

FINANCE COMMITTEE

Tuesday 6 June 2000
(Morning)

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FINANCE COMMITTEE

15th Meeting 2000, Session 1

CONVENER

*Mike Watson (Glasgow Cathcart) (Lab)

DEPUTY CONVENER

*Elaine Thomson (Aberdeen North) (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)

*Andrew Wilson (Central Scotland) (SNP)

*attended

CLERK TEAM LEADER

Callum Thomson

SENIOR ASSISTANT CLERK

Anne Peat

ASSISTANT CLERK

Sean Wixted

LOCATION

Committee Room 2

Scottish Parliament

Finance Committee

Tuesday 6 June 2000

(Morning)

[THE CONVENER *opened the meeting at 10:08*]

The Convener (Mike Watson): Colleagues, I call this meeting of the Finance Committee to order. I welcome members and offer the usual reminder about mobile phones and pagers. The only apology that we have received is from John Swinney.

Items in Private

The Convener: As is indicated on the agenda, I propose that items 3 and 4, on the budget and the draft report on the finance functions of the Scottish Executive, be taken in private. Is that agreed?

Members: Agreed.

European Structural Funds

The Convener: We now move on to the inquiry into European structural funds. I understand that members have had circulated to them correspondence between the Chancellor of the Exchequer and me and a letter that I wrote to the Minister for Finance.

The correspondence is self-explanatory. I find the response from the Chancellor of the Exchequer disappointing, but not entirely surprising, particularly given his reluctance to give evidence to the European Committee on the same subject.

However, I do not regard being referred to a meeting that will take place between John Reid and the Scottish Affairs Select Committee at the House of Commons on 21 June as an adequate substitute for hearing the chancellor's evidence. I am open to members' views about how we should proceed. Given that a senior civil servant from the Treasury has already given evidence to the committee, I believe that we are entitled to at least that level of evidence for the inquiry. Otherwise, I fear that suggestions will be made that it is never appropriate for officials or ministers from the House of Commons to give evidence to Scottish Parliament committees. That should not be accepted.

That is my personal view of the matter. Before we decide how to proceed, I invite the views of members of the committee.

Mr David Davidson (North-East Scotland) (Con): I appreciate what you have just said, convener. There is no way that the Secretary of State for Scotland speaking to a House of Commons committee is a substitute for hearing the chancellor give evidence here. There are relevant departments in Westminster that deal with the settlement to the Scottish Parliament, but which are just avoiding the issue. I would have thought that we, as recipients of a fairly major piece of Westminster Government spending, are entitled to have a two-way discussion with the Government.

I support your view, convener, that we ought to make it known to the appropriate person down south—presumably the Chancellor of the Exchequer—that the response is not good enough and I would like you to secure the support of the Deputy First Minister in that. The matter is about protocols. It is similar to issues that have been raised in the Scottish Parliament about how the Minister for Finance deals with committees and how we do our business.

It is important that the Scottish Parliament can represent itself directly to Westminster where that

is appropriate, not via the Secretary of State for Scotland.

Mr Keith Raffan (Mid Scotland and Fife) (LD): The matter is crucial. However it is resolved—or not resolved—it will create a precedent to which people will refer. It is very important that the Parliament asserts itself in this regard. I had hoped that UK ministers would co-operate in such a crucial inquiry.

I do not see how Westminster ministers can operate either through an intermediary—the Secretary of State for Scotland—or through the Scottish Affairs Committee. If the Chancellor of the Exchequer himself cannot come—he is obviously under great pressure—a Treasury minister should. We might not see the permanent secretary and we cannot, perhaps, have the chancellor. That is understandable, but a minister should be available.

Our ministers have shown willingness to co-operate with the UK Government; I am thinking of the summit on health that was held at Downing Street yesterday. It is important that this becomes a two-way process. Otherwise, the Parliament is undermined and devalued.

Andrew Wilson (Central Scotland) (SNP): I was also very surprised, convener, by the tone and shortness of the letter that you received from the chancellor's office, which was signed by one of his officials.

It is surely part of the devolution settlement that there should be a two-way street, as David Davidson and Keith Raffan have indicated. Although it is surprising that the politicians are not going to come here, the fact that officials are being blocked is, simply, unacceptable. The really political question is about the role of the chancellor.

I am very surprised at the attitude that has been taken. I wonder if further representations from you, convener, could resolve the matter to some extent. We cannot have inquiries that cut across the remits of both Parliaments if there is not going to be good will from the Treasury's side.

In the Westminster debate on the Scotland Bill, the Government's constant response to the question whether we should be able to summon rather than invite people to a committee was that summons would not be required as both legislatures would show good will. Clearly that has not been the case, which shows a distinct lack of faith on the UK Government's part in the Parliament's ability to do its work. Most folk in the debate have been surprised that Westminster is undermining good will, which is, apart from anything else, a shame. The Parliament should take as united and firm a view as possible to resolve this issue, because the inquiry cannot

proceed without some form of Treasury evidence. We require evidence from a minister, because many of our questions concern ministerial responsibilities. We should also receive background briefings from officials as a matter of course.

The Convener: I do not quite agree that the inquiry cannot proceed without evidence from the chancellor, but it can proceed only so far.

10:15

Rhoda Grant (Highlands and Islands) (Lab): Have not we already set a precedent by having a Treasury civil servant at the committee?

The Convener: Gill Noble gave evidence to the committee as part of our inquiry into finance functions about two months ago, so the ice has already been broken. There was no difficulty in securing her presence for that inquiry, and her contribution was valuable.

Rhoda Grant: We should write back to the Treasury asking whether we can have a senior civil servant for this inquiry, as one has already given evidence to the committee for another. I am not sure how to pursue the ministerial matter. If we insist that a Westminster minister come before the committee, nothing would stop Westminster committees insisting that our ministers answer to them. Civil servants should be required to attend, as they will be giving background information.

The Convener: I note your comments, Rhoda, but it is not a question of anybody answering to us. The civil servants would merely be assisting in one of our inquiries; they are not accountable to the committee. We have asked for the benefit of the Chancellor of the Exchequer's knowledge of the system and our request has been declined. You said that I should highlight the fact that we have already taken evidence from a Treasury official, which I did in my initial letter to the chancellor. The Treasury is aware of that. Although there needs to be some follow-up to the Treasury response, I am anxious to canvass all views before we decide on its form.

Dr Richard Simpson (Ochil) (Lab): We cannot let the matter rest here because of the precedent that that will set—the Executive should take it up. We should ask the relevant joint ministerial committee to review the process and to ensure that appropriate officials or ministers will make every effort to assist Scottish Parliament committee inquiries. Gordon Brown's letter is unacceptable.

George Lyon (Argyll and Bute) (LD): I want to endorse what has already been said. Many matters that have been devolved to the Scottish Parliament overlap with Westminster and if such a

precedent were set, it would damage the work of all the committees. The European issue is, perhaps, more important because many decisions that are taken in relation to Europe will be taken through UK ministers. As a result, we must be able to bring those ministers before the committee to discuss what they have been doing in the Council of Ministers.

The Convener: I just want to be clear about something. I said earlier that, although I was not particularly surprised that the Chancellor of the Exchequer declined to appear, it was more surprising and unacceptable that we were not even being allowed access to civil servants. The committee's view seems to be that we should take the matter further and I am quite prepared to write again to the chancellor if members want me to. David Davidson and Richard Simpson suggested that we should do so through the Executive. I will be happy to meet the acting First Minister on behalf of the committee on that issue. I also get the impression from the committee that we should be putting pen to paper again to relate how we feel about the situation.

Mr Raffan: A precedent has already been established. Wendy Alexander has appeared before the Scottish Affairs Committee during its inquiry on poverty and Gill Noble appeared before this committee as a Treasury official. As Andrew Wilson said, there must be good will on both sides and there must be a mutual, two-way process. It is important to say that in a letter to the chancellor. I am also happy for the convener to address the matter through the Deputy First Minister.

Andrew Wilson: I want to add a note of caution about going through the Executive. This is a parliamentary issue and, although informal channels should always be used, it might be an issue for the Presiding Officer rather than the Executive. The two institutions are distinct in this process; this committee is supposed to examine the Executive's work. However, every available channel should be used. I cannot see how we can continue if this is how we start.

The Convener: I will write again to the Chancellor of the Exchequer and seek a meeting with Jim Wallace and Sir David Steel.

That deals with one aspect of the matter; however, the question now is where that leaves our European structural funds inquiry. We have received a response from the Minister for Finance, who will appear before the committee next week. However, we need to consider the direction of our inquiry. If we seek at least a Treasury civil servant to appear before the committee, that will not leave much time for conclusion of our inquiry. Perhaps we will simply have to wait for the response. Although we will send the letter today, there is a problem about whether we will receive a response

by next Wednesday. We need to be clear about what we can do before the summer recess, because we might not be able to meet our timetable for the inquiry.

Andrew Wilson: In light of our discussions at the first two evidence-taking sessions, we need to take into account the other issue regarding our request that the Treasury provide a significant amount of information in advance of the appearance of a witness. Given such a time scale, it will be very difficult to produce a report before the summer recess.

The Convener: We will put the matter on the agenda for next week and I will report back with any developments.

In accordance with our earlier decision, the committee will now go into private session to consider items 3 and 4 on the agenda.

10:21

Meeting continued in private until 11:56.

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