

# **FINANCE COMMITTEE**

Tuesday 3 December 2002  
(*Morning*)

Session 1

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## FINANCE COMMITTEE

### 24<sup>th</sup> Meeting 2002, Session 1

#### CONVENER

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

#### DEPUTY CONVENER

\*Elaine Thomson (Aberdeen North) (Lab)

#### COMMITTEE MEMBERS

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

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

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

\*Dr Richard Simpson (Ochil) (Lab)

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

#### 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 3 December 2002*

*(Morning)*

[THE DEPUTY CONVENER *opened the meeting at 10:42*]

**The Deputy Convener (Elaine Thomson):** Good morning and welcome to the 24<sup>th</sup> meeting of the Finance Committee. As usual, I ask everyone to ensure that their mobile phones and pagers are switched off.

We have received apologies from Jamie Stone. Professor Arthur Midwinter and Murray McVicar are with us today.

As we know, our former convener, Des McNulty, has gone on to higher things. On behalf of the committee, I record our thanks to Des, who has worked hard with the committee over the past year and has been an extremely effective convener. I am sure that we all wish him well with his new ministerial responsibilities.

## Interests

**The Deputy Convener:** I welcome Dr Richard Simpson back to the Finance Committee and I invite him to declare any relevant interests.

**Dr Richard Simpson (Ochil) (Lab):** Thank you. I am not sure whether I should say that I am glad to be back, but of all the committees I am pleased to join the Finance Committee.

I have nothing to add to the written declaration of interests that I have lodged with the Parliament.

**The Deputy Convener:** Thank you.

## Convener

**The Deputy Convener:** Agenda item 2 is the choosing of a new convener. The Parliament has determined that the committee's convener should be a member of the Labour party, so I invite nominations of members of that party.

**Dr Simpson:** I nominate Tom McCabe. In doing so, I would like to make it clear that there was a fault on the Parliament's website yesterday, which suggested that I had been rapidly reincarnated in the form of convener. That was an administrative error, which has now been corrected.

**The Deputy Convener:** We do not need a seconder for the nomination. Are there any further nominations?

**Members indicated disagreement.**

*Mr Tom McCabe was chosen as convener.*

**The Deputy Convener:** I invite Tom McCabe to take the chair.

10:45

**The Convener (Mr Tom McCabe):** Thank you, colleagues. This is a new experience for me, but I shall do my best to ensure that we get through our business timeously and as fairly as possible.

I think that it was me who put your name on the web yesterday, Richard, just to see whether I could get out of the job—obviously it did not work.

As Elaine Thomson did, I want to thank Des McNulty for his time as convener and I congratulate him on his recent ministerial appointment. He will be making a speedy reappearance in front of some members of the committee this afternoon when he appears at the children and poverty cross-cutting review. *[Interruption.]* I am sorry. I understand that that meeting has now been postponed. That is what happens; nobody told me about that.

**Brian Adam (North-East Scotland) (SNP):** Disappearing ministers already.

**The Convener:** The prospect of facing Brian Adam again must have been too much for Des McNulty.

**Brian Adam:** I am not even a member of that cross-cutting group.

## Cross-cutting reviews

**The Convener:** Item 3 is a paper on cross-cutting expenditure reviews. It gives an overview of the cross-cutting work that has been done so far and highlights some of the experiences that have been gained and some of the difficulties that we have encountered as a result of the approach that we decided to take. The paper suggests possible alterations to that approach in the future, which is obviously merely advice for a future committee, which may or may not decide to adopt the proposed approach. Do members have any comments?

**Alasdair Morgan (Galloway and Upper Nithsdale) (SNP):** I would like to make a couple of points. Paragraph 5 says:

"that the Committee advises its successor to conduct only one review at a time in future."

I think that that is right, but I also feel that reviews should be done by the full committee. I am not convinced that one or two members of the committee are sufficient, because that does not give us the breadth of experience that is required; the full committee should conduct reviews.

My other comment is about paragraph 6. I am not sure whether the first criterion is correct. It is putting the cart before the horse to say that the fact that a significant level of expenditure is placed against an objective should make it a criterion for review. We might want to query whether that is correct—in many cross-cutting areas, one cannot even be sure whether a significant level of expenditure is set against an objective. That is one of the problems that we face, so I am not sure that that criterion is appropriate.

I am not sure what the second criterion means, either. I do not know what its implications would be and I would like to see one or two examples before agreeing to that criterion.

**Mr David Davidson (North-East Scotland) (Con):** I support Alasdair Morgan's position. One of the things that has pushed the committee towards looking at cross-cutting expenditure is the fact that there has been a distinct lack of transparency on how some of the policy objectives and funding streams come together. We pick up on a topic for a cross-cutting review not because money is being spent on it but because the topic is important in policy terms. We therefore want to get a handle on the funding streams that are involved and, through those, on the accountability of the various Executive departments and the appropriate ministers.

I also very much support the view expressed in paragraph 8, which is that the whole committee should take part in cross-cutting reviews. We

have, in the past year, used a fragmented approach, the result of which has been that there has not always been enough depth in the committee's examination of matters.

**The Convener:** There is probably general agreement on those points. One of the recommendations is that the committee should in future limit itself to one cross-cutting review at a time, which would mean that matters could be considered by the full committee rather than the committee's being split up.

Alasdair Morgan made a point about the second bullet point of paragraph 6, which recommends as a criterion

"the drivers for the policy objective being wholly or mostly devolved to Scotland".

**Alasdair Morgan:** Yes. I am not clear what is meant by the

"drivers for the policy objective"

as opposed to the policy objective itself. Certain areas of legislation are reserved to Westminster, but beyond that everything else is within the powers of the Scottish Parliament. I am not clear what the recommendation means either in theory or in practice.

**The Convener:** I interpret it to mean that cross-cutting reviews should be concentrated on areas in which we have our hands on the levers and that they should not move off into areas of policy that are for the Westminster Parliament rather than for the Scottish Parliament.

**David McGill (Clerk):** Behind that recommendation was the fact that it struck us during the children in poverty review that, although the Executive has a clear objective on that issue, many of the methods of reaching that objective are contained within social security budgets, which are reserved to Westminster. It was therefore difficult to see how the committee could get involved in influencing such matters. That is why we thought that a sensible criterion for future cross-cutting reviews might be that the committee should get involved only in areas in which solutions are open to it.

**Alasdair Morgan:** The problem is that many other issues, such as employment and housing, clearly have an impact on children in poverty. In deciding that the drivers for a policy objective were not devolved to Scotland, one might be assuming the result of the inquiry before one had undertaken the investigation. An objective might at first sight seem to be something over which Westminster has all the power, but it might, once we examine the problem, turn out that that is not the case. I am not making a point about devolved powers versus reserved powers; rather, I wonder whether that criterion is really helpful.

**David McGill:** I take the point, but the paper mentions that the area for consideration could be "mostly devolved" to Scotland. It is a good point that other problems that the Scottish Parliament can do something about may feed into the policy objective.

**The Convener:** We could ask the clerks to revise the wording so that it better explains the meaning. I agree that the wording is perhaps not as clear as it could be.

**Mr Davidson:** I want to make a point about the final bullet point in paragraph 7, which mentions a matter of some importance to the Parliament, which is:

"the lack of an *Official Report* of evidence taken making reporting very problematic."

There is no point in the committee taking evidence if that evidence is not recorded and made available for public view. Private briefing sessions before taking evidence in public are fine and can be helpful, but in most cases evidence should be recorded.

**The Convener:** The paper recognises that although the informal meetings were well intentioned, the reality is that formal meetings would have been more useful. That is certainly the case for evidence taking.

If members have no further comments, does the committee agree to those recommendations?

**Members indicated agreement.**

## Australasian Council of Public Accounts Committees Conference

**The Convener:** Item 4 is about the Australasian Council of Public Accounts Committees conference. The clerk will say a few words.

**David McGill:** The invitation for the convener to attend the conference came out of the blue a few weeks ago. I must say that I was not aware that there was such a thing as the ACPAC, but the conference programme that is set out has a lot of interest for the committee, given its on-going work.

We have drafted a paper for the consideration of the conveners liaison group, but we want the committee's view on whether to proceed. The CLG decides all such matters, because it holds the overall budgets. The CLG is also aware of what other committees are planning, so it could take a strategic view on the application if the committee was minded to become involved in the conference. Having had initial discussions with the clerk to the CLG, I have been advised that money is available in the budget to be used before the end of the year, so in that sense, there is no budgetary problem. However, whether it is worth while for the committee to become involved is a matter only for the committee.

**Mr Davidson:** I am not trying to be a killjoy, but I do not see the justification for spending such an amount. The justification that is given in the paper is that the conference would allow us to examine how other people do things. We need to remember that the committee has previously conducted exercises with people on the other side of the world via teleconferencing. In that way, we were able to push the subject that the committee wanted to examine rather than sit in the background at someone else's conference. We were able to tell the person at the other side what we wanted to know and we had a chance to discuss the issue. We could easily do that from the Parliament.

**The Convener:** I would not worry about being a killjoy. The idea of travelling to and from Australia within five days is not the most exciting prospect.

**Elaine Thomson:** I think that the conference would be a useful event for the Finance Committee convener to attend. From the committee's budgetary discussions over the past three and a half years, it is quite clear that the way in which the Scottish Parliament does certain things is at the leading edge of how some public accounts issues are dealt with. It would be useful to engage with others internationally to see what we could learn from them about how we can continue to develop our processes.

For example, from our discussions on outcome budgeting, it is clear that we are to a certain extent feeling our way forward. It would be useful to exchange experiences with others who are slightly further forward on this road. That was why we spoke to the New Zealanders, who have also given much consideration to outcome budgeting.

I am all in favour of using teleconferencing and other electronic means wherever they are appropriate and useful, but there are occasions on which it is useful to have more in-depth, face-to-face meetings. I suggest that the convener should attend the conference.

**Brian Adam:** How does the convener feel? I have no strong feelings about whether he should attend the conference. Travelling there and back within a week would be a pretty punishing schedule, but if the convener feels that his attendance would be worth while, I will certainly not oppose it.

**Dr Simpson:** There are two issues. As Elaine Thomson mentioned, the topic of outcomes and output that the conference will consider is important. Even from my reading of today's committee papers, I can see that that is an important area for the committee as we try to drive forward the issue of outcome and output budgeting. Important information might come from attending such a conference.

We should also consider the representative role. The committee's report on private finance initiatives and public-private partnerships, which is being debated in the Parliament this week, is an important document and it is important that we can go and talk about the work of the committee and represent the work of the Parliament. There is a dual role to be considered. Unless the convener feels that the schedule would be overly punishing, I think that our representation would be worth while because it would promote the work of the committee and of the Parliament.

**Professor Arthur Midwinter (Adviser):** If I may add some information, Australia is at the cutting edge of such reforms and is one of the world's leading countries for such innovation. There is a lot of academic interest in Australian practice.

I have spoken at a world conference that was organised in Australia and it was, without doubt, the best organised conference that I have ever attended. In part because Australia is so far away, the conference organisers really wanted to impress delegates. The conference included important sessions that were useful and workmanlike in comparison to those at some conferences that I have attended. If the committee thinks that his attendance would be valuable, I would encourage the convener to attend.



11:00

**Dr Simpson:** If the committee decides that the convener should go, he should also look seriously at the arrangements for the conference fringes, where one can gather a lot of information. The one thing that I learned in my previous brief incarnation was that going to see things rather than just reading about them on paper or having a telephone conversation about them can alter one's view substantially. The convener's attendance at the conference might also be useful in terms of his ability to share with us his experience.

**The Convener:** If the committee is minded in principle that I should attend, I will examine the schedule to see what is happening in Parliament at that time. I want to get a feel for how business will work out before I make a final decision. Are members okay with that?

**Brian Adam:** I presume that the suggestion is that the committee should approve the convener's attendance at the conference, but leave him the discretion to decide whether to go.

**The Convener:** The committee could approve the decision in principle, but if I decide that I do not want to attend, the opportunity to attend could perhaps be left open to another committee member. I would rather take time to consider the work schedule before making a final decision.

**Mr Davidson:** I have made my point. I remain unconvinced that attendance at the conference would, at this stage of the Parliament's life, contribute more than would the whole committee's being involved in a teleconferencing exercise, such as the successful one that we had with the New Zealanders and with others from other parts of the world.

**The Convener:** I do not know how we should do this. We could take a decision in principle. Alternatively, I will be happy to defer the decision. Perhaps I could consult committee members by correspondence over the next few days once I have had a chance to see what might come up.

**Alasdair Morgan:** Would that give us enough time to decide? When is the next committee meeting scheduled for?

**David McGill:** The next meeting is on 17 December, which is the same day as the CLG meets. We would need to provide the CLG with a paper before that date, so we must either decide now or, as the convener said, by correspondence in the next few days.

**Alasdair Morgan:** I do not see how we can decide by correspondence. We need to decide now or not at all.

**The Convener:** I do not feel that I am in a position to make a decision. I would rather just

leave the matter and step back from it than decide just now.

For consideration of item 5, which concerns our draft report on the draft budget, we move into private session. I ask members of the press and public to leave.

11:02

*Meeting continued in private until 12:32.*



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