

# **FINANCE COMMITTEE**

Tuesday 12 February 2002  
(*Morning*)

Session 1

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## FINANCE COMMITTEE

### 3<sup>rd</sup> Meeting 2002, Session 1

#### CONVENER

\*Des McNulty (Clydebank and Milngavie) (Lab)

#### DEPUTY CONVENER

Elaine Thomson (Aberdeen North) (Lab)

#### COMMITTEE MEMBERS

\*Brian Adam (North-East Scotland) (SNP)

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

\*Donald Gorrie (Central Scotland) (LD)

\*Mr Tom McCabe (Hamilton South) (Lab)

\*Alasdair Morgan (Galloway and Upper Nithsdale) (SNP)

#### THE FOLLOWING ALSO ATTENDED:

Professor Arthur Midwinter (Adviser)

#### ACTING CLERK TO THE COMMITTEE

David McGill

#### ASSISTANT CLERK

Gerald McNally

#### LOCATION

Committee Room 2



## Scottish Parliament

### Finance Committee

*Tuesday 12 February 2002*

*(Morning)*

[THE CONVENER *opened the meeting at 10:33*]

**The Convener (Des McNulty):** Colleagues, we are ready to start the meeting. I have received apologies from Elaine Thomson. I remind everyone to switch off their mobile phones and pagers—I had better look at mine to ensure that I have done so.

### Items in Private

**The Convener:** Agenda item 1 is to ask the committee to agree that items 5, 6 and 7 be taken in private. Item 5 is a briefing by Professor Midwinter on the 2003-04 budget process, for which a paper has been provided for members. Item 6 is consideration of a paper concerning the review of the financial scrutiny arrangements. For item 7, Norman Flynn will present stage 2 of research into outcome budgeting, which deals with the challenges of implementation. Do members agree that those matters be dealt with in private?

**Members** *indicated agreement.*

## Budget Process 2002-03

**The Convener:** Item 2 is consideration of the Executive's response to our stage 2 report on the budget process. We should all have copies of the letter from Andy Kerr, which sets out usefully his response to the 14 recommendations that our report contains. The response to the issues in our report is itemised. I have a number of issues to raise in that context.

**Brian Adam (North-East Scotland) (SNP):** Useful is certainly not the word that I would use, convener.

**The Convener:** It is useful that the response is separated out into issues on which we can reflect. The content is a different matter.

Professor Midwinter has given us a paper on the minister's response to the recommendations. It will be helpful if he speaks to his paper before we begin our discussion.

You are sitting in splendid isolation at the end of the table, Professor Midwinter.

**Professor Arthur Midwinter (Adviser):** I was unaware that I would have to speak to this item.

**The Convener:** It would be useful if you would give us an overview.

**Professor Midwinter:** Right. I considered the minister's response on the basis of my familiarity with the information and the reports that have been coming before the committee this year.

The first point that I would like to make is about the committee. The committee's report makes 14 recommendations, 12 of which are about the budget process and two of which are about small sums of money. That is a significant imbalance in the committee's concerns. I would like the committee to focus more on the budget priorities than on issues surrounding the process.

I will stick to and go through the recommendations about which I have something to say. Recommendation 1 lumps together the analytically distinct concepts of priorities, outputs and outcomes. It would be better to receive a separate statement on progress, which the minister offered, rather than have it in the draft budget, which is already quite large. According to the agreement reached with the Executive, a statement of both priorities and data in output terms should be available next year.

Have members seen that?

**The Convener:** No, they have not. You are giving them information that I received only relatively recently.

It will be helpful if we deal with the

recommendations three at a time. You could first give us your comments on recommendations 1, 2 and 3 and then members could contribute. That would allow us to keep your comments in our heads.

**Professor Midwinter:** My view is that outcome budgeting is still a somewhat theoretical concept and that there is little evidence of progress elsewhere. Our problem with it is that many outcomes require a longer time scale than that for annual budgets. My advice is to accept the minister's offer of a separate statement on progress.

On end-year flexibility, the minister fails to note the committee's request for the quarterly report on underspend. I see no sensible reason for the committee not having that, particularly if it is provided in relation to spending profiles. I am not sure to what extent that is done for departmental programmes, but elsewhere in the public sector, a manager usually gives a spending profile of where they expect to be by month 3, 6, 9 and the end of the year. The pattern will vary at different times in the year. I see no reason why the committee should not have access to that information. I presume that the convener will clarify the omission with the minister.

The response ignores the time gap between the ministerial announcements in June and the budget revisions in the autumn. Under the financial issues advisory group report, the aspiration is to consult Parliament and the public. That requires EYF to be taken as a separate item in June and a set of proposals to be made and formally received and approved in the autumn. That would allow committees time to comment on the reallocations that are put forward. My understanding last year was that the reallocations were made in June and rubber-stamped in the autumn without any serious consideration.

Are there any questions about that?

**The Convener:** We should stop at this point and deal with those recommendations.

**Brian Adam:** On recommendations 2 and 3, the minister is being less than helpful to say the least. I refer particularly to the response to recommendation 3, in which he says that his colleague Mr MacKay had

"provided a table setting out the proposed allocations, savings and final positions quite fully".

That is certainly not the case. It required considerable effort and many parliamentary questions to elicit what exactly had been cut and why. We discussed that with the present minister's predecessor.

The Executive's response is wholly inadequate. It is unacceptable for the minister to make a

commitment to continue with that format. The statement was made that the process is not about who is up and who is down. Perhaps it is not really meant to be about that. Unless we know where the changes will take place, why they will take place and what programmes will be affected, we are not being given full detail of what is to happen to EYF.

I think that the response is probably about the most disappointing statement that any of the finance ministers has made so far. It smacks of complacency; the Executive thinks that it is going to thumb its nose at us.

The request that we made for quarterly reports has, as Professor Midwinter rightly said, been ignored. All members of the committee have made that request regularly—at least, a wide range of members have done so. I had the feeling that at least the minister had acknowledged that such reports were available, but so far the Executive has not made a commitment to make them available to us. We really need to press the minister on that to get the right response. As Professor Midwinter rightly pointed out, we have not dealt with the numbers in the budget in great detail, but that is partly because much of the information that is available to the Executive is being withheld from the rest of Parliament. That is inappropriate. I find the Executive's response extremely disappointing and not at all useful.

**The Convener:** That might be the tenor of the views of the committee more generally, particularly in relation to recommendation 2. Do members wish to make additional points, as opposed to simply expressing dissatisfaction?

**Mr David Davidson (North-East Scotland) (Con):** As I am the only member present who has been on the committee since the beginning, I can put the responses in context. The committee has made a progressive move to seek clarity and objectivity in the style of the information that has come to us. We have been doing that for three years.

I recall that during the first year I asked the first finance minister, who is now the First Minister, for quarterly statements. If we do not have the necessary tools during the year, the process is a one-second moment in time in which accounts are done or budgets are pushed up—that does not work.

Regardless of the fact that there have been three finance ministers, the department that gives advice to the minister has failed to take on board where the committee has been trying to go for the past three years. It reached the point last year that I suggested that the budget process be stopped, because the committee could not understand why it was getting no response from the Executive. By the Executive I do not mean just the ministers; I

mean the whole of the support systems and so on. If we approach the process from that point of view, we can look forward and ask what is workable.

We have advisers who come up with ideas—another report is coming up from another adviser later on. The advisers can suggest how we should approach the process in a way that allows all committees of the Parliament, and especially the Finance Committee, to have a meaningful dialogue about the process as it rolls out. It is frightening that, after three years, we are still bogged down, as Professor Midwinter said, in the process and not the content. The public expects the Parliament to discuss the roll-out of budget and services—or the roll-in, as appropriate. They do not expect members to have a continuing battle about what kind of information flow we get.

**Alasdair Morgan (Galloway and Upper Nithsdale) (SNP):** I do not have too much to add. The minister's response is saying in effect that what is going on is perfectly satisfactory. If we were to accept that response, it would imply that we, too, accept that our recommendations are tosh. I do not think that we take that view.

10:45

**Donald Gorrie (Central Scotland) (LD):** I do not dissent from the comments of other members. I would like Arthur Midwinter to tell us whether it is possible to distinguish between what one might call sensible savings by a health board or a council—perhaps they wish to save up for a big bit of machinery or to build a new road—and lack of spending, which might be caused by mere incompetence, a lack of demand or failure to manage spending? Can we distinguish good saving from bad underspending?

**The Convener:** We might address that issue later in the process.

**Professor Midwinter:** The way in which the information is currently gathered would not allow us to make that distinction as it is presented in aggregate figures. Much of the underspend is slippage either on capital or on the housing stock transfer. The kind of detail that Donald Gorrie refers to is held at local authority or health board level. Those bodies are required to report only the global sums.

**Mr Tom McCabe (Hamilton South) (Lab):** It is appropriate for the committee to seek greater clarity in respect of end-year flexibility and for the committee and the Parliament to seek a fuller opportunity to comment prior to final decisions being taken. However, we must be careful about the terminology that we use. Brian Adam mentioned cuts. End-year flexibility is not a reduction in the global sum available across a range of disciplines in the Executive, but a

reallocation. It would be easy to misrepresent that. If we are interested in clarity and having the opportunity to comment, we should steer away from terminology that could be interpreted as merely politicising the issue.

**The Convener:** We have quite a lot to do this morning, so I would like to draw things together. Arthur Midwinter made a point about the imbalance between concerns about process and examining figures. It is the view of the committee that that imbalance should be corrected and later in the meeting we will consider mechanisms to allow committees to do that. Indeed, the appointment of Professor Midwinter is intended to facilitate the process.

Professor Midwinter's point on recommendation 1—

"It would be better to receive the *separate statement* on progress the minister offers, than have it incorporated in the draft budget"—

is perfectly valid and would improve the clarity of the information that we receive. He is right to say that moving towards outcome budgeting is a longer-term issue. Perhaps in the interim we need a link between statements of priorities and output data. Nonetheless, the committee needs to have a debate with Executive officials and the minister about the move towards output budgeting and various stages of that process. We might return to that later in the meeting. However, we should flag up that we want to have that discussion in our response to the letter from Andy Kerr.

I agree that the minister misses our point in relation to EYF and quarterly reports. We should continue to press for that; otherwise, we would be marching away from our previous recommendations. The point that Professor Midwinter made about the time gap between ministerial announcements in June and the budget revisions in the autumn has also not been addressed in the minister's response. The third point that I picked up was about the scale of EYF. EYF was significantly larger last year than it had been previously. We should ask the minister about the anticipated scale of EYF this year. The Executive must have some notion of what is expected to be the case in July.

If it is acceptable to the committee, we should respond to the minister, making the points about the need for quarterly reports and the concerns about the time gap and seeking an indication of the scale of EYF.

**Mr Davidson:** As far as EYF is concerned, the Executive must have an internal system in which project audit or account managers have day-to-day control over their programmes and all that the departments would have to do is collate that information and feed it out through the minister. At any point in time, I imagine that any account

manager on any project within the Executive's spending knows roughly where they are and when they expect to do things. We must not give the impression that EYF is a naughty thing—all that we have to do is make sure that EYF is an open thing.

**The Convener:** That is right.

On Brian Adam's comment on the difficulties in getting information, I point out that last year we progressed to the point of getting a table, which was a significant advance on where we had been previously. Perhaps we could remit the table back to Arthur Midwinter to consider how it could be revised and reworked to improve the flow of information.

**Brian Adam:** My concern was that the table that was published—after the statement—did not go into the kind of detail that would enable us to see where the changes in the programmes had taken place. We were not given any commentary on why the changes had taken place. It may well be that there were cuts or that there was a slippage in the programme, but we could not tell that because it was not open.

The minister's response was that Angus MacKay had provided a

"table setting out the proposed allocations, savings and final position quite fully".

It did not do that. We need a greater level of detail and a commentary on why changes were made. Obviously there was slippage on stock transfer—that is fine, but we were not given the details. We were not given information to tell us why there was a certain amount of underspend. We ought to have that information. If that is open and available, it is less likely to be misinterpreted in the way that Tom McCabe is concerned that it might be.

**The Convener:** Yes. In that context, the point that Arthur Midwinter made in respect of recommendation 1—he said that there should be a separate statement—might take account of some of what Brian Adam suggests. It would be useful for us to remit the table to Arthur for him to consider whether that format could be developed to give us greater information.

**Professor Midwinter:** It is worth considering how that might be done. I received last year's tables about the time that they were published, and even for a specialist it was quite difficult fully to understand the changes. I had to work at it and it took a bit of effort. All that it would need to meet the committee's requirements would be a written report on the rationale for the changes. I recollect that most of the changes were pretty sensible. However, that should be recorded. That would make it easier for both the committee and the Executive. I am happy to examine the matter and consult with Executive officials.

**Brian Adam:** We did not get the answers to those questions until August. I do not know if we got them all. I lodged a series of questions asking for a breakdown.

**The Convener:** Are you talking about EYF?

**Brian Adam:** Yes, I am talking about the EYF changes.

**The Convener:** We have decided to flag up the issue about the timing in response to the previous comment. I hope that that will be taken on board. We will ask our adviser to assist us in examining the format and considering what might be achieved by improving it. Unless we are clear about what we want, it is difficult for the Executive to provide the information that we are looking for.

Let us move on to recommendations 4, 5 and 6.

**Professor Midwinter:** The next comment that I have is on recommendation 5, which I have dubbed "Agency spending"—the response refers to the different types of service delivery body. The minister's reply seemed unduly complacent. Health and local government account for about 80 per cent of the Scottish budget, most of which is accounted for in block allocations. The committee needs to know that national priorities are being reflected in local budgets in the aggregate. The committee does not need to know that every authority is following the line—that will not happen—but it does need to know that priorities are being met. Discussions about that are on-going. I am going to a meeting with health officials about that budget and I had some discussion with the local authority officials some months ago.

It should be fairly easy to provide such information about local authority spending, because the totals are built up on hypothetical assumptions about services. That information is easily brought forward and is available in other documents. It has not been the practice in health to have a list of spending targets for hospital services, care of the elderly and so on. It is treated as a block allocation to the boards. I would be happy if the committee referred that issue to me to explore with officials. I think that it could be done easily.

The minister should not expect the committee to accept that the Executive is developing mechanisms that are simply for its internal performance management. The outcome agreements with the local authority or the performance management plans do not provide data that come to the committee. We need to know not what each individual local authority or health authority did, but what happened in the aggregate and whether local authorities as a whole met specific priorities.

**Donald Gorrie:** I am concerned about the two



paragraphs at the bottom of the second page of the minister's letter. The last sentence on local government confirms that the Executive collectively shelters behind the argument that local government is its own democratic master and that we should not interfere in the way in which a council spends its money. I accept that. However, the Executive argues that, if that is the case, it should know nothing about local government spending. Professor Midwinter made roughly the same point as I am making. We should know what is being spent, at least in aggregate, on education, music, nursery schools and so on and whether it has gone up or down. We should get aggregate figures for local government expenditure on local government specific services. Likewise, in health, we have no idea how much is spent on cancer as opposed to heart attacks.

On the whole, the Executive does not answer questions on non-departmental public bodies, because it argues that NDPBs are their own outfits. The minister's letter says:

"Ministers are responsible for approving key management and financial documents for each NDPB, including management structure and a corporate plan. ... The Corporate Plan determines the policies and strategies that the NDPB is to pursue".

One could argue that the performance of the NDPB is its own affair, but that most questions about it are relevant to the minister and should therefore be answered. We should push those aspects and try to get the Executive to be more open.

**Mr Davidson:** I agree with some of what Donald Gorrie has said. Ministers answer questions in the chamber by indicating that they do not have any input into the remit of NDPBs. That is patently untrue at the structural level, which is what we are considering here.

In the Audit Committee we are taking evidence about roll-outs in the national health service and we have been examining its funding systems. We have found examples of a will from the Executive to have money spent on a particular aspect of treatment, but we are not getting uniformity of access by patients within certain health board areas, because there are other local difficulties and money gets moved around. It is a major issue to say that health is run uniformly through Scotland from the centre, at the will of the minister and according to the framework that the minister lays out, if decisions on access, performance and delivery are made locally. There are different local issues—there may be clusters of particular ailments and so on.

We are being led into having a discussion with the minister about exactly how the central departments and the ministers lay down the rules and follow up how money reaches the coalface.

We need to grasp that issue sooner rather than later, because the people in the organisations that are listed in the Executive's response to recommendation 5, who are trying to deliver the services, seem to think that ministers are making demands of them but not necessarily supplying the resources that are required for the organisations to meet the targets that ministers have set. We must address that structural issue at some stage.

11:00

**Brian Adam:** Local government is in a delicate situation. The Government issues grant-aided expenditure guidelines for all services, but there are significant discrepancies, not just between individual councils' GAE but in relation to the aggregate figures. It would be a useful exercise for the Local Government Committee to examine the discrepancies between aggregate GAE for individual services and outputs, as opposed to outcomes. We need information at an early stage on local government outputs relative to the GAE allocations, but the Executive does not have that information. The Local Government Committee might not be the only committee involved in such an exercise, as the Social Justice Committee has an input into housing budgets. Perhaps the Finance Committee would be the appropriate committee to undertake that work. I agree with Professor Midwinter's suggestion that we should try to work out mechanisms through which a substantial part of the budget could be reviewed—my suggestion that we examine the discrepancies that I mentioned is one such mechanism.

**The Convener:** I have my own view of that suggestion—I shall bring in Arthur Midwinter.

**Professor Midwinter:** Last year, when I was the adviser to the Local Government Committee, that committee decided that it did not want a breakdown by services, on the ground that it was for local authorities to determine that expenditure. However, later in the year, the committee decided that it wanted such a breakdown, which I provided from my own information. The information is available for local government and can therefore be provided quite easily, although that is not the case with health. The Executive will have to think about how it can produce that information.

**The Convener:** The minister's response to recommendation 4 does not say whether the Executive will indicate to the committee what progress is being made.

**Brian Adam:** The response is a non-answer.

**The Convener:** We should respond to that point by saying that we want to know what processes are under way and what will happen.

I agree with what Professor Midwinter said on

the Executive's response to recommendation 5, about the importance of examining the 80 per cent of the budget that is represented by expenditure on health and local government, but not simply in relation to block allocations. There are two dimensions to that issue. Broadly speaking, I think that the first relates to Executive policies—the policy test—and conformity. The second relates to service effectiveness, which is a separate issue that is probably more properly dealt with by the subordinate bodies. However, that does not mean that we should not be interested in service effectiveness. It is all very well for the Executive to provide aggregate information but, before we can make sense of that information, we must know the service needs and the demographic and other trends that give rise to the allocations. We also need to know whether the allocations system responds adequately to the indicators on the ground. Let us simply say that there are some interesting contrasts between the way in which the allocations system responds to health and the way in which it responds to local government.

We should follow the line that Arthur Midwinter suggests by exploring those issues with officials in the first instance. If the minister is saying, "That's all very well, but it has nothing to do with us," we should give officials a fairly clear steer that that view is not shared by the Finance Committee. We want to explore the mechanisms through which allocations and references to service need are made, as well as how the allocations relate to policy and delivery outcomes. We should tell the officials that we believe that it is legitimate for us to be interested in those issues. In the first instance, we should ask Arthur Midwinter to explore that terrain and to come back to us with further information.

**Mr Davidson:** Perhaps Professor Midwinter could ask each of the spending departments how they review the budget outcomes once the budget has been allocated. For example, what in-year discussions are held between the health department and health boards or trusts? I am sure that that question could be asked of other areas, as it is obvious that each department has a different mechanism. It would be helpful for the committee to know exactly what happens. The departments do not simply hand over the money and wait for an audit report to be produced at the end of the year.

**Professor Midwinter:** There are monthly returns for local government and I assume that the same process applies to health.

**Mr Davidson:** I do not know.

**Professor Midwinter:** I can check that for you.

**Mr Davidson:** That would be helpful.

**Professor Midwinter:** I would be surprised if the Executive did not have that information.

**The Convener:** On the Executive's response to recommendation 6, after we made our recommendations, we asked the minister whether the Executive could separate out local government expenditure from the rest of the finance and central services budget. In the budget that we saw, those items came under a single line. Perhaps we could take up that issue again by writing to the minister.

Let us move on to the Executive's responses to recommendations 7 to 10.

**Professor Midwinter:** My only comment—it is more of a question—relates to the Executive's response to recommendation 10 and equality proofing. I think that there is a great danger in the committee chiding the Executive for not equality proofing the budget when, personally speaking, I would not know how to go about doing that either. How does one equality proof a budget document that is constructed around functions and staffing costs, for example? It is easy to say, "You are not making any progress on equality proofing," but it is difficult to see what progress could be made. I made a similar comment to officials from the Scottish Executive environment and rural affairs department, who wanted to organise the budget in a totally different way that showed expenditure on each area of the country rather than on individual functions.

Members should consider whether the Finance Committee or the Equal Opportunities Committee ought to commission a piece of research, using the annual research contracts budget, in order to review the issue and examine equality proofing that is undertaken elsewhere. One of the Scottish Parliament information centre staff produced a paper on practice in another country and it would be useful to know what goes on elsewhere. The research should also review budgets and flag up where a gender dimension exists. For example, what is the gender dimension to transport or water? We know that allowances are made for additional weighting in health expenditure to cover the differences between the sexes and the different demands that are made on the health budget. Such research would be helpful to the Executive; without it, officials will simply be groping around in the dark. A systematic review of the budget is needed to flag up where the gender dimension exists and that information should be used as the basis for the Executive's considerations. At present, the Executive has a classical, functional budget that it will find impossible to equality proof.

**The Convener:** Perhaps that is a subject for further discussion between the Finance Committee, the Equal Opportunities Committee

and other groups, but I do not think that we can take it much further, other than to say that we are still interested in it.

Do members have further comments on recommendations 7 to 10?

**Brian Adam:** On recommendation 8, we sought as a matter of urgency the development of an electronic system for providing information. We should press the minister to give us an indication of the timetable within which he believes that that system might be available. It is clear that he is willing to set up such a system. However, unless we get a timetable out of the Executive, we will end up continuing to press the point as a matter of urgency.

**The Convener:** I suggest that we take a slightly different approach. Later in the meeting, we will consider how to streamline and reorganise the budget process. Perhaps we should consider the electronic system a bit more carefully in the context of Arthur Midwinter's comments in that discussion. We want to work with the Executive on the development of the system; we do not want to hand that work over to the Executive and simply ask it to provide us with the information. We want to be involved in the process of deciding the format in which information should be presented.

**Mr Davidson:** As a first step, convener, would you write to the minister with a request for clarity on whether all the accounting and software systems in the Executive are unified? We got the impression from previous ministers that different departments used different software packages, which caused some difficulty when people outside the Executive conducted cross-searches. That is the problem that we are trying to get at.

**The Convener:** Can you shed some light on that point, Professor Midwinter?

**Professor Midwinter:** No.

**The Convener:** I can certainly ask about that problem. It is not simply a software issue; it is a budgetary framework issue.

**Mr Davidson:** The problem is integration.

**The Convener:** Under the Executive's response to recommendation 9, should we pick up on the issue of the bidding processes? We are told that the bidding processes are the reason why the Executive cannot provide us with the information that we seek. Given that decisions about some budget areas are increasingly based on bidding processes, should we try to get further information on how those processes are working and what mechanisms the Executive is using to make allocations in that context? We should not stop pursuing the matter for the reason that the Executive has given us, as modernising government is an interesting area.

**Donald Gorrie:** You make a good point, which I had not thought of. The bidding process is a pro-departmental exercise. In other words, each department has private things that it wants to do and the process cuts against the joined-up government that is meant to exist. The Executive does not say, "We must do more about X and organise the budget accordingly." You are quite right that we should continue to pursue that matter.

**The Convener:** Do you have any comments on the responses to recommendations 11 to 14, Professor Midwinter?

**Professor Midwinter:** No—I thought that the Executive's responses to those recommendations were straightforward.

**Donald Gorrie:** I would like to make a comment about the response to recommendation 11, on past performance. It would be helpful if we had an additional column in the budget documents about what had been spent in the previous year, as that would give us information on which to base a comparison. If we want further discussions about outcomes and outputs, a separate document is required. I find it annoying that, when organisations produce proposals for spending money, often there is no information on which to make comparisons with previous proposals. All documents should give information about the most recent year for which figures are available so that comparisons can be made. We should pursue that issue.

**Professor Midwinter:** At this stage in the Finance Committee's development, it might be more beneficial to have a paper that examines the previous five years, rather than the previous year, separately from the Executive's budget. That would allow members to see what has been happening and to address problems that may recur. At present, members do not know whether problems exist and information on one year may not be sufficient, as that year may not be typical. A bad winter can throw all the figures out. I suggest that a separate paper be produced that provides outturn figures by programme for the previous five years of spending and a commentary that allows members to identify trends or departments that have particular problems.

**Donald Gorrie:** I could live with that.

**The Convener:** It would make sense.

**Mr Davidson:** I qualify that suggestion with the comment that we require the information to be translated into real-terms figures, which we have always required in the past, as that would allow us to make the comparisons. We also require an indication of the deflator that has been used, year on year, within the different sectors. That would give us an actual comparison of the availability

and potential of spend.

**Professor Midwinter:** I do not understand why you would need that information in order to identify whether there has been an underspend. I understand that you might need it in order to compare trends in spending in real terms, but you would not need it to measure underspend, as in that case it does not matter whether you use cash or real-terms figures.

**Mr Davidson:** I am talking about future proofing.

**The Convener:** Perhaps that is another issue that we could remit to Professor Midwinter.

**Professor Midwinter:** It would be quite easy for me to convert the figures for members, if required, but I am not clear about the benefits of providing real-terms figures for the previous five years. If you were interested in monitoring performance, you would want to know what proportion of the budget was unspent, but that information is not related to cash or real-terms figures.

**Mr Davidson:** Obviously I am turning into an anorak, convener.

**Donald Gorrie:** A well-suited anorak.

11:15

**The Convener:** On how we proceed, there are two possible categories of response. On the basis of the discussion, some of our responses should be instant. There are other areas where the committee is asking Professor Midwinter to do further work to clarify how we might progress the matter. Is the committee agreed that we should prepare a response that gives an immediate answer where that is appropriate and that gives a holding response on those areas in which we are asking Professor Midwinter to do further work?

**Members indicated agreement.**

## Scottish Parliamentary Standards Commissioner Bill

**The Convener:** Agenda item 3 relates to the Scottish Parliamentary Standards Commissioner Bill. On reading it, I thought that it seemed remarkably overelaborate for what should be a simple set of principles. However, the Finance Committee is interested in the financial memorandum, which does not seem to be contentious. If members have no comments, do we agree to accept the contents of the financial memorandum?

**Members indicated agreement.**

## Budget Process 2002-03

**The Convener:** Agenda item 4 deals with the options paper for meeting outwith Edinburgh. I will hand over to David McGill to take the committee through the options with which he has come up.

**David McGill (Clerk):** The options are all set out in the paper. At our previous meeting, we had some initial discussions about the possibility of holding a meeting in the Aberdeen area to coincide with the meeting of the Parliament in Aberdeen.

We have been asked to ensure that the committee does not meet in Aberdeen itself. I understand that there will be a number of events surrounding the meeting of the Parliament in Aberdeen and we have been asked not to use up resources in the city. To that end, we have considered areas outwith the city.

Stonehaven and Montrose were mentioned at the previous meeting. We have included Peterhead as another option, although I understand that Peterhead does not have a rail link, which might cause access problems for committee members.

At this stage, we need to agree the date and location of the committee meeting. The clerks will then work up a detailed programme and come back to the committee with the format for the meeting and possibilities for witnesses at the morning session.

**The Convener:** Are there any local views?

**Mr Davidson:** I proposed Stonehaven because it is an easy dropping-off point for those coming to Aberdeen by rail. Stonehaven would be suitable if we want the minister to attend and people to come from a fair distance or from the south side of Aberdeen. I know that facilities are reasonable in Stonehaven, from where it is an onward journey to Aberdeen.

It would be nice to go to Peterhead. There is a feeling in that area that the Executive and the Parliament are not paying enough attention to the difficulties in the community. Many people in Peterhead are interested in the financial sector, although, logistically, a meeting there would add a further two-hour journey from Aberdeen. That might not suit the minister and it is important that the minister is available for the meeting.

The people or sectors from which we are seeking local information and evidence would not find it difficult to reach Stonehaven, particularly with the good road and rail links. Meeting in Montrose could be more difficult, as not all trains stop there. Obviously, no trains stop in Peterhead, but they all stop at Stonehaven.

**Brian Adam:** The decision is between Stonehaven and Montrose. It would be wonderful to go to Peterhead, but that is logistically more difficult. However, that did not prevent us from going to Kirkcudbright. Not a lot of trains stop in Kirkcudbright. I imagine that the same people would wish to give evidence whether we met in Peterhead or in Stonehaven. My recollection—I am sure that others will correct me if I am wrong—is that the Finance Committee has met in Aberdeen in the past.

**Mr Davidson:** The committee met in the city.

**Brian Adam:** I imagine that the committee heard evidence from Aberdeen City Council and Aberdeenshire Council. Regardless of whether we go to Stonehaven or Peterhead, I presume that we will approach Aberdeenshire Council.

The advantage of meeting in Montrose is that that would allow us to talk to Angus Council and perhaps to people from Tayside. I do not know whether the Finance Committee has done that already. I agree with David Davidson, but I think that meeting in Montrose might offer a fresher perspective, as it would allow us to invite people who have not previously appeared before the Finance Committee.

**Alasdair Morgan:** I take the point about Peterhead. On this occasion, given that the Parliament is already involved in a big logistical move to Aberdeen, the extra hassle of going to Peterhead would be a problem.

I do not think that there is a huge amount to choose from between Montrose and Stonehaven. Montrose is close to the northern border of Angus and if we met there we could attract people from Aberdeenshire Council and Angus Council. I suppose that this is a trivial point, but the train station in Stonehaven is not exactly well placed for most of the facilities in Stonehaven.

**Mr Davidson:** There are taxis.

**Alasdair Morgan:** Yes, but I was trying to save the Parliament's money.

**The Convener:** Are there any other views?

**Donald Gorrie:** Does the meeting have to be on 27 May? Would it be reasonable to take all day on 28 May, which is a committee day?

**The Convener:** That day is not a committee day; it is a chamber day.

**Mr Davidson:** No committees are meeting that week, except on the Monday or Friday.

**Donald Gorrie:** I have no preference. Montrose and Stonehaven are quite nice towns in their own way. Wherever we go, we can certainly invite a neighbouring council as well as the local council. I do not think that that is an issue.

**The Convener:** We seem to be at an interesting place on the indifference curve. We are not sure whether there is a strong reason for going to one place rather than the other. We have agreed that the committee should meet outwith Edinburgh and there are convenience and timing aspects to going that weekend. As I remember, our original preference was to go to Orkney, which we have been told is not possible logistically.

**David McGill:** We could progress arrangements for the meeting and find out whether Stonehaven or Montrose emerges as the more suitable in terms of accommodation and availability of witnesses.

**The Convener:** I am happy to go along with that. No one has put in a strong bid for one or the other place.

**Mr Davidson:** Let me do so, then. I opt for Stonehaven, because the Parliament is going to Grampian. I suspect that at some point the Parliament will go to Tayside in one form or another. There are logistical difficulties with Montrose and it is as hard to get to the town hall from the station there as it is in Stonehaven. I have local knowledge of that. I bid for going to Aberdeenshire, because that would at least allow us to include people from the Buchan area in the north.

**The Convener:** I think that you are pushing it. We are going to Grampian—we are meeting in Aberdeen. For the very reasons that you have given, it might be more equitable to go to Montrose. My view is that we should leave it to the clerks to find the best arrangements and then go with that.

I am not sure that the day needs to be quite as extended as the options paper suggests or as was the case when the committee went to Kirkcudbright. I was not part of the visit to Kirkcudbright, but I believe that it was a long day. Given whom we have to see and the logistics, we might get by with a meeting of less than six hours.

**Mr Davidson:** I hate to argue with the convener, but, on the two occasions when we have had full-day meetings, we have needed six hours to allow local organisations a reasonable amount of time in which to give evidence.

**Alasdair Morgan:** I do not think that we could have cut down the time when we were in Kirkcudbright.

**The Convener:** Can we leave it to the clerks to make suitable arrangements, taking into account transport and other issues?

**Members indicated agreement.**

**The Convener:** That brings the public part of the meeting to a close. As agreed, the meeting will now go into private session.

11:25

*Meeting continued in private until 12:54.*

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