

FINANCE COMMITTEE

Tuesday 27 March 2001
(*Morning*)

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FINANCE COMMITTEE

8th Meeting 2001, Session 1

CONVENER

*Mike Watson (Glasgow Cathcart) (Lab)

DEPUTY CONVENER

*Elaine Thomson (Aberdeen North) (Lab)

COMMITTEE MEMBERS

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

*Donald Gorrie (Central Scotland) (LD)

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

*Dr Richard Simpson (Ochil) (Lab)

*Andrew Wilson (Central Scotland) (SNP)

*attended

CLERK TO THE COMMITTEE

Callum Thomson

SENIOR ASSISTANT CLERK

Anne Peat

ASSISTANT CLERK

Gerald McNally

LOCATION

The Hub

Scottish Parliament

Finance Committee

Tuesday 27 March 2001

(Morning)

[THE CONVENER *opened the meeting at 10:14*]

The Convener (Mike Watson): I call to order the 8th meeting in 2001 of the Finance Committee. I apologise for the late start. We have received notification that two colleagues who are travelling from Aberdeen by train have been delayed. Nevertheless, the committee is quorate and so I invite members to agree that we take agenda items 5 and 6 in private.

Members indicated agreement.

Budget (Scotland) Act 2001

The Convener: Agenda item 2 is on the Budget (Scotland) Act 2001. Members have received copies of the letter that was received from the Minister for Finance and Local Government, Angus MacKay MSP, including his responses to questions that were raised by the committee at its meeting on 30 January. A total of 15 questions were raised, each of which has been answered pretty fully. Do members have any comments on those answers, or are we content with them?

10:15

Dr Richard Simpson (Ochil) (Lab): The only response about which I have concerns is that to question 4, on Caledonian MacBrayne. That matter is obviously not yet resolved. The changes have been explained, therefore the question has been answered, but the answer begs the further question of what will happen under the new system.

The Convener: Do you mean because we do not yet know what the new system will produce?

Dr Simpson: Yes. We should put down a marker that the Executive should advise the committee when it has information on what the new system will be and what its effect might be on the relevant part of the budget.

The Convener: We will put down that marker.

Donald Gorrie (Central Scotland) (LD): A full and helpful answer has been given to question 6. The Executive's response says that

"generally the Equalities budget would not directly fund the voluntary sector",

which I find interesting and surprising. However, we can pursue that matter through our general interest in the voluntary sector. The response shows that such questions are a worthwhile way of eliciting further useful information.

The Convener: Yes—the answer to question 6 is the fullest of all the answers. It provides useful information. Does any member wish to comment on any of the other responses to the questions that we posed?

Members indicated disagreement.

The Convener: With the proviso regarding the answer to the question on Caledonian MacBrayne, is the committee satisfied with the answers that we have received?

Members indicated agreement.

Budget (Scotland) Act (Amendment) (No 2) Order 2001

The Convener: The next item is on the Budget (Scotland) Act (Amendment) (No 2) Order 2001. Responses to our questions on the order have been received from the Deputy Minister for Finance and Local Government, and I invite members to comment on those responses.

Donald Gorrie: Both in those responses and in the previous set of responses, it is worth considering in which areas of the budget the capital allocation has been reduced and the revenue allocation increased, or vice versa. We must look carefully at that. Being human, ministers are keen to trumpet the increases and not so keen to talk about what has decreased. It is interesting that there has been a bit of juggling of the figures.

The Convener: In question 3, Andrew Wilson made the point that the Higher Education Funding Council for England had reclaimed £5 million. I was interested to note, in the Executive's response, that that would not have any effect on future years' transfers.

If members do not wish to make any more points, is the committee content with the responses that were received from the Deputy Minister for Finance and Local Government?

Members indicated agreement.

Voluntary Sector Funding

The Convener: At the beginning of the meeting, Donald Gorrie circulated a letter that he received from the Minister for Social Justice. I shall allow members a minute to read that letter before I ask Donald to comment.

10:21

Meeting adjourned.

10:22

On resuming—

The Convener: Members have now had time to read the letter of 6 March, from the Minister for Social Justice. I invite Donald Gorrie to update the committee on the progress that he has made on the proposed inquiry into voluntary sector funding.

Donald Gorrie: In response to her letter, I wrote back to Jackie Baillie and managed to secure a meeting with her—which is never an easy thing to do with overworked ministers. I shall meet her next Wednesday. In the light of the letter, it would be useful to know how long the strategic review will take, although the minister says that the Executive hopes to have things in place by April 2003.

I intend to report back to the committee on three options for discussion. First, we could conduct a fairly rapid and limited review that would focus on the main issues, which we could input into the consultation that the social justice department is undertaking. Secondly, we could focus on different issues and conduct our own inquiry in parallel with the Executive's, but not overlapping it. Thirdly, if the committee thought it best, we could—because the Executive is dealing with the matter—abandon the idea of an inquiry. I hope to be able to report back on those options.

I have continued to visit a variety of voluntary bodies, some of which have expressed the view that they would have more confidence in a review that was conducted by the committee than in one that was conducted by the Executive, which may be carried out by civil servants who are tied into the existing system.

Bullet point 4 of Jackie Baillie's letter, on

"developing a stable funding environment for the sector,"

does not deal with the issue of core funding versus project funding or of how people can be funded out of lottery funds, European funds or charitable funds. To me and to other colleagues, that is one of the main issues. I hope that, after the Easter recess, I shall be able to report back and that we will be able to discuss how to proceed.

The Convener: Thank you, Donald. Do any members wish to comment?

Andrew Wilson (Central Scotland) (SNP): Yes, thank you, convener. I apologise for arriving late.

Given what Donald Gorrie said and what others have told him, Donald's first suggestion appears to be the most sensible route to follow. It would be useful if Donald, who has been appointed reporter, studied the consultation document and reported on its adequacy, including the principles that will guide the review that the Executive will undertake. He could then take some early evidence from the voluntary sector on its views on the consultation and how that will progress. That report could be fed in via the committee to the relevant ministers. That might help to steer the review or adjust the rudder slightly as the review kicks off.

To an extent, we have been overtaken by events—the minister is to undertake a major review, which is possibly more than we had expected. I had not recalled that a review had been announced until it was mentioned today. Perhaps the best route would be to provide early input into the review by having Donald Gorrie, as the reporter, consider its scope and take early evidence that could be fed back through the committee.

The Convener: I endorse that view.

Will you refresh my memory, Donald? I remember that when you reported to the committee previously, you mentioned that you had spoken to Karen Whitefield, who is a member of the Social Justice Committee. Is that committee conducting an inquiry on the voluntary sector?

Donald Gorrie: No. I spoke to the clerk to that committee and wrote to Karen Whitefield. To the best of my knowledge, she has not replied, although the reply might be in a heap of mail somewhere. I had information that Karen Whitefield had conducted an across-the-board review of the voluntary sector, which one might describe—without being critical—as slightly superficial, but which itemised different aspects. The Social Justice Committee decided to concentrate on legal charitable status, which is important. The committee clerk's advice was that that was all in the committee's queue of activities that related to the voluntary sector, so we were not treading on its toes.

Dr Simpson: I support other colleagues' view that the committee should conduct its own review and feed into the process. I reinforce Donald Gorrie's points about core funding versus project funding, and roll-over provision. The system for many projects of what is, in effect, competitive tendering, and the interrelationship between challenge funding and subsequent rolling-out of

projects are not addressed in our strategic approach. Far too often, projects turn out on evaluation to have been highly successful, yet no one seems to have worked out what should happen. Such projects often go into limbo or fail to be rolled out.

The second-last bullet point in Jackie Baillie's letter particularly interests me. I have quite a lot of experience of the issue in relation to other Executive departments. The point concerns the bureaucracy that is involved in not only applying for funds, but in reporting on them and the activities that they provide for. That must be considered carefully. As I said, in other areas in which I have been involved, a massive proportion of the funding has been taken up by a requirement to report too frequently. Given that the Executive is also talking about focusing in future on outcomes rather than on inputs, consideration of how bodies must report at present would help. We are addressing financial aspects, but targets and finance are often linked.

The Convener: Andrew Wilson proposed that we adopt Donald Gorrie's first suggestion. There has been general support for that, so I take it that the committee has agreed to follow that approach. After the Easter recess, Donald will report to the committee on his meeting with the Minister for Social Justice.

Donald Gorrie: I will meet her next week and tell her that the committee would like to be constructively involved in the review.

The Convener: Are you meeting the minister in your role as reporter?

Donald Gorrie: That is correct.

The Convener: That completes agenda item 4.

Committee Business

10:30

The Convener: Under agenda item 5, we will consider the budget process for 2002-03, which involves deciding where the committee will meet to take evidence at stage 1. Before that, I will put one comment on record, which I hope members will support. Having taken evidence for the previous budget process in the north-east, the committee intended to go to the south-west during this year's stage 1.

For obvious reasons, that is impossible and might continue to be impossible for some time. However, do members agree that we will go to the south-west—Dumfries, Stranraer or elsewhere—at the first available opportunity?

Members *indicated agreement.*

10:31

Meeting continued in private until 11:15.

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