raise anything else on item 1 of the agenda before we go on to the financial memorandum? It seems not.

Public Finance and Accountability (Scotland) Bill: Finance

The Convener: The financial memorandum, which appears from page 47 onwards in the explanatory notes, is less precise than the financial memorandum that we looked at last week, relating to the Mental Health (Public Safety and Appeals) (Scotland) Bill.

Andrew Wilson: Which is saying something.

The Convener: Yes, indeed. You will have noted that with the exception of the section on the cost of Audit Scotland, there are no precise figures. There is a section on the Auditor General, but by and large the memorandum is necessarily speculative. I suspect that that is almost always going to be the case with financial memorandums. Does anyone wish to comment at this stage? We also have the financial resolution in front of us, which is written in very wide terms. We are required to approve that.

Mr Swinney: I apologise for harking back to a subject I harp on about almost every time the committee meets, but paragraph 166 of the financial memorandum says that

“the Executive has already noticed an increased number of Parliamentary Questions on financial matters since the establishment of the Scottish Parliament.”

That does not surprise me, because it is a subject of great interest. A swift solution to the problem would be to make available, regularly, the financial data that the committee has asked to be provided with. That would allow us to avoid burdening the civil service with parliamentary questions and to do our own research with the available data.

That information would also help us to address the issue that is raised in the paragraph and allow us to contribute to the debate on the objective—which I firmly support—in the first line:

“a rigorous financial management regime under the control of the Scottish Parliament”.

Mr Keith Raffan (Mid Scotland and Fife) (LD): I do not agree with John. Parliamentary questions are parliamentary questions and are on the record. If we are provided with data, they are not necessarily for public circulation. Parliamentary questions are a crucial part of the way any Parliament works. If the Executive has underestimated the cost of running the Parliament—as one sees in the papers—that is its pigeon. It was clear from the start that we were going to do far more, more quickly, than had been anticipated—and that includes parliamentary questions. The administrative costs have been grossly underestimated. Certain people have to take responsibility for that, but I am not going to reduce the number of parliamentary questions I lodge as a result.

The Convener: I wondered whether you registered an interest at the time.

10:00

Mr Swinney: That is not really the general issue that I am raising. We need access to information to allow the committee to play its part in the formation of

“a rigorous financial management regime under the control

of the Scottish Parliament”.

If I cannot receive certain information from publicly available sources, I will ask a series of parliamentary questions. I have spent two years in the House of Commons doing exactly that. I would far rather have access to information that allows me to undertake my own research so that I can suggest initiatives about, for example, the budget process.

The bill's framework will allow us to consider other policy options. Committees of the Parliament might suggest ideas that differ from the Executive's proposals and we will need to assess the financial viability of some of them. If we can do that only through a plethora of parliamentary questions, we will not be as effective as we might be in judging different proposals.

I do not want members to stop asking parliamentary questions, but we need to have access to information that allows us to perform our job properly.

The Convener: John, I just want you to clarify your point. Are you suggesting that the committee should request information as a body, or should individual members of the committee do that?

Mr Swinney: I do not understand why we cannot have access to much more of the information that underpins the annual publication of “Serving Scotland's Needs”, which outlines the Government's expenditure plans in Scotland. If we were able to access the data and the management information that support the document, that would address my point. That information—which I suspect is held on computer anyway—should also be available to any MSP to dip into as he or she sees fit. I do not think that it would cost very much to do that.

Mr Raffan: I do not disagree with John, but I am not going to fall out with my Labour coalition partners. As John well knows, the figures and statistics in “Serving Scotland's Needs” are sometimes rather obscure and it helps to ask Parliamentary questions to pin down the Executive's intentions.

The Convener: Whatever we decide today, there is no restriction on you or any other member asking questions.

Dr Richard Simpson (Ochil) (Lab): Keith was not in the chamber when I asked my question about parliamentary questions. We need to strike a balance. If John or any other committee member feels that the Executive is not giving us enough published information, the committee should investigate the matter. As part of the examination of parliamentary questions that I called for, we should find out what information is not being made available. I agree with John. We should constantly

monitor the boundary between what information we can obtain through parliamentary questions and what should be readily available to us. No member should have to ask regular parliamentary questions to obtain that information.

Keith will have missed the fact that, since the start of the Parliament, 1,300 questions have been asked at a cost of £130,000, which is excessive by any stretch of the imagination. The system of parliamentary questions is not being used appropriately at the moment, but that is probably because we are in the first flush of the Parliament. Although no member should ever feel that he or she cannot ask a question, answers to many questions could have been obtained through reasonable research. However, John is right to point out that if those answers cannot be obtained through research, we need to examine why that information is not available and whether we need to address the issue of the boundary that I mentioned.

Mr Swinney: I agree with the direction of Richard's comments. At times in the House of Commons, I have asked many questions only because I could not access the amount of detailed information that I needed. I—or a researcher—would have been happy to examine that information, but it was not available. The process of asking questions means large costs to the public purse and much inconvenience to civil servants, who still jostle past me in corridors because of the amount of questions that I have asked. It is important to find out what information is at our disposal to evaluate proposals or initiatives that might be laid before the committee during the budget process.

Mr David Davidson (North-East Scotland) (Con): At the committee's successful financial seminar, John and I queried the level of headline figures and concluded that the level was not low enough: the figure 1.4 sticks in my mind. We need to reduce that figure a little more. It would help many MSPs if SPICe could make such information available.

On the number of parliamentary questions being asked, members have a responsibility not to try and score brownie points by getting their name on the business bulletin 12 times in a row. Within those 12 questions, there might be only two real questions. MSPs should not be prevented from asking questions, but there should be a system that does not allow them to ask a question in five or six different ways.

Mr Kenneth Macintosh (Eastwood) (Lab): At Westminster, there is a culture of secrecy in the Treasury and the civil service. However, all the evidence suggests that this Parliament will not behave like that and the Administration has clearly stated that intention. Jack McConnell, the Minister

for Finance, has shown a willingness to present the figures that we need in a way that we can understand. It is the committee's duty to maintain that policy, but the signs are that the Scottish Office's culture of secrecy will change.

The Convener: Perhaps we should test that. I would be unhappy if I felt that committee members had to lodge parliamentary questions to get information in order to perform the committee's work. The committee is a body, not a collection of individuals, and we, as a committee, should be entitled to ask for information that we need. Perhaps we should ask for information that we need. If we do not get it, we will investigate other ways to achieve our objective. However, I repeat that I hope that we will not have to resort to committee members asking ordinary parliamentary written questions.

Mr Raffan: Perhaps the Parliament could follow Westminster's example and not allow written questions to be lodged during the recess. That is where we differ from Westminster. This Parliament's system means that MSPs tend to do research through parliamentary questions rather than in other ways.

The Convener: With respect, Keith, that is not the issue. The question is whether the committee has access to information that it needs to do its job properly. John has suggested that the system needs to be tested by, for example, our requesting details behind the bald figures in "Serving Scotland's Needs". Should we test the system by deciding what extra information we need and then asking for it? If we get what we want, fine; but if we do not, we should investigate other ways of ensuring that we are properly resourced with the information we need to do our job.

Mr Davidson: Could we invite someone from a relevant department to talk to the committee about where we can access information that we need? That still leaves us to do our work as MSPs; but as committee members we would have a better understanding of where to look for such information.

The Convener: Yes. We also need to have signposts.

Shall we ask the clerk to find out about who could speak to us about the information that is available? We can then take the matter from there.

Mr Davidson: Thank you.

Elaine Thomson (Aberdeen North) (Lab): We are moving to a system of resource accounting and budgeting, which will change reporting on financial matters and make finding out what information is available now and what will be available in the near future even more worthwhile. It is difficult to present financial information in an

easy-to-understand form, but that can be facilitated by improved financial systems on modern IT systems, which appears to be the direction in which we are moving.

The Convener: That is an important point. Our briefing should also give us information about the changes to the system.

Mr Davidson: Andrew mentioned the form of accounts. A briefing note from the finance department talks about preparing accounts in a form directed by the Scottish ministers. I would have thought that the committee will play a role in agreeing any such layout.

The Convener: Can you identify the document?

Mr Davidson: When I was up in my constituency, I received a faxed quick guide to the Public Finance and Accountability (Scotland) Bill. Page 4 of the fax deals with section 18 of the bill. I think that the text is taken from another document.

Dr Simpson: Item 6 in Jack McConnell's letter of 3 September deals with that point. The letter says:

"I am happy to give you an assurance that I will consult the Committee about the format of the accounts of the Executive Departments before the initial Directions are issued; or on any revisions that make substantial changes. The format of the accounts will be closely connected with the format of documents to be put before the Parliament in support of the Budget Bills."

Mr Davidson: Thank you for that.

The Convener: The last sentence of item 6 in the letter also states that drafts of the format of accounts will be brought forward during stage 2 of the bill.

Mr Davidson: The problem is when that will happen.

The Convener: Jack McConnell says that it will happen during stage 2, so I would expect that to happen in the next month.

Andrew Wilson: I have two points which relate to paragraphs 166 and 167 of the financial memorandum. Paragraph 166 states:

"The Executive has already noticed an increased amount of Parliamentary Questions on financial matters since the establishment of the Scottish Parliament".

I think that we should discourage financial memorandums being used to make political points for the Executive. The campaign against parliamentary questions is regrettable. The Executive has noticed no such increase in questions, because the Executive did not exist before the Parliament was established. Furthermore, because the issue does not affect the cost of the bill, I see no reason for that glib aside to be included.

Paragraph 167 refers to costs of auditing Scottish Administration-related accounts, which were previously met out of the UK consolidated fund and to the fact that, because of that, there will be no change to the Scottish Administration's audit costs. My question is a request for clarification, because I could not find the information in the documents with which we have been issued. Will the money that is currently paid into the UK consolidated fund for the work of the National Audit Office now be translated by the Barnett formula into the Scottish consolidated fund? If we have not been notified of such a change, that is a problem.

The Convener: We will arrange for your second question to be asked.

I am not quite clear about your first point on paragraph 166. I understood that the comparison was being made between the period up to 2 July and the recess period. Keith made the point about questions being asked during the recess. I have no particular view on that, but perhaps there is more need to ask written questions during the recess when there is no opportunity to question ministers. I did not take the comment to be a political point; I thought that it was an admission that the matter had developed in a way that had not been foreseen.

Andrew Wilson: Fine.

Mr Raffan: I agree with Andrew's point. The comment about questions in paragraph 166 has an undertone. I believe that we should be allowed to ask parliamentary questions, and that is that. The situation is only to be expected because the Parliament has just been set up and the Administration has never been as accountable as it is now, with its plethora of committees and with weekly oral questions. The number of questions will probably trickle off after a while, but the Executive should have expected the situation.

10:15

Dr Simpson: With respect, Keith did not get the point. Nobody wants to stifle parliamentary questions—that would be quite inappropriate. David made a point about discipline. I would be appalled if someone disciplined me for asking questions, but I apply self-discipline when asking questions and there is a lack of that at the moment. We have a responsibility to be frugal with public funds and there is no excuse for asking unnecessary questions that cost £100 each.

The Executive has agreed to publish an audit of the questions that have been asked, arranged by subject and by MSP. It has agreed to my request that it find out whether the requested information was already in the public domain. That will not stop anyone asking questions, but it will hold

members accountable for the money that they spend.

The Convener: I do not want to prolong this discussion as it is not part of our agenda. Andrew Wilson made a point about paragraph 166 and Keith Raffan supported him. That has been noted.

Unless there are new items relating to the financial memorandum, I would like to close the meeting. Are we agreed that the provisions are reasonable? We are agreed.

That concludes today's business. Thank you for your attendance.

Meeting closed at 10:16.

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