

FINANCE COMMITTEE

Tuesday 26 March 2002
(Morning)

Session 1

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CONTENTS

Tuesday 26 March 2002

	Col.
FINANCIAL SCRUTINY REVIEW	1949
BUDGET PROCESS 2003-04.....	1952

FINANCE COMMITTEE 6th Meeting 2002, Session 1

CONVENER

*Des McNulty (Clydebank and Milngavie) (Lab)

COMMITTEE MEMBERS

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

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

*Mr Tom McCabe (Hamilton South) (Lab)

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

*Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD)

*attended

THE FOLLOWING ALSO ATTENDED:

Professor Arthur Midwinter (Adviser)

ACTING CLERK TO THE COMMITTEE

David McGill

SENIOR ASSISTANT CLERK

Terry Shevlin

ASSISTANT CLERK

Gerald McNally

LOCATION

Committee Room 1

Scottish Parliament

Finance Committee

Tuesday 26 March 2002

(Morning)

[THE CONVENER opened the meeting at 10:33]

Financial Scrutiny Review

The Convener (Des McNulty): I open the sixth meeting in 2002 of the Finance Committee and ask members to ensure that their mobile phones and pagers are turned off, as the meeting has opened in public. I have received no apologies so far.

Item 1 is on the financial scrutiny review. We agreed at our meeting on 29 January to undertake a review of current financial scrutiny arrangements. I went away, with others, to produce a scoping paper, which examines the origins of the scrutiny process in relation to the financial issues advisory group and whether and how that group's recommendations have been implemented.

The paper also considers the statutory basis of the current system in relation to the Public Finance and Accountability (Scotland) Act 2000.

Extensive discussions were held—mainly by Murray McVicar—with experts in the field, some of whom were members of FIAG, with the aim of gauging opinion on the current arrangements and discussing whether changes need to be made to improve the system. The paper also contains background work on budgetary practices in local authorities and the private sector, which provides us with a useful contrast.

Members might wish to know that we had a round-table discussion with a number of former members of FIAG last week, which yielded a number of other points. Among the main points was the view that there is a requirement to take a more strategic approach to budget scrutiny, which the former FIAG members acknowledged. There are opportunities to streamline existing procedures, but FIAG's former members did not think that we should abandon stage 1 of the budget process, because it gives us the best opportunity to influence the Executive's budget deliberations.

The view was expressed that we need access to better support mechanisms if we are to carry out the role that we should carry out. The view was also expressed that it would be helpful for us to consider the underlying issues outwith the budget

cycle from different perspectives using two-year or five-year cycles, depending on the issue.

The former FIAG members were supportive of the idea of cross-cutting expenditure reviews. There was a strongly expressed view that the financial memorandums for legislation need to be strengthened and to specify the particular financial implications of legislative proposals. It was felt that spending announcements should be clearer about where money comes from and how it will be applied.

Most of those comments have been made by members of the Finance Committee at different times. I understood the former FIAG members to be suggesting that we had identified most of the right issues and that we could move incrementally towards some solutions. The scoping paper contains many big issues and I am happy to take comments from members at this point.

Mr David Davidson (North-East Scotland) (Con): In simple terms, the discussion has been going on since the committee was established and we entered the first year's budget round. Everybody realised then that the process was evolving and that the first go at it would never be right.

Given the broad issues that the paper has brought up, the best way forward at this stage would be for someone else to write a tighter, shorter strategic paper for us to discuss.

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): I agree with David Davidson. Such a paper would focus the mind. After reading the scoping paper, I was not clear about exactly what we were going to do. A shorter, sharper paper would help.

The Convener: That is fair enough. I am content with that approach. It is important to get down on paper the full range of what we might do. What we do thereafter needs to be more tightly focused. The process has clarified in my mind what we might do.

I am trying to think of what we need to do and where we are going. Page 11 of the scoping paper identifies issues that members might want to take further. Do members think that it would be inappropriate to take any of those further?

Mr Davidson: I am sorry, convener, but I suggested that someone outside the committee, possibly our adviser, could take the breadth of the paper—which seems to be multi-authored, going by the approach taken in different parts—and pull it into something tighter that the committee could consider, rather than our taking the paper apart just now.

Brian Adam (North-East Scotland) (SNP): Such a paper should include options and

recommendations on which we could decide. I do not think that further discussion of the scoping paper will achieve much.

Professor Arthur Midwinter (Adviser): I would be happy to produce such a paper, if the committee is so minded. There are a number of issues that have been flagged up for discussion on which progress is being made. A shorter paper that identified areas where we are making progress would be helpful. With that, we could focus on the aspects of the process about which we are more concerned. I will happily do that for the committee, if members so wish.

The Convener: I suggest that David McGill liaise with Arthur Midwinter in order to proceed with that. I presume that we could have the paper in time for the next committee meeting. Is that possible?

Professor Midwinter: When is the next meeting?

The Convener: On 16 April.

Professor Midwinter: That is fine.

Budget Process 2003-04

The Convener: Agenda item 2 covers a paper that outlines proposals for taking forward our cross-cutting expenditure reviews. We agreed the topics in principle last year, and paper FI/02/6/2 sets out the proposed remits of two reporter groups. The Executive has agreed to give us an informal presentation on how it managed a cross-cutting expenditure review. If members agree, information sessions can be arranged for after the Easter recess.

If members agree the remits as described in the paper, I suggest that we set up reporter groups. We need to take a view on how many members should be in each group. Members may opt for one of the two groups that are proposed.

Brian Adam: I have a slight concern about the voluntary sector reporter group. It seems that all that we plan to do is consult the main players, rather than people who are not professionals in the field. I have talked to people in the voluntary sector and have been reminded that there are various parts to the sector. We ought at least to try to include some of the non-professional voluntary sector.

The Convener: I agree.

Mr Tom McCabe (Hamilton South) (Lab): I also agree. I do not think that we are going far enough down the line. Several organisations find things pretty tough on a day-to-day basis and must scrape about for funding. They worry a lot about how they will get to the end of each financial year. Their day-to-day experiences would be more informative. I am not saying that others' experiences would not be informative, but we need to see more than one dimension.

The Convener: The organisations that are identified in the paper are intended merely as examples of consultees. It would be up to us to look further afield for groups from which to take evidence.

Mr Davidson: We will all be approached by bodies including regional-level voluntary sector bodies. The organisations in the list in the paper could be perceived as the gatekeepers to access that control some of the hoops that people must jump through. I agree with Brian Adam and Tom McCabe. We need to get down to community level in some cases so that we can find out about experience at that level, what the organisations are trying to achieve—and whether that is reasonable—and the problems that the organisations have in accessing support, from whichever source. If we are to carry out such a review, and if it is to be meaningful for the voluntary sector, I agree with my colleagues that

we need to find out what is happening at the bottom end.

The Convener: We can take that point on board as we develop the group's remit. Are members broadly content with the remit as set out in the paper?

Members indicated agreement.

The Convener: Do members have any comments on membership of the two proposed reporter groups? Do members agree to our splitting the committee in two, in effect? I presume that when we get our new member, we can somehow slot that person in. Do members wish to nominate themselves for one of the groups?

Alasdair Morgan: Are the suggested arrangements essential as far as timing is concerned? Do not we have time for the whole committee to carry out both reviews? I am not clear what our timetable for the rest of the year is.

David McGill (Clerk): The two reviews are timetabled to kick off in April and to conclude in December. They will run concurrently; however we are open to any suggestions about the whole committee conducting both reviews. I thought that it would be better to manage the process with small reporter groups of, say, three members each.

Professor Midwinter: It would be easier to manage timetables and diaries, particularly over the summer recess, if we had only two groups.

10:45

David McGill: There will be some co-ordination. I imagine that Arthur Midwinter will be involved with the work of both reporter groups, as will—with members' agreement—Audit Scotland. There will also be co-ordination by the clerks.

The Convener: Are members content to choose one or the other reporter group? Are there any bids?

Mr Davidson: I would like to be on the voluntary sector group.

Brian Adam: I would definitely like to be on the voluntary sector group. The group was my idea, anyway.

Alasdair Morgan: That is fine. I would like to be on the group on children in poverty.

Mr McCabe: I, too, would like to join the children in poverty group.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): I would like to join the children in poverty group. Is that group getting a bit crowded?

Alasdair Morgan: No—there are two members on each group so far.

The Convener: I am quite happy to join the voluntary sector group, if that is acceptable.

Professor Midwinter: Members have raised the question of appropriate organisations to consult. I have a number of contacts through the work that I did on the National Lottery Charities Board—now called the Community Fund—with local-level voluntary sector organisations. It would be helpful to get notes from members if they want to tell us about particular bodies.

Brian Adam: We also want to ensure that we have a proper geographical spread. It is so easy to focus on only one area.

Professor Midwinter: We decided in relation to the lottery board to try to get a representative sample of bodies from throughout Scotland.

Brian Adam: The establishment of a proper geographical spread was one of the problems.

Mr Davidson: I suggest that members take some time to think about the matter and that they e-mail the clerk with suggestions for organisations. Members might come up with different bodies; a pattern might emerge.

The Convener: That is fine. I should probably declare an interest as a board member of the Wise Group, which is one of the voluntary organisations that is involved with reorganisation.

Brian Adam: You will have to join the other group now, convener—we are not having any of that.

The Convener: If that is the view of the committee, I will go on to the other group.

Brian Adam: I was pulling your leg, convener.

The Convener: Do members agree that we should seek the appointment of advisers? I presume that everybody is content with that.

Professor Midwinter: I would expect specialists in the two policy fields to be appointed as advisers, and that I would provide financial information as necessary, which would result in a strong combination.

The Convener: Members will note from the paper that we are seeking to request from the conveners liaison group agreement to research support. Are members happy to go along with that?

Members indicated agreement.

The Convener: Do we agree that we will consult the organisations that are listed on the paper, while taking on board the point that was raised by several members about getting down to a more

local level in relation to voluntary sector support? I presume that we can add to the list.

The idea is for people to meet relatively early—perhaps in April—to get the ball rolling. As the reviews go through their various stages, about three more meetings will be required. I presume that we will be able to organise those meetings at times that will suit members.

Agenda item 3 also covers the budget process, specifically the options for meeting outwith Edinburgh for stage 1 of the 2003-04 budget process. Paper FI/02/6/3 indicates that our current choice of meeting date—27 May this year—is not an option. In that context, it is suggested that we reconsider the venue, which had been tied to that date. The paper suggests that we return to the suggestion that we travel to the northern isles. A minister will be able to attend such a meeting on 23 May, if that were the wish of the committee. The Orkney Islands folk would be interested to speak to the Finance Committee, because they have a number of issues to raise with us and no committee has so far been to the Orkneys.

Mr Davidson: Which committee will meet on 24 May? Will the Audit Committee meet that day?

David McGill: No committee will meet on 24 May; 23 May is a Thursday.

Mr Davidson: I got my dates mixed up. I apologise, convener.

The Convener: Do members agree to the recommendation?

Mr Stone: With what will the meeting clash? What business will we discuss in the chamber on that day? We have no way of knowing.

Alasdair Morgan: There is no chamber business that day.

Mr Stone: Is that because we will be in Aberdeen?

Alasdair Morgan: Yes.

Mr Stone: Sorry—I am a thicko.

Brian Adam: Because the meeting will be in Orkney, we will need to travel up the night before the meeting. We must be careful about when we finish so that we can get away on the Thursday.

Mr McCabe: If we go on Concorde we will get back okay.

Brian Adam: Maybe, but not without booking it.

The Convener: We could meet on Thursday afternoon and Friday morning. If we were to start in the afternoon of 23 May, that would allow members enough time to get to Orkney by plane. Members could fly back to Glasgow on Friday afternoon.

Brian Adam: We will need plenty of notice.

The Convener: Let us consider the option of visiting Orkney on the afternoon of 23 May and morning of 24 May.

The next meeting of the Finance Committee will be on Tuesday 16 April.

Meeting closed at 10:51.

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