

FINANCE COMMITTEE

Tuesday 19 November 2002
(*Morning*)

Session 1

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FINANCE COMMITTEE

23rd 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

Ms Wendy Alexander (Paisley North) (Lab)

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

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

Andrew Wilson (Central Scotland) (SNP)

*attended

WITNESS

Nicola Sturgeon (Glasgow) (SNP)

ACTING CLERK TO THE COMMITTEE

David McGill

SENIOR ASSISTANT CLERK

Terry Shevlin

ASSISTANT CLERK

Gerald McNally

LOCATION

Committee Room 4

Scottish Parliament

Finance Committee

Tuesday 19 November 2002

(Morning)

[THE CONVENER *opened the meeting at 10:34*]

The Convener (Des McNulty): Welcome to the 23rd meeting this year of the Finance Committee. I make my usual comments about the need to turn off mobile phones and pagers.

We have apologies from Jamie Stone. Ian Doig and Murray McVicar are in attendance. Unfortunately, Arthur Midwinter will not be present at today's meeting, but his summary of the subject committee responses is being printed off and copies will be made available to members who do not have a copy.

Draft Budget 2003-04 (Amendment)

The Convener: Agenda item 1 is consideration of a proposed amendment to the draft budget. I welcome Nicola Sturgeon to speak to her proposal.

Members will be aware that the committee has the right to suggest to the Parliament an alternative set of spending proposals at stage 2 of the annual budget process. Subject committees are asked to consider whether any alternative arrangements in departmental budgets should be suggested. Although the financial issues advisory group sought a direct role for individual members as well as for committees in the budget process, today will be the first time that we will have had a proposal from an individual member.

Nicola Sturgeon (Glasgow) (SNP): Knowing that it is unprecedented for an individual MSP to make a submission to the Finance Committee, I am grateful for this opportunity to do so. I hope not to take up too much of this morning's agenda.

Let me give a brief background to my proposal. Most members will be aware that, following a Health and Community Care Committee report earlier this year that recommended financial assistance for those who had contracted hepatitis C from national health service treatment, the Minister for Health and Community Care established an expert group to examine the issue in more detail.

On 6 November, the expert group published an interim report that recommended the

establishment of a discretionary trust to make payments to hepatitis C sufferers on a sliding scale. I have included an extract from the expert group's report in my submission to the committee, which has been circulated to members.

The expert group estimated that the cost of implementing the recommendation would be between £62 million and £89 million. That would be a total payment from the Executive, not a recurring year-on-year payment, although the discretionary trust's payments could be made over a period of time.

Early indications from the Minister for Health and Community Care are that he will not implement that recommendation, as he does not consider that there is money available in the budget to do so. My proposal to the committee today would, over a three-year period, provide the funds that are necessary to implement the expert group's recommendation.

In detail, the proposal is to transfer the required amount of money into the health budget as a special line item to cover the amounts required to implement the recommendation. Specifically, I propose that £30 million, £30 million and £29 million, for the years 2003-04, 2004-05 and 2005-06 respectively, should be transferred from the departmental expenditure limit capital budget and allocated to the health budget.

That would represent a 2 per cent reduction in the capital budget for those years. It is important to point out that the proposal would still leave those budget heads with substantial increases over the years concerned. The other benefit is that the 2 per cent reduction would be spread evenly across the capital budget for the relevant departments that are listed in the draft budget instead of being borne exclusively by the health budget.

I dare say that there are alternative ways in which the money could be made available. One proposal that occurred to me is that end-year flexibility could be used to make the payment. However, decisions on EYF will not be taken until well into next year. In my view, the small but worthy group of people who have hepatitis C deserve a decision in principle from the Parliament now. That is why I have made what I believe to be a constructive and helpful proposal, to which the committee can give some consideration.

The final point to make is that it would be open to either the Executive or the Opposition parties to move during next year's debate on EYF that the money removed from the capital budget should be replaced. That would certainly be an option. That is all that I have to say at the moment. I hope that the committee will give consideration to my proposal, which has been put forward very genuinely. I am happy to answer any questions.

The Convener: Before I invite questions from members, I advise the committee that consideration of Nicola Sturgeon's proposal will be taken in the context of our report to the Parliament, which we expect to publish around 10 December.

Mr David Davidson (North-East Scotland)

(Con): I think that I am right in saying that, on 11 December, the Minister for Health and Community Care will come to the Health and Community Care Committee to discuss compensation for sufferers who acquired hep C through NHS infection. I presume that the Health and Community Care Committee will come to a view at that stage. Am I correct in that assumption?

Nicola Sturgeon: Yes.

Mr Davidson: Is there any reason why you are not waiting until the full committee of which you are a member meets to discuss the matter with the minister?

Nicola Sturgeon: It is a question of time scales. I understand that making my proposal to the Finance Committee today is the appropriate way to use the budget process to deliver justice for hepatitis C sufferers. If I were to wait until the Health and Community Care Committee meets on 11 December, we might miss the boat in trying to persuade the Finance Committee to consider the proposal in the round of its report on the budget process. That is the reason why I have not waited.

Obviously, I cannot speak for the minister, but the early indications that the minister has given, both privately and publicly, are that he will not implement the recommendation of the expert group. I am anxious to use every means that is open to me to try to secure what I believe to be the right decision for this group of people.

Mr Davidson: You are aware that time is constrained by the fact that the Health and Community Care Committee meeting will not take place until 11 December. Have you raised the issue with that committee and discussed it with other members of that committee?

Nicola Sturgeon: No, I have not done so formally. I will discuss the proposal with the Health and Community Care Committee at the next opportunity. I recognise that it is unprecedented for an individual MSP to make a budget proposal and that it might have been better had the proposal been part of the Health and Community Care Committee's submission to the Finance Committee, but time militated against that. The minister published the expert group's report and made his views known on 6 November. The Health and Community Care Committee signed off its budget report to the Finance Committee last Wednesday, which was 13 November. Things worked out in such a way that it would not have

been possible for the Health and Community Care Committee to have a substantive discussion on my proposal. That is why I find myself before the Finance Committee as an individual today.

Mr Davidson: This committee is required to consider the Health and Community Care Committee's report on the budget this morning. I do not know when Nicola Sturgeon's paper was submitted, but has the convener had any contact with the Health and Community Care Committee to see whether that committee could bring forward its meeting with the minister to fit the budget process? Ideally, we want today's proposal to be part and parcel of that committee's report on the budget.

The Convener: No, I have not contacted the Health and Community Care Committee, as I thought that it would be better to get the views of members before taking that option.

I seek clarification on one point. My understanding is that the expert group's findings are contained in an interim report, to which the minister has not responded quite as categorically as has been suggested. Is that accurate? Do we know when the interim report is likely to be followed by a final report?

Nicola Sturgeon: It is anticipated that the final report will be published by the end of this year. However, as the interim report was published some three months late, I anticipate that the final report may not be delivered timeously either.

Although the report that has been published is an interim report, the expert group was asked to report on the specific case of hepatitis C within the interim report. As I understand it, the final report will not add anything further about hepatitis C but will go on to consider and make general recommendations on what happens in cases of negligence and non-negligent fault in the NHS generally. I understand that the interim report is what the expert group has to say on hepatitis C in its entirety.

The Convener: I ask for one other point of clarification. When the issue was considered by the Health and Community Care Committee, were issues raised about the impact that the scheme's implementation might have through the reduction in the social security payments that are paid to the victims? Did that committee discuss the implications in terms of Treasury spend versus Scottish Executive spend?

Nicola Sturgeon: The Minister for Health and Community Care has already flagged up the possibility that compensation or financial assistance payments that are made to hepatitis C sufferers might result in clawback of their benefits. The minister is negotiating on that issue with UK ministers. The issue will require to be resolved if

any scheme is given the go-ahead. There is a precedent: the Macfarlane Trust was set up to compensate people who contracted HIV through the NHS and the issues that we are discussing were resolved in that example. Perhaps we can learn from that.

10:45

Brian Adam (North-East Scotland) (SNP): You gave us an idea of the total sum of money that might be involved, but what number of patients are involved? Will the compensation or financial assistance—whatever label we give it—be worked out on a per capita basis or in terms of damage, loss of earnings and the other usual factors?

Nicola Sturgeon: I will answer the last point first. Members will note from the extract from the expert group's interim report that different categories of financial assistance are proposed. Everybody who can prove that they contracted hepatitis C through the NHS would get an initial payment of £10,000 and people who developed chronic hepatitis C would get an additional £40,000. Further damages for those who developed the most severe consequences, such as cirrhosis of the liver or liver cancer, would be assessed on a common-law basis.

Brian Adam asked how many people are involved. My best estimate, which is similar to the estimate with which the expert group worked, is that around 1,000 people in Scotland are affected. Between 300 and 500 haemophiliacs—perhaps several hundred more—might have contracted hepatitis C from, for example, blood transfusions. The Executive has expressed the view that the figure might be considerably higher than that and that up to 4,000 people might be affected, but, despite my best efforts, I have not worked out where that figure comes from. Everybody I have spoken to who has some knowledge of the issue would agree that the lower estimate is accurate.

Brian Adam: I presume that, given that no non-heat treated products have been given since 1987, reasonably accurate figures must be available. I do not think that it takes 15 years for the symptoms of hepatitis C to show.

Nicola Sturgeon: I agree.

Alasdair Morgan (Galloway and Upper Nithsdale) (SNP): Why has a difference arisen between people who are infected with HIV, who receive payments from a trust—although I am not clear whether that is funded by the Government—and people with hepatitis C?

Nicola Sturgeon: The reasons are purely historical. On the same day, in the same hospital and from the same batch of blood, one person could have contracted HIV and another person

could have contracted hepatitis C. HIV sufferers were compensated as the result of a political decision of the then Conservative Government, which decided to fund a discretionary trust. At that time, the reason given was that to be diagnosed with HIV was virtually a death sentence and that the severity of the condition justified compensation. Hepatitis C was thought to be a less serious illness that did not justify compensation. That might be the case, although the difference in severity between the two illnesses is in some cases less now than it was then.

If there is a difference in treatment, it should be one of degree that is reflected in the amount of money that is paid rather than having a situation in which one group of people are compensated, but nothing at all is done to help another group. *[Interruption.]*

The Convener: Members of the public are not allowed to contribute to the meeting.

Alasdair Morgan: Does Des McNulty's question about social security payments apply equally in the case of the HIV sufferers?

Nicola Sturgeon: It would have done, but the matter was resolved when the Macfarlane Trust was established.

The Convener: I have a couple of technical questions about the proposal. First, why do you think that the money should be taken from the overall departmental expenditure limit capital budget and not from the health DEL capital budget, which is roughly £300 million for 2003-04?

Nicola Sturgeon: I think that we, as a society, have a moral obligation to people who were infected with an illness by the health service. Therefore, it is fair that the burden of paying that moral debt should be shared among everybody and not simply be taken from the health budget. I understand that one of the reasons the Minister for Health and Community Care has given for not implementing the recommendation is that he does not want the health budget to have to bear the burden.

My proposal is that the burden should be shared across the Executive budget. I think that that is the fairest way. I said at the outset that I am not pretending that that is the only way to make the money available, but I think that that way would work and is equitable.

The Convener: Do you have any information about how much of the DEL capital budget is committed and whether the sums that you seek to utilise are available?

Nicola Sturgeon: As I understand it, my proposal would mean a 2 per cent reduction in the budget for each of the next three years. I

understand also that the DEL capital budgets have not been allocated to the extent that a 2 per cent reduction in those budgets would not be bearable. It is also worth stressing again that those budgets would still increase substantially over the next three years by 2 per cent less than is currently allocated.

The Convener: I suppose from the Finance Committee's point of view the health DEL capital budget is probably the biggest of the capital budgets available. Therefore, although the burden might have a 2 per cent impact across the board, that impact might be greater for some of the smaller capital budget areas where commitments might already have been made.

Nicola Sturgeon: That is a fair point. I do not know what discretion the Finance Committee has to vary a proposal such as mine, but I have no doubt the committee will want to discuss the matter.

Mr Davidson: Are cases like the hepatitis C case likely to come forward in other parts of the public services? We must consider the budget in the round and not just focus on a good case, regardless of the department in which it lies.

Nicola Sturgeon: I do not know, but I can reasonably assure you that I will not be sitting here in six months' time arguing the case for another group of people. Other groups of people might think that they have a special case. My view is that the hepatitis C sufferers are a special case, mainly because of the analogy with HIV sufferers. I once met two brothers who were haemophiliacs. One got hepatitis C through contaminated blood; the other got HIV through such blood. One brother was compensated, but the other was not. I do not think that that is equitable.

To give assistance to hepatitis C sufferers would right that wrong. Other groups of people might feel that they are entitled to compensation for wrongs that they have suffered through the NHS. However, I am sure that none can argue as strong a case as the hepatitis C sufferers.

The Convener: There are no further questions, so I thank Nicola for her presentation. As I indicated at the start, we will consider your proposal as part of our report to Parliament, which we expect to publish around 10 December.

On David Davidson's point, I will take soundings from the Health and Community Care Committee to see whether it can present a view to the Finance Committee prior to our finalising our report. However, that might not be possible.

Mr Davidson: We might require a view from the Health and Community Care Committee because Nicola Sturgeon's proposal is at direct variance with the Health and Community Care Committee's report.

The Convener: The time scale might be against us, but I will ensure—

Alasdair Morgan: What is the time scale for our report?

David McGill (Clerk): We need to consider our draft report at our meeting on 4 December, which means that the report must be ready for issue to members by the end of November. Therefore, that might give us problems in starting a dialogue today with the Health and Community Care Committee.

Alasdair Morgan: That makes it difficult.

The Convener: I will take all reasonable steps to ensure that we seek the views of the Health and Community Care Committee.

Nicola Sturgeon: Thank you.

Budget Process 2003-04

The Convener: We move to agenda item 2, which is the budget process 2003-04. I apologise for two matters. First, the submission from Arthur Midwinter came through by e-mail on Friday and I do not think that everybody has it with them. Secondly, Arthur is not with us.

Mr Davidson: I propose that we take a couple of minutes to look at the submission.

The Convener: That might be sensible. I suspend the meeting for five minutes.

10:54

Meeting suspended.

11:00

On resuming—

The Convener: I suggest that we deal with the points section by section, if that makes sense. The first section of the stage 2 report contains Arthur Midwinter's general comments. It might be worth our asking David McGill to ensure that the committee's final report begins to summarise the recurring problems that committees report to us.

We might seek an update on our review of the financial processes, so that we have an up-to-date record of changes that have been made and changes that are still needed as part of the budget monitoring process, which we started. We might consider how to conclude that.

Brian Adam: One committee commented on the timing of the process. I am not certain whether that was about next year, which we have discussed with the minister, or was a general comment.

The Convener: Two issues are raised. One is the time at which level 3 information becomes available. Only the Transport and the Environment Committee got round that, by delaying its consideration until the level 3 information was available. The other issue is the balance between the time that we spend on the annual budget and the time that might be more usefully spent on the three-year or two-year reviews following the spending round. We might explore that.

Mr Davidson: On top of the task that the convener just set David McGill, we are reaching a stage in the Parliament's history at which we need a chart that shows the changes in the process over the four years, to help the next members of the Finance Committee. Obviously, we will not have much time to do anything in the new year. Perhaps such a chart could be an extension of the report. That would be an aide-mémoire of development and of what has not been dealt with

successfully. Many issues that are being raised were flagged up in a different form in years 1 and 2.

I have had informal contact with many members of different committees. They suggest that the amount of time which their committees are expected to give to consideration of the budget process, when they have a large legislative burden, means that their priority is legislation and not the budget process. Those members feel that a balancing exercise must be undertaken on the importance of the budget process as opposed to its contents, roll-out, policy terms and delivery terms.

The Convener: We might have to ask whether it makes sense to involve committees twice during the process or whether there is a better way. Next year, we will be required to consider a single document, because of the election arrangements. All those points need to be swept up and thought through.

That task probably cannot be concluded in the stage 2 report. The committee might have to return to that in January or February. We might take up David Davidson's point. Perhaps we need to present our successors with an overview of how matters might be better organised. A lot of work has been done in that respect and we have taken definite action through which we can demonstrate how we have streamlined, refined or improved procedures that we inherited. Packaging that would be a useful task for the committee.

Mr Davidson: Such an approach might also require input from the Parliamentary Bureau and the Procedures Committee. The bureau is involved with the Parliament's work load on a cross-party basis and the Procedures Committee can make our proposals part of the procedures framework. A review of procedures is currently under way and it would be useful to make a contribution to that review.

The Convener: We are mapping out an area of work. Perhaps we should leave it to the clerks and the Scottish Parliament information centre to identify what can best be done to progress matters. If members agree, a paper could set out what needs to be done and we could consider a report in the new year. In the meantime, we will need to put a couple of things in the stage 2 report.

Mr Tom McCabe (Hamilton South) (Lab): A theme runs through Professor Midwinter's paper: committees are concerned about their ability properly to scrutinise allocations and the effect of allocations. The Local Government Committee is concerned about considering large revenue block and capital expenditure "in a vacuum". The Education, Culture and Sport Committee mentions

the contradiction between local government complaining about allocation for the McCrone settlement, but asking for less hypothecation. The justice committees mention the absence of clear links between programmes and indicators. The Health and Community Care Committee is concerned about block allocations and the restrictions that they place on the ability to assess where spending has been applied and whether the claimed outcomes for that expenditure are being achieved. The Transport and the Environment Committee is expressly concerned about the fact that over £27 million has been allocated to reduce a backlog on road maintenance, but it cannot see if that expenditure has been applied to roads. No one can question that large sums of money are being allocated—looking at the increase in the overall Scottish budget is a simple exercise—but the inability to analyse and assess whether moneys are being applied to ministers' stated priorities is becoming increasingly difficult. The Finance Committee in particular should be concerned about that. We raised the matter with the minister yesterday, but we need to pursue it further.

Alasdair Morgan: It is clear that, to a great extent, the budget process is not working. Committees think that they cannot satisfactorily scrutinise expenditure. That is hardly surprising when the Health and Community Care Committee's report states that the committee is concerned that

"the Minister has indicated that he is dissatisfied with his ability to monitor budget expenditure."

It is therefore hardly surprising that committees cannot do so.

Brian Adam: We have also expressed concern about another area. When committees or the public have been consulted about the budget and have made suggestions, it has not always been obvious which suggestions have been taken up. It is all very well for us to scrutinise the budget and for people to be consulted about it, but we need to be able to identify clearly where consultation has influenced it. That has not always been clear. As part of the process, we should ask ministers to identify specifically where they have changed their view as a consequence of public consultation or a committee's review of the budget process.

The Convener: I think that we could do the committee job. We can track through the recommendations and responses. The Executive would need to address how inputs by members of the public have resulted in changes.

Mr Davidson: One of the biggest problems that we have flagged up year after year is that we do not know the outcome and output figures from the previous year when we are into the current year,

so we do not understand the effectiveness of a particular vote on a line. Such a situation is very hard to deal with because of the complexity of Government financial procedures and the fact that we are beginning to move towards time horizons for delivery that are longer than we have been used to before.

Either way, if we are carrying out a scrutiny exercise, we seem to be bogged down in the process itself instead of examining how the budget and any new moneys are being applied. That is what subject committees would rather be doing instead of asking whether they have the right information or enough time for scrutiny. They need information about what has been delivered for a set sum of money to ensure that they have options about what they can do or that they can make recommendations about where support might be needed for a certain area or for a priority that has been changed. However, if we are concentrating on priorities, that is a different animal from the one that we have been examining for the past three years.

Mr McCabe: When the Executive consults, sometimes it takes people's views on board and sometimes it does not. Perhaps it should highlight when it has taken those views into account or explain why it has not done so. That would improve confidence in the consultation process. Very often, people have the mistaken impression that, because they have been consulted and have expressed a view, their view will automatically be accepted. There are often good reasons why that does not happen; similarly, there are good reasons why it should. It is important that the Executive explains why it has or has not taken up certain suggestions.

Brian Adam: Certainly the Finance Committee's role is to scrutinise the budget. It does not write the budget, nor is it responsible for its delivery or the outcomes—that is rightly the Executive's responsibility. I happily endorse Tom McCabe's comments as an elaboration of my own point.

Elaine Thomson (Aberdeen North) (Lab): Although there is increasing frustration that committees are simply discussing the budget process instead of budget choices and priorities, the argument itself is circular. It is difficult to have meaningful scrutiny of budget choices if the underlying process and reporting are not correct. I agree with Tom McCabe that the process is not yet correct for committees to be able to carry out scrutiny. For example, there is very real tension about the local government and health budgets, because it is hard to see how money is being spent to drive a policy forward if all that is being reported is what is happening in departmental silos. In spite of what the minister said yesterday, the matter needs to be explored further.

The Enterprise and Lifelong Learning Committee has effectively said the same thing. It has to report on policy-driven, cross-cutting budgets, which often requires the sort of information that we are all seeking. Perhaps the Executive needs to carry out more work on how it has reported on matters historically and find out whether there are any opportunities to develop new reporting mechanisms that better meet our current needs.

Mr Davidson: On Elaine Thomson's point about silo thinking and departmentalising issues, Arthur Midwinter's précis of the Rural Development Committee's report contains a vital comment about considering that committee for a cross-cutting review, given the complexity of the area within which it operates. Arthur Midwinter's report also mentions

"the narrow and imprecise basis of department targets".

We have already flagged up the problem of tying departmental targets to a cross-cutting situation. I appreciate that it will be difficult for everyone, including the Government, to get a handle on that matter, because of the way in which the departments are structured. However, I feel that the issue will play a big part in any future considerations of what the Parliament is supposed to do with the Government's spending proposals.

The Convener: The committee must be careful that it does not underestimate the considerable progress that has been made in shedding light on budgetary arrangements. Over the past three years, we have achieved substantially greater transparency and far more of a handle on the budget process. If the comparator is Westminster, we are far further forward with our system for scrutinising the budget.

It is important that we summarise the process and seek opportunities to streamline it. We have already asked the clerk to pick that up and come back with an indication of how we can do that.

There are some specific issues of principle and identifiable subjects to which we need to pay some attention. One of those is hypothecation and allocations within budgets. That must be explored, particularly in the context of what the Deputy Minister for Finance and Public Services said to us at our meeting yesterday about local authority budgets and the possibility of scrutinising them.

11:15

A further issue is that of targeting. There clearly needs to be some kind of process by which we consider how the Executive establishes targets and how those targets can be monitored and identified.

A third point was raised by Brian Adam, and relates to the transparency of the consultative

process and to whether we can shed some light on how the mechanisms within the process are handled.

We will leave a number of issues arising from this discussion to be taken forward, if that is agreeable.

I see no dissent. Let us turn to the Local Government Committee's report. We heard a positive response from Mr Peacock yesterday in relation to the main points that were raised by the Local Government Committee, and our adviser will want to pursue further the matters raised with the Executive.

Targeting is highlighted in the Enterprise and Lifelong Learning Committee's report, and we can feed in the comments made.

The Social Justice Committee's report highlights the gulf between the budgets that come directly under social justice and the funding that has been allocated to meet the broader social justice targets. That is one of the reasons for the apparent mismatch between the budgetary allocation, which is dominated by housing, and the broader area.

Alasdair Morgan: That also applies to the rural development budget. Most of its budget relates to the handing out of subsidy payments, and it has little specifically to do with rural development.

Arthur Midwinter highlighted the point made by the Social Justice Committee about the plethora of Executive priorities, which another committee also raised. It is easy for ministers to say that something is a priority, forgetting that somebody else has said that they are to have fewer priorities. I am pointing out a human trait, rather than trying to make a party-political point, but it does not help us in our budget scrutiny.

The Convener: The point about targets is made in the Social Justice Committee's report as well as in the Enterprise and Lifelong Learning Committee's report.

I was interested to note that the Education, Culture and Sport Committee spent a remarkable amount of its time on a very small part of the budget. The education budget did not seem to be discussed at any great length. The Education, Culture and Sport Committee raises the issue of hypothecation and a contradiction regarding the position of local authorities in that respect.

The justice committees have a number of specific recommendations, which all involve more money being spent on justice.

Alasdair Morgan: On a philosophical point, I would disagree with paragraph 6 of the justice committees' report. It is possible for something to be a priority but for its share of the budget to

decrease, with the actual size of the budget still increasing. I do not agree with that point that the committees make on the justice budget.

Mr Davidson: I agree. It is not just about how much is spent, but about how the spending is focused and targeted. That relates to the convener's earlier comments.

The Convener: There is also the issue whether the amount spent on crime is the best indicator of how effectively crime is being tackled. There is an issue of cause and effect there.

Alasdair Morgan: There is no shortage of real indicators in relation to crime. We do not need to rely on examining how much money is being spent tackling it.

Mr Davidson: I am surprised that the justice committees have not made clear their concerns about the capacity of the justice systems to cope. There are no specific recommendations on capacity, although there are hints about it. The issue is whether the court system and the prison system have sufficient capacity and whether there are enough police.

The Convener: I would be in favour of an investigation into the cost-effectiveness of the criminal justice system. I am not sure whether that should be done by the justice committees or through some other mechanism. Such an investigation should assess how efficient the criminal justice system is by using realistic indicators to measure the delivery of outcomes against targets and the way in which people are processed through the system. One hears horrendous stories about witnesses not turning up and cases not proceeding for a variety of reasons. I presume that that is wasteful.

Mr McCabe: Wasteful! You could run a small country on it.

The Convener: The cost-effectiveness of the criminal justice system is a genuine budgetary issue that needs to be looked at.

Mr Davidson: One of the problems is that justice has come into the goldfish-bowl arena, where it has never been before. All sorts of stresses and strains have emerged, because the public have lived with the system for years, but have not really understood the roll-out. The media seem to be taking a great interest in the justice system these days. It was valid to make the point that

"the period of the prison estates review is longer than the spending review".

Such comments are valid, not only in relation to the justice budget.

The Convener: The report of the Health and Community Care Committee highlighted the ring-fencing contradiction.

Alasdair Morgan: I liked the comment that the committee was

"totally and utterly dissatisfied with the level of information"

that is available to the committee and the minister. I am not sure what the distinction between "totally" and "utterly" is, but it is obvious that the committee was not happy.

The Convener: Are there any comments on the Transport and the Environment Committee's report, or on that of the Rural Development Committee? The Rural Development Committee recommends that expenditure on rural development be considered for a cross-cutting review next year. Although we cannot commit to such a review at this point, I presume that members would want to pass that on to the incoming Finance Committee, as it has been raised repeatedly.

Mr Davidson: We have seen some of the impact on the wider rural economy. Whether the impact results from foot-and-mouth disease, a downturn in tourism or the current fishing crisis, it affects the communities that live in rural areas. The Rural Development Committee has a wide basket of responsibilities and a number of ministries are involved in issues that affect rural development, such as housing, planning and transport infrastructure. A cross-cutting review would be a useful exercise. It would involve a fair chunk of work.

Alasdair Morgan: It is a difficult area. The Minister for Environment and Rural Development has no specific budget for rural development as such. He has only what other ministries have. A couple of years ago, when I was a member of the then Rural Affairs Committee, I asked Ross Finnie whether he would like to have a small budget that he could use in a particular area, if necessary, because other ministries were not reflecting his priorities. I cannot remember what his answer was. If one wants to give genuine consideration to rural development, one must ask whether dedicated resources are necessary. Alternatively, the issue could be dealt with in cross-cutting groups and by trying to influence other ministers.

Mr Davidson: I think that Ross Finnie feels that he has to jump around the headline issues in the main parts of his brief and to pick up what comes out of other ministries. As well as the economic drivers, there is an endless list of issues affecting rural areas, which includes education, health delivery, transport, access, social inclusion and deprivation. A cross-cutting review of rural development would involve a great deal of work. I do not think that the Finance Committee could do that on its own—it would have to do it in parallel with other committees.

The Convener: I am sure that you are right. Further, there are some differences in the applicability of the concept of "rural" in that context as there are quite diverse circumstances in what is generally called rural Scotland.

Mr Davidson: Indeed, we have spoken of mini-new towns being developed in rural areas.

The Convener: It might be best if we asked SPICe to examine, during the first three months of the new year, the issue of how a rural development cross-cutting review could be conducted, so that we could hand to an incoming committee some thoughts on that, should the members of the new committee decide to deal with it.

Brian Adam: I do not know that we should start something that would commit a committee to a course of action after the election. What that committee decides to do should be a matter for that committee.

The Convener: My suggestion would not commit that committee to that course of action. I am saying only that we should ask the researchers in SPICe how that kind of analysis could be undertaken.

Mr Davidson: It would be quite feasible for SPICe to pull together a scoping paper before the election that would outline who the main players are and where the tensions lie. However, I do not think that we can commission any other sort of direct study.

The Convener: I was not suggesting that we would.

Brian Adam: I would have thought that a scoping paper would concentrate on the areas that we should consider in relation to cross-cutting. The Rural Development Committee is not the only committee that we might want to include. The fact that some resource has been put into dealing with rural development would flag up to the next committee the priority that the members of this committee had placed on the issue. That might not necessarily be the case, however.

Elaine Thomson: It might assist the next committee, if it decides to embark on the course that we are talking about, if we came up with some thoughts about what is rural and what is not rural. You can think of about three definitions off the top of your head. The Highlands sort of rural area is completely different from an intensively farmed sort of rural area, which is different again from the sort of rural area that is within travel-to-work distance of a large urban area. All of that needs to be taken into consideration in relation to policy development.

The Convener: I suggest that I speak to the convener of the Rural Development Committee

about the issue of the scoping paper and so on. As David Davidson says, we are in the process of piloting two cross-cutting reviews and we might want to get a report back on how they have gone before making further progress with the matter that we are discussing.

Next, we have to deal with the report of the Equal Opportunities Committee. In paragraph 22 of his paper, Arthur Midwinter makes a clear commendation in that regard. Are people comfortable with what he is suggesting?

Members indicated agreement.

Alasdair Morgan: What is happening with the issue that Nicola Sturgeon raised under the first agenda item?

The Convener: We decided that we would talk to the Health and Community Care Committee about its view. I would guess that we should discuss how to deal with Nicola Sturgeon's proposal in the context of our discussion of the report.

Alasdair Morgan: What would the formal mechanism be? Are you suggesting that the clerks would simply provide some text for the draft report? I wonder whether they might need a steer from us on that, as a political decision is clearly involved.

David McGill: It would be helpful if the committee gave us a steer, but we would normally simply include some draft text for the committee's consideration as part of the draft report.

Mr Davidson: We need direct and official contact between the committee and the Health and Community Care Committee. We do not know what discussions it has had about hepatitis C compensation and whether it made a decision to postpone any direct comment until it had thrashed out the point with the minister. It is important that we know whether, if it made that decision, it knew that we had a deadline by which to produce a report. We needed to have the Health and Community Care Committee's input earlier. That may have meant that it needed to push the minister, but I am sure that the minister would have understood the time scales involved.

11:30

Mr McCabe: At this stage, I do not think that it is our business. I accept that Nicola Sturgeon put forward her view with sincerity, but the minister still has to make a final decision. There may have been indications—however they came about—that that decision may not be to Nicola's liking, but at the moment, that is not definite. The minister reports to the Health and Community Care Committee, and it is essentially a matter for that committee. The minister has to report to it and the

decision has to be taken by it. This debate is premature and in the wrong location.

Brian Adam: I do not see the situation in that way at all. The issue has not come up all of a sudden; it is just that the process for dealing with it has come up because of the publication of the interim report. It is an issue that has been around in Parliament for a long time, and successive ministers have struggled to deal with it. I understand the reasons for that, and the final report will address the general issue of compensation as opposed to the specific issue of hepatitis C compensation. It is reasonable to consider whether we vary the budget to allow for that compensation. I do not think that it is a party-political decision, but it is a political decision, and I do not think that it would be unreasonable for us to do that. I understand the concerns that some may wish to involve the Health and Community Care Committee as part of that process. That is reasonable, but I do not think that we should dismiss the request out of hand.

The Convener: I suggest that we get more information through a dialogue with the Health and Community Care Committee to find out what stage the process is at and what its views are. The matter needs to be discussed in the context of the general discussion of our report, which will take place by the timetable. We should be able to get information via the clerks to feed into that discussion, which needs to take place in that context.

Mr Davidson: I am also concerned that if someone is a member of a committee, we need to know what efforts they made to try to have the committee deal with the matter. It does not matter whether they were in a minority or had support. We have already had a parliamentary debate on the subject, and my memory of that, which is probably a little vague, is that we were going to look to a full report about not only hepatitis C compensation, but the general principle of compensation. If a report comes out that affects other parts of public service, it will have a long-term impact on how we make decisions in Parliament on spending and compensation. That is vital. We cannot unravel that for just one case.

Mr McCabe: I agree with David Davidson. I do not think that Brian Adam can have it both ways. He recognises that the forthcoming report will deal with compensation matters in general, and we have been asked this morning to deal with a specific matter. Although we have a great deal of sympathy with the individuals involved and one way or another would like to see an accommodation for them, the fact is that we have been asked to set a precedent towards something akin to no-fault compensation. That would have huge consequences across the Scottish Executive

budget. Although Nicola Sturgeon has raised a specific question this morning, a generality is behind it of which we need to be aware.

Alasdair Morgan: On the other hand, the minister asked for the specific issue to be treated in the interim report. He asked for that presumably so that he could make a decision on the issue regardless of the generality. One case has already been dealt with in relation to HIV infection.

The Convener: I raised two points with Nicola Sturgeon. The first was whether it was an interim report and when the final report was expected. The second point was whether the minister had made a final decision. As I understand it, the door in both cases has not been completely closed.

Brian Adam: We can look at this in two ways. The first concerns the particular issue, and the second is the principle of amending the budget. One criticism that has been levelled in the Parliament, consistently by some members, is that no alternatives to the budget have been proposed. However, a specific alternative has been proposed within the Parliament's agreed framework—a zero-sum budget—and it would be unfortunate if it did not go forward for consideration. That is especially important as it is the first time that we have had such an amendment, whether it is from a committee or a member.

On the specific proposal, a large number of people have been waiting a very long time. The Parliament has aired the matter over several years, which is to its credit, but it would be unfortunate if we did not at least address the issue rather than postpone it because another report is on its way.

The Convener: That is not what I am suggesting. I am suggesting that the specific proposal be dealt with in the same way and at the same time as the other specific proposals coming forward from parliamentary committees and as part of our report. That is the appropriate way for it to be dealt with, and that is how we should handle it.

Is that agreed?

Members indicated agreement.

Items in Private

The Convener: Agenda item 3 is to decide to consider our draft report at stage 2 of the budget process in private at our meeting on 3 December. Are we agreed?

Members *indicated agreement.*

The Convener: Agenda item 4, which will be taken in private, concerns a discussion of the Homelessness etc. (Scotland) Bill and our draft report on the financial memorandum. I ask members of the press and public to leave.

11:36

Meeting continued in private until 12:08.

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