

FINANCE COMMITTEE

Tuesday 24 September 2002
(*Morning*)

Session 1

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FINANCE COMMITTEE

† 18th 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)

*Mr Tom McCabe (Hamilton South) (Lab)

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP)

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

COMMITTEE SUBSTITUTES

Mr Keith Harding (Mid Scotland and Fife) (Con)

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

Andrew Wilson (Central Scotland) (SNP)

*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 2

† 16th and 17th Meetings 2002, Session 1—held in private.

Scottish Parliament

Finance Committee

Tuesday 24 September 2002

(Morning)

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

The Convener (Des McNulty): I open the 18th meeting of the Finance Committee this year. I ask the committee and members of the public to switch off their mobile phones and pagers. We have received apologies from Alasdair Morgan and Jamie Stone. We are still waiting for Brian Adam, who might be on the train that gets into Edinburgh at 10.30.

Professor Arthur Midwinter (Adviser): Brian Adam was in the canteen earlier.

The Convener: Was he? Okay.

Items in Private

The Convener: Members are asked to consider in private items 5 and 6. Item 5 is consideration of a briefing paper from Arthur Midwinter on the 2002 spending review and the Executive's "Building a Better Scotland: Spending Proposals 2003-06: What the money buys" document, which was launched last week. Item 6 is consideration of a draft report on the financial memorandum to the Water Environment and Water Services (Scotland) Bill. Does the committee agree to discuss those items in private?

Members *indicated agreement.*

Financial Scrutiny Review

The Convener: It is some time since we monitored the progress of our review of financial scrutiny arrangements. The clerk and Murray McVicar of the Scottish Parliament research and information group have put together an update that sets out the state of play of the review. The paper details the various initiatives that are under way, each of which is designed to improve the level and quality of the scrutiny in which we are involved. Although a lot of work has been put into the review and immediate gains have been secured, there is still quite a bit to do.

The paper seeks our input to various items and asks us to consider what long-term work may be undertaken. Once the individual strands of the review are complete and their effects known, the committee may want to consider a more fundamental review of the three-stage process, for example.

I suggest that we add a reference to the work that Arthur Midwinter has done with the budget advisers to other committees on dealing with stages 1 and 2 of the budget process. That work has been very helpful to the subject committees and to the Finance Committee. For the sake of completeness, it would be useful for us to document that work in a future version of the paper, which summarises the changes that we have made to the budget process.

Mr David Davidson (North-East Scotland) (Con): This year I have sat in on meetings of one other committee. The role of the advisers to other committees could be enhanced if at the beginning of the process they received an informal briefing from the Finance Committee and Arthur Midwinter. Many advisers sit silently through meetings, even although one senses that they would like to say something. It might be better for advisers to make their comments at the beginning of meetings, during the informal briefings that they give in order to prepare members. Perhaps that refinement could be built into the process. I know that it would mean an extra meeting for the Finance Committee, but it could ensure that the thinking of the Finance Committee is translated through to the work of the subject committees.

Professor Midwinter: I have met privately most of the advisers before they attend committee meetings. I suspect that the phenomenon that David Davidson describes is a consequence more of some advisers' lack of experience than of the current arrangements. Members are always on their side of the table, so they might not realise that advisers can find attending a committee meeting for the first time an intimidating experience. Several advisers phone me regularly about issues that are due to come before them.

Perhaps we should take up David Davidson's suggestion. If the suggestion is worthwhile, the advisers will want to continue holding meetings of the sort that have been proposed. Some advisers are very worried before attending their first committee meeting.

The Convener: We may want to consider whether such briefings would be better held informally or formally; we might get more out of them in an informal context.

Some of the budget advisers are building relationships with the relevant subject committees. It is likely that they will be called on to perform the same function in subsequent years. That will allow them to build up expertise in, and understanding of, the process, which could be very helpful.

Mr Davidson: I am not criticising any of the advisers. My suggestion was aimed at refining the process.

The Convener: The paper gathers together different strands of work that we have set in train over the past seven or eight months. It shows that the process of refining financial scrutiny is well under way. Significant changes are being made in the way in which the Parliament works. The document is very valuable.

Cross-cutting Reviews

The Convener: A paper has been circulated that updates members on the progress of our two cross-cutting reviews—which we launched before the summer recess—on children in poverty and regeneration as delivered by the voluntary sector. Both reviews are progressing on schedule. External research has been identified and commissioned and invitations to submit written evidence have been sent to various organisations and individuals. Oral evidence sessions are also being planned. We expect those to take place in late October and November.

Members have no comments to make, so I invite Terry Shevlin to add anything on the paper. Is there anything that you want to add?

Terry Shevlin (Clerk): Not really. We are waiting for the written evidence to start to come in before we think about oral evidence taking. The gathering of evidence is a work in progress.

Elaine Thomson (Aberdeen North) (Lab): What is happening in relation to the third strand of the external research?

The Convener: Do you mean the third piece of research on children in poverty?

Elaine Thomson: Yes, I mean the strand of research on children in poverty that deals particularly with the impact of the health spending programme.

Terry Shevlin: The commissioned research is the responsibility of Murray McVicar of the Scottish Parliament information centre. He is working with Connie Smith of the research and information group to identify people who can carry out research into the housing and the health spending aspects. There have, for various reasons, been problems in identifying such people. Work on identifying people to carry out the necessary research for Jonathan Bradshaw is continuing.

Elaine Thomson: So researchers have been identified only for the first strand of research, but are still being sought for the second and third strands.

Terry Shevlin: That is right.

Mr Davidson: The first point—under regeneration through the voluntary sector—mentions the aim of identifying “good practice and issues”. Do we intend to carry out a mapping exercise? Many voluntary organisations do not know who is in the funding chain or where they should apply. Although voluntary organisations’ knowledge is improving, it is important in the interests of transparency that we include something in the report that identifies different sources of funding. Perhaps SPICe could work on that.

Terry Shevlin: The mapping exercise forms part of Sue Sadler's work. Sue Sadler has been commissioned to carry out the research that is identified in the paper. The mapping exercise will form part of that research.

Mr Davidson: That is useful.

Brian Adam (North-East Scotland) (SNP): On regeneration through the voluntary sector, I am anxious that we ensure that community groups are identified as part of the process and that their difficulties—as opposed to those of the national voluntary organisations—in gaining access to funding be examined. I had believed that a focus on community groups was to form part of the cross-cutting exercise, but I can see no sign of it in the paper. I am worried that the national voluntary organisations will give us the information that we know they are likely to give us and that we will not get at the information at community level. Communities are the subject of the proposed regeneration.

Terry Shevlin: In constructing her review, Sue Sadler has taken into account the local angle. There is also scope for members to suggest smaller local organisations that might be able to provide written and/or oral evidence. We could pass on comments to that effect to Gerry McNally.

Brian Adam: I have already provided such information. I have raised the issue at each stage of the process. I find it disappointing that the update paper does not identify community groups as one of the key areas. In my opinion, community groups are such a key area.

The Convener: Perhaps that issue is covered in the paper's reference to

"a small sample of funded projects/organisations".

Community groups could also be dealt with in the proposed report on specific case studies. Brian Adam has put down a marker and I hope that the issue will be borne in mind as the research is progressed.

Professor Midwinter: I am sure that both the adviser and the researcher will be fully aware of the issue. Even if community groups are not highlighted as such—all such groups will probably be called voluntary organisations—Robert Rogerson will be on top of the issue. The difficulties that community groups experience in gaining access to funding were highlighted when I did work with Robert Rogerson on the National Lottery Charities Board.

On the health element of the children in poverty review, I would like to share with members my knowledge that the report on inequalities in health is likely to be published by Christmas. That report is being prepared by the inequalities in health sub-group of Sir John Arbuthnott's review group of the

Arbuthnott formula. This morning, I suggested to Murray McVicar of SPICe that he invite a submission from that group as part of the review process. That group will report about the same time as the Finance Committee and I understand that it has gathered some extremely important data. It would be better to see that information in advance than to wait until December.

10:45

The Convener: That would be helpful. In the context of health spending, it would also be helpful to speak to the Public Health Institute of Scotland to identify whether it could supply any expertise or information.

Mr Davidson: Professor Midwinter has reminded me that many members of the Parliament are exercised about how the Arbuthnott formula delivers. The Arbuthnott formula was intended to identify areas of deprivation, and different sectors within those areas. Unfortunately, the formula does not seem to be that well refined. If we seek a submission from the inequalities in health sub-group, it might be helpful to our understanding to hear specific comment on the detection of deprivation.

When we consider the children in poverty review, it will not be only what comes out through the non-departmental public bodies that will be important. We must find out whether there is a formulaic difficulty in getting funding through in certain areas. Aberdeen City Council did much work on ward-by-ward surveys. The council felt that the area was missing out. It could prove deprivation on a council ward basis, but could not do so in relation to a larger area. I wonder whether the inequalities in health sub-group will touch on that issue.

Professor Midwinter: I know that the sub-group is focusing on unmet need, so I would have thought that it would deal with the matter that David Davidson raises. Inequalities in health are the key issue for the sub-group, but we will have specifically to relate the evidence that we take to children in poverty.

Mr Tom McCabe (Hamilton South) (Lab): A separate piece of work—the neighbourhood statistics project—is trying to refine the data and to bring them down to a lower level. I think that 50 households is the scale at which the project is aiming. That project tackles the problem of, for example, social inclusion partnership areas in which a particular ward does not qualify for assistance, even though it is clear that pockets within the ward are deprived. I believe that that work is due to finish at the end of this year. I read in a paper that the project is due to be implemented some time in 2004.

Professor Midwinter: Which department is carrying out that work?

Mr McCabe: Patricia Scotland sent me the paper. I do not know in which department she works. The paper followed an announcement by Margaret Curran, about which I inquired.

Professor Midwinter: It will be a social justice matter.

Elaine Thomson: That issue is highly relevant to Aberdeen, where deprivation appears in extremely small pockets. That can cause different results from those that people expect.

The Convener: I will sound a note of caution: there is a view in my neck of the woods that the Arbuthnott formula goes nowhere near far enough in recognising the extent of deprivation or the costing consequences. The arguments on Arbuthnott do not go only in one direction. There is a debate about how the formula should work.

I take it that members are content that progress is continuing on the cross-cutting reviews and that we will schedule suitable dates for evidence taking in October and November. I invite David McGill to give us his thoughts on how we should conduct the evidence taking.

David McGill (Clerk): It will probably be most productive to hold informal sessions. We will invite appropriate witnesses to come to Edinburgh when that is convenient for the members of each review group. We will set things up that way. We anticipate that we will need to have at least two of the three member groups present at each evidence-taking session. We will seek to ensure as wide a cross-section of witnesses as possible.

The Convener: Do you intend to use the odd weeks between formal meetings of the committee for that purpose?

David McGill: Initial discussions have indicated that the odd weeks would be suitable for some, but not all, members. We will try to take account of members' preferences when we set up the meetings. We will also need to hold a meeting with the relevant ministers at the end of the process. We anticipate holding no more than three evidence-taking meetings, the third of which would be with the relevant ministers. We will put to the ministers the points that are raised during other evidence-taking meetings.

The Convener: Do you want the meetings with ministers to form part of formal committee meetings, or would you prefer them to be conducted informally?

David McGill: It would probably be better if the meetings were informal. We will still be examining formal reports at the end of the process.

The Convener: We should ask members early

what suits them so that they have a voice in the arrangements for the relevant meetings.

Mr Davidson: I am a member of the Audit Committee, which meets at 2 o'clock on alternate Tuesdays. However, I could certainly make a morning meeting at, say, 10.30.

The Convener: We will canvass informally to find suitable times for informal sessions.

Budget Process 2003-04

The Convener: Agenda item 4 is the budget process 2003-04. Paper FI/02/18/3 outlines options for meeting outside Edinburgh at stage 2 of the process. At the committee's previous meeting, we agreed to meet in either Portree or Ullapool on 18 November. Inquiries have been made about availability of venues at those locations, but it appears that only Portree can accommodate the committee on the given date. The council chambers in Portree have therefore been booked. It is suggested that the meeting's format will be similar to that which we adopted in Orkney. Clerks are contacting potential participants from the local area.

The paper seeks members' agreement that the committee meet in Portree at stage 2 of the budget process 2003-04. Are members content with that proposal?

Members indicated agreement.

The Convener: Do members have any comments to make on the meeting's format?

Mr Davidson: It is strange that we must take so many people with us. I acknowledge that an *Official Report* must be carefully done and that the clerking team must be there, but I question the need to take four security people. When I was a councillor, people on the premises dealt with any unlikely unruly behaviour. Sometimes committees incur much unnecessary expense. If people want to attack us, they can do so in the street any day of the week.

The Convener: I was conscious of that security issue in Orkney. I think that I was informed then that there was an issue relating to protocol and arrangements. Perhaps we can pursue the matter with the chief executive and find out how security requirements operate and whether an opportunity exists to use local security as opposed to parliamentary security to save money. We could investigate that. Are members agreed?

Members indicated agreement.

The Convener: Is the intention to go to Portree on the Sunday?

David McGill: Yes. I anticipate our travelling on the Sunday and staying overnight, as we have a 10 o'clock start on the Monday morning. It would be wise for everyone to be there on Sunday, if that is possible.

Elaine Thomson: Have you looked at the train times from Aberdeen to the Kyle of Lochalsh?

David McGill: We have not reached that stage yet, but we shall look at them shortly.

Elaine Thomson: If it is possible for me to travel

on Monday morning, I will probably do so.

The Convener: We move to agenda item 5, which will be discussed in private.

10:53

Meeting continued in private until 11:47.

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