

FINANCE COMMITTEE

Tuesday 2 March 2004
(*Morning*)

Session 2

£5.00

© Parliamentary copyright. Scottish Parliamentary Corporate Body 2004.

Applications for reproduction should be made in writing to the Licensing Division,
Her Majesty's Stationery Office, St Clements House, 2-16 Colegate, Norwich NR3 1BQ
Fax 01603 723000, which is administering the copyright on behalf of the Scottish Parliamentary Corporate
Body.

Produced and published in Scotland on behalf of the Scottish Parliamentary Corporate Body by The
Stationery Office Ltd.

Her Majesty's Stationery Office is independent of and separate from the company now
trading as The Stationery Office Ltd, which is responsible for printing and publishing
Scottish Parliamentary Corporate Body publications.

CONTENTS

Tuesday 2 March 2004

	Col.
PUBLIC SECTOR JOBS RELOCATION INQUIRY	1113
BUDGET PROCESS 2005-06	1120
ITEM IN PRIVATE	1128

FINANCE COMMITTEE

8th Meeting 2004, Session 2

CONVENER

*Des McNulty (Clydebank and Milngavie) (Lab)

DEPUTY CONVENER

*Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP)

COMMITTEE MEMBERS

*Ms Wendy Alexander (Paisley North) (Lab)

*Mr Ted Brocklebank (Mid Scotland and Fife) (Con)

*Kate Maclean (Dundee West) (Lab)

*Jim Mather (Highlands and Islands) (SNP)

*Dr Elaine Murray (Dumfries) (Lab)

*Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD)

*John Swinburne (Central Scotland) (SSCUP)

COMMITTEE SUBSTITUTES

Mr Adam Ingram (South of Scotland) (SNP)

Gordon Jackson (Glasgow Govan) (Lab)

David Mundell (South of Scotland) (Con)

Iain Smith (North East Fife) (LD)

*attended

THE FOLLOWING ALSO ATTENDED:

Ross Burnside (Scottish Parliament Information Centre)

CLERK TO THE COMMITTEE

Susan Duffy

SENIOR ASSISTANT CLERK

Jane Sutherland

ASSISTANT CLERK

Emma Berry

LOCATION

Committee Room 2

Scottish Parliament

Finance Committee

Tuesday 2 March 2004

(Morning)

[THE CONVENER *opened the meeting at 10:00*]

Public Sector Jobs Relocation Inquiry

The Convener (Des McNulty): I open the Finance Committee's eighth meeting in 2004 and welcome the press and public. As usual, I remind people to turn off their pagers and mobile phones. We have received no apologies from members in respect of today's meeting.

The first item on our agenda is consideration of a briefing paper that has been produced by the Scottish Parliament information centre to help us with our inquiry into relocation of public sector jobs. Members will remember that we agreed our approach to the inquiry at our meeting on 3 February, and that we asked SPICe to produce some background research, particularly on relocation policies in other countries. Ross Burnside, who prepared the paper, is here. I notice that he has a bottle of water from Sidcup with him.

Ross Burnside (Scottish Parliament Information Centre): It is straight out of the tap.

The Convener: Ross Burnside can answer any questions of clarification. I open the meeting to members who wish to raise issues from the paper.

Mr Ted Brocklebank (Mid Scotland and Fife) (Con): The paper is very good; it goes into some detail about what various countries do and how they have handled public sector jobs relocation. I found it interesting that in almost every case—whether it is the United Kingdom, Ireland or elsewhere—the aspirations of the country, in respect of how many jobs it wanted to disperse, were never quite fulfilled. Some of the figures are quite interesting. Under the Flemming review, 95,000 posts were recommended for relocation but it turned out that only 22,000 were relocated. Under the Hardman review, 78,000 posts were considered but only 10,000 were relocated. It is interesting that when we consider the Irish experience, despite all that we have heard about how successful it was, we see that there was a lot of criticism of what went on and that the voluntary aspect did not work as well as we have been led to believe. From what I have read, it looks as though Ireland will not meet its target, although it is early days. It is interesting for us to consider that

everyone had the same aspiration—to move people out from centres—but that in every case that proved to be much more difficult than had been expected.

Ross Burnside: I do not have much to add to that. The members who are going to Ireland might want to meet Opposition members and unions to follow up on some of the criticisms that are raised in the paper, which were taken largely from press articles. It is important to get a balanced perspective and to consider the pros and cons of the Irish model.

Jim Mather (Highlands and Islands) (SNP): I am keen to explore whether there is any experience from the case-study countries to suggest that there is a higher level of staff retention when organisations move to more rural settings. Do such benefits accrue to movements in the longer term?

Ross Burnside: The only thing that I can point to on that question is the report that was produced by Experian Business Strategies Ltd, the consultants who will, I believe, come to give evidence at some point. Experian did a study on previous UK relocations and considered staff retention and turnover, and found that it is easier to keep lower-grade staff.

The paper is self-explanatory; everything that I have been able to find is in it. When the committee gets Experian along, it might be worth probing it on the point.

Jim Mather: Can I take one more bite at the cherry? When we have seen relocations take place, as Ted Brocklebank pointed out, there has historically been a desire to hit target levels, but there has always been underperformance. Are there any indications that the advent of new technology such as broadband and, even better, slick video communications might enable relocations to go to a totally different level?

Ross Burnside: My guess, based on previous evidence, would be that that would be the case, but I am not sure. It probably makes sense to say that that will be the case in the future.

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): The paper is useful—a couple of things come out of it and there is also something that the committee should take forward. First, we should develop some of the aspects of the Irish experience and consider the criticisms of it. We got an interesting impression of that from the witnesses last week, and we will be able to test it in a forthcoming meeting.

My second point arises from the comment on page 17 of the briefing about

“the recent report ranking Edinburgh as a candidate location for some of the 20,000 jobs”

that the UK government plans to disperse. I do not think that the committee has considered that in much detail, but it is an interesting aspect. If our inquiry considers the dispersal of UK Government jobs out of London and the south-east due to overheating in that area, some people will lobby for those jobs to be dispersed to Edinburgh, but the Executive takes the view that Edinburgh is overheating and that jobs should be relocated from there. There is a domino effect in relocation and it should be part of our work to consider how that is managed by the Scottish Executive and the Scotland Office.

We should consider—the briefing does not address the matter because of the remit that the committee set itself—agencies that operate in Scotland and have considerable devolution in their operating practices. They may be UK Government departments—for example, the Department for Work and Pensions, the Ministry of Defence and the Inland Revenue. I am interested in the current practices of such agencies in Scotland: if they are relocating or centralising jobs because of cost efficiencies or other factors, does that run counter to the Scottish Executive's work? That concern is not within the scope of our inquiry, but it would be useful for us to consider it. In the end, it might equate to the same number of jobs and might affect the rural areas to which we want the Government to relocate jobs. That might involve a further desk exercise by the committee, which would be to get in touch with the agencies to inquire about their practices. I know that some of them are restructuring.

The Convener: Following our previous discussion on the matter, I wrote to the Treasury to ask how the Lyons review will impact on the Scottish Executive's approach to relocation, so that we can get a sense of how the UK Government operates in the context of relocation.

One of the things that struck me in Ross Burnside's briefing paper, and in the evidence that we took last week, is that we should consider operational issues within agencies as well as the dispersal of agencies. It seems to me that there might be relocation opportunities in the way in which agencies work. We should consider the matter in that way rather than on a case-by-case basis, which is how the Executive has been seen to consider it until now. That might be more employment-friendly, as far as existing employees are concerned, and it might deliver equally good or better options in terms of net employment transfer—we need to pay attention to that.

Such consideration may influence the inquiry's format a wee bit. Ross Burnside's paper alludes to the matter, but does not deal with it. Perhaps more work needs to be done on considering not only the relocation policies of other Administrations and the UK Government's and Scottish Executive's

relocation policies in specific instances, but the scope for Government and Executive agencies to spread jobs about more than they do at present. As Jim Mather said, the use of different forms of technology and different methods of working could make that more possible than it has been.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I was very interested to read Ross Burnside's briefing paper—I am always interested in reading SPICe briefing papers—which is very useful. I thank Ross for his effort.

The paper includes a section on criticisms of the policy in Ireland. However, one could argue that there are many plus points or advantages in the Irish model. I want to run through those and to ask whether Ross Burnside agrees that the Irish policy has an advantage over the Scottish Executive's policy, which certainly appears to be the case.

The Convener: With respect, I do not think that it is for Ross to agree that—he is providing us with advice. Ultimately, the decision about whether to agree or disagree is a matter for the committee.

Fergus Ewing: Perhaps I could just ask for Ross's comments, convener, on the plus points of the Irish policy, because the paper has a section marked "criticisms of the Irish policy", but there is no section marked "advantages of the Irish policy." The first point, to which I think the paper alludes, is that the Irish policy is based on the principle that those who relocate will be volunteers rather than conscripts. Is that correct?

Ross Burnside: Basically, I listed the information that the Irish Government provided to the committee. The section on criticisms is based on press articles and acts as a counterbalance to the information that we received from the Irish Government.

Fergus Ewing: It appears that the Irish policy does not involve—of necessity—compulsory redundancy costs because volunteers are used rather than conscripts. Therefore, by and large, people are not kicked out of their jobs as they are likely to be in, for example, the Scottish Natural Heritage move. Is that the case?

Ross Burnside: There is a voluntary nature to the Irish model.

Fergus Ewing: That means that it does not use compulsory redundancy: people are not told to move and then made redundant if they do not move. Is that what you discovered?

The Convener: I think that it is for us to discover that when we make our trip to Ireland. I want to be clear about the kind of exercise that Ross Burnside has done. He has gathered in a paper the Irish Government's published information on relocation—which, I presume, advocates its relocation policy—and he has highlighted points that people have raised in criticism of it. We are

undertaking an exercise in which a number of committee members will go to Ireland to ask those who are directly involved how the Irish relocation policy works. Therefore, rather than ask Ross Burnside to answer that question, we can ask it of the people whom committee members will meet when we go to Ireland.

Fergus Ewing: Obviously, I am looking forward to doing that and I am pleased that the committee agreed with my recommendation that we go to Ireland, just as I am pleased that the committee considered the issue in the first place on my recommendation. Our going to Ireland will be an example of the committee doing a useful job. I am hopeful that from the trip will emerge clearly the massive advantages of adopting the Irish relocation model as opposed to the expensive policy—which, in the case of SNH, is subject to serious criticism—that the Scottish Executive has applied in its period of office.

Mr Brocklebank: I want to draw attention to something else. I was interested to see in the section on criticisms of the Irish policy that the Irish, too, appear to have made nonsensical decisions. Mr Sean O’Riordan asked why the new Department of Community, Rural and Gaeltacht Affairs headquarters was at Knock airport, which is nowhere near a Gaeltacht area. He also asked:

“Why is the Department of the Marine being moved to that well-known seafaring county, Cavan?”

I do not know Ireland, but I assume that Cavan does not have a coastline. Therefore, odd things are happening in the Irish relocation policy.

The thought occurred to me—the Executive has clearly wrestled with this—that the logical place to relocate a marine department or an agriculture and fisheries department would be Aberdeen, because it is the heart of the fishing industry and much of the communications in agriculture happen there. The BBC, for example, has located its agricultural department there and so on. Obviously, Aberdeen is not an area that particularly needs jobs, and it seems to me that that is one of the problems that we get into when we want to disperse functions. Perhaps the logical place in which to locate certain offices does not need the jobs. Therefore, as in the Irish case, we end up sticking jobs in places where it is not logical to do so but which need jobs. That does not seem to answer much of what we need from agriculture and fisheries departments. All the skippers and fishing representatives trail up and down to Edinburgh, but the logical place for them to go would be Aberdeen. It would be logical for certain people to move from Edinburgh to Aberdeen to be on hand to deal with fishing matters. However, I presume that Aberdeen will never be considered as the place to site a fisheries department.

10:15

Dr Elaine Murray (Dumfries) (Lab): Actually, the Food Standards Agency Scotland went to Aberdeen, so I do not think that Aberdeen has completely missed out. Decisions were taken in the past to locate certain functions in Aberdeen.

On the criticisms of the Irish policy, it is extremely useful to have them because if we are going to Ireland to talk to people about the policy, we must know what has been said against it so that we can question the policy properly.

My recollection of history is somewhat different from Fergus Ewing’s: I recall that a large number of committee members were concerned about relocation, partly because we had had our ears nipped by constituents. It certainly was not just one member’s suggestion that we should consider relocation or take evidence in Ireland. Fergus Ewing’s comment is not a correct representation of what actually happened.

I commend Ross Burnside’s report because he has highlighted the problems in other relocation policies. There is perhaps no such thing as a perfect relocation policy. I am certainly not going to Ireland with the idea that the Irish model must necessarily be transported to Scotland and implemented here. We want to find out what the best model is and to consider proposals with an open mind. We will take evidence and assess what is good and what is not good in each model.

John Swinburne (Central Scotland) (SSCUP): I enjoyed reading Ross Burnside’s paper. It struck me right away that the Irish policy was typically Irish. Ted Brocklebank said that the Irish had not achieved what they set out to do. However, they had no intention of achieving what they set out originally to do. They had high aspirations, but they also had low and realistic expectations. They aimed high, realising that they would not get large numbers of people to move to a certain area, but they were happy with the numbers that they got. We can learn a lot from the Irish. Instead of wiping out a department and moving it as a whole, we could move it piecemeal and move sections here and there. Fragmentation might be a better way forward than our current approach. I hope that the committee delegates who go to Ireland come back suitably enabled to help us alter our thinking on this side of the water.

The Convener: An important issue that has not been raised directly is the Irish practice of moving some very senior jobs to different parts of the country. The outcomes in Scotland appear to suggest that middle and lower-level jobs move while the top layer of the civil service rarely seems to move. It will be interesting to plot the mechanisms by which the top layer avoids movement. One could be cynical about some of the ways in which that has been done. I suppose

that genuine issues are involved in moving top-level civil servants away from the seat of government and in managing that effectively. There are downsides in terms of people travelling all the time because of the necessity of making face-to-face contact. However, we must explore—not only in our own practice but in that of Ireland—the advantages and disadvantages of moving sections of the upper tier of the civil service away from the seat of government. I presume that that will be considered not only in policy terms but as an organisational calculation of time, efficiency and so on.

Perhaps the issue could be considered not only in the narrow context of government, but in the context of how commercial organisations, for example, operate with multicentre arrangements. For example, many large firms operate with headquarters in Glasgow and Edinburgh and possibly in Aberdeen, and they find ways in which to work efficiently. How efficient is the Scottish Executive and, more generally, the civil service in working in such ways? Organisational practices that relate to the administration of governance in Scotland might be considered as an aspect of the exercise. Perhaps there is another dimension that should be taken on board.

Jim Mather: I have a suggestion to make. I am impressed by the paper, which is very good, and would like it to be more widely circulated in the longer term so that local authorities and local enterprise companies can enter the debate. It would be particularly useful if Scotland and the UK were benchmarked against other countries so that we knew the proportions of civil servants from senior grades through to lower levels who are based in the centre or near the seat of Government, how many of them are not based in the centre, and relocation targets. That would give us a mechanism by which to learn and find out about best practice and trends over time, especially as new technology that we have the chance to befriend kicks in. There is a chance for the country to have a more even spread of civil service jobs.

The Convener: We have had a good discussion about Ross Burnside's paper. The committee thanks him for his work. Members have probably given him potentially more work to do as a result of issues that they have raised.

Ross Burnside: I will read the *Official Report* of the meeting.

The Convener: The next stage for the committee's inquiry is the various case studies. The clerks will liaise with the appropriate members about the timetable for and the format of those. We will return to the issue once the case studies have been undertaken.

Budget Process 2005-06

10:22

The Convener: The second item on the agenda is consideration of an approach paper on the 2005-06 budget process. Members will see from the paper that the committee must make decisions on three specific matters: on asking our budget adviser to produce a paper that reviews the Executive's budget strategy; on the range of witnesses from whom we want to take evidence; and on holding a meeting outside Edinburgh. I invite comments on the paper from members.

Ms Wendy Alexander (Paisley North) (Lab): I am happy with the paper. The budget adviser's suggestion that he should prepare a paper on spending trends for next week's meeting in advance of the annual expenditure report is helpful. That will allow the committee to get ahead of the process in a way in which it has sometimes struggled to do in the past and is a welcome development.

The suggestions that relate to evidence giving are also excellent. We should concentrate on getting deep evidence from the four witnesses who are mentioned in the paper rather than on getting broad evidence from a large number of witnesses in the early stages, during which long-term trends should be considered. Such an approach has much to commend it. My instinct would be to stick with the four witnesses and go for depth rather than width.

I will risk being controversial about external meetings. Paragraph 16 of the paper states:

"It is anticipated that the Committee will also need to consider reports from all subject committees"

at an external meeting. I will be blunt: if that is the only occasion on which we will consider what every committee has to say about a spending review it is likely to be the tightest for a decade. I am not sure that gallivanting off to some third location would help our consideration. I will not expand further—members probably realise what I am hinting at. We need to have the opportunity 10 years on, when we are facing such a tight spending review, to do justice to the work that the other committees have done, not least because many of them are now rightly moving to appoint their own budget advisers so that there is an improvement in the quality of what they bring to us.

We have an annual external meeting for stage 2 of the budget process. If members are determined to have another external meeting at that stage, perhaps we could do so, but we should not in any way squeeze the time for consideration of what other committees have said. Throughout the process, one thing that we have tried to do is increase subject committees' willingness to

engage with the financial aspects of their programmes. We must match that with the seriousness with which we consider the issues that are raised. Indeed, holding a meeting in Edinburgh would at least allow other members or other subject committee members who have a particular interest to come along.

Dr Murray: I tend to agree. There is no particular merit in having an external meeting simply because we feel that we must have an external meeting. The committee has been willing to travel to other areas and so on. If there is to be an external meeting, people from the community who might want to attend should be able to offer their input, which is what happened at the meeting in Motherwell, where we learned something about the area. It would be pretty pointless to sit and discuss meetings of subject committees at an external meeting.

On where the Finance Committee has gone for external meetings in the past, it is obvious and notable that we have not gone to any inner-city environments, to a deprived area in a city or to an urban environment. If we are considering an external meeting, going to such a community and taking evidence on something that is relevant to that community would be appropriate, rather than boring everybody by chatting about committee reports.

The Convener: In the past at external meetings, there have been workshops in the morning and afternoons have been devoted to the committee's work. However, I take Wendy Alexander's point. If we want to spend a fairly substantial amount of time considering subject committees' responses, it might be worth doing so at a meeting in Edinburgh and perhaps deferring our external evidence gathering until the second stage of the budget process. That might be more relevant for external people anyway because we would be dealing with the level of the budget that would fit in more with local decision making.

Jeremy Purvis: I agree with much of what has been said. I do not know whether members share my view, but I thought that the quality of the responses that we received from the subject committees this time round varied. The fact that there was no consistency of approach is probably more worrying. As we are starting a new stage, we should work more to structure our relationship with other committees. Perhaps we should go back and work on the information that we provide in the first place, so that committees have a clear idea of what we want them to feed in. I recollect that even committees with advisers found it quite difficult to understand what we wanted, and we then had difficulty in incorporating things into our process. That could be an important issue, especially given that there will also be a spending review at the time.

I endorse Elaine Murray's views on our meeting outside Edinburgh. It would be best if we met local groups or professionals in the area who can tell us straight about their difficulties and the budget process's impact on them. One issue that we discussed at Motherwell was levels of co-ordination between different agencies, especially under joint commissioning. We have let that issue drop a wee bit. Visits that involve joint agencies and communities that receive funding from the Government for projects would be useful.

10:30

My final point is more general. How can we stimulate public debate in relation to the budget process? I am a new member and it was a surprise to me to discover that budget debates in the chamber and in committees attract less public interest than any part of the parliamentary process. The situation should be the reverse, especially given that there will be a spending review. We have an opportunity to take the lead, perhaps by recommending that other parties could lodge amendments to the proposals in the stage 1 and stage 3 debates. I would find it useful if other parties suggested alternatives for the committee or the Parliament to consider. At present, the debates are fairly staid. We may be doing a worthwhile job in relation to the budget process, but our procedures are not open enough to allow people to link in.

Fergus Ewing: I agree entirely with Wendy Alexander that there does not seem to be any demonstrable reason for a trip out of Edinburgh. Such a trip would not offer the prospect of enhancing our work.

I want to ask the wider question of what is the point of the work that we are setting out to do and what can emerge from it. Our work on Scottish Water has a clear focus. The conclusions that we reach will be up to the committee, but the inquiry has exposed an extremely interesting and potentially useful series of arguments and facts. Equally, our work on the Executive's relocation policy has a clear purpose and, at the end of it, we may pursue a different policy, if we wish. However, my experience of the budget process on various committees has left me asking what the point was and how we benefited from it.

Part of the issue is that the task of considering very large numbers does not in itself seem to be purposive. We must get into more detail if we are to recommend, for example, that £100 million should not be spent on a certain thing and that it might be better spent elsewhere. The thrust of the advice that we had from the economists in the initial trawl was that spending does not seem to be focused on the priority of growing the economy or on other priorities, if the Executive has other priorities. I am left asking what the purpose of the

process is, and I am afraid to say that I am not convinced that we will necessarily achieve anything through it—I thought that I had better spit that out.

To my mind, it might be better to consider the finances of quangos such as the Scottish Environment Protection Agency, SNH or the Forestry Commission Scotland. Tavish Scott's argument, which is an argument that Wendy Alexander used to use when she wrote to me in another capacity, is that we should not micromanage other people's jobs or tell quangos what to do. That is an answer of a sort and I can see the point, although I do not agree with it. However, given that quangos deal with huge amounts of money, that they do not seem to be subject to a great deal of democratic scrutiny, and that they act independently of Government, it is the Parliament's job to find out what they are doing. As many quangos' spending is extravagant and out of control, we would be better having another inquiry like our inquiry into Scottish Water. We could examine either one quango or a range of them.

I do not expect members to agree to my suggestion as an alternative to the budget process and I am not sure that I am proposing it as such. However, such an examination should be part of the budget process; if it is not, we will miss out on holding to account bodies that account for a huge swathe of Scottish expenditure. We will miss an opportunity if we do not decide to grapple with those issues at an early stage in this session of Parliament. I hope that we can find a way, on which we can all agree, to examine quangos. In the past, the process has overlooked and neglected to deal with that important aspect of Scottish finances.

Ms Alexander: It would be helpful if the clerks asked the budget adviser to consider, in preparing his paper for next week, the issue that we are all grappling with, which is how we can encourage committees to anticipate the spending review and to offer suggestions about priorities in advance of the budget process. I accept that the adviser may not be able to incorporate all that into the paper and that we might therefore want to return to the issue in our discussion next week. Jeremy Purvis made the helpful point that we should try to impose order on the process by encouraging committees to adopt a slightly more standardised approach to their budget consideration. If committees want to influence what ministers are doing, they must make their views known in advance of the spending review rather than after it; the opportunity to do that arises only once every three years. We should put a little time into thinking about how we can help the committees to do that.

Some of the frustration that Fergus Ewing talked

about arises because we scrutinise retrospectively rather than intervene proactively in advance to make suggestions about allocations. For example, I am thinking about the recent controversy over the criminal justice budget, which involved the balance between custodial and non-custodial sentences and the balance of lengths of custodial sentences. We should ask the budget adviser, in addition to what he proposes to do, to suggest how we might offer guidance to other committees about how they give us recommendations on the spending review and—perhaps more important—how they engage with their respective departmental ministers on the reallocation of spending in the run-up to the spending review.

Comments of great wisdom have been made that our meetings outside Edinburgh should be held at stage 2, when communities will have specific proposals on which to comment.

On Fergus Ewing's point, there is a great risk that we scrutinise what is easy and visible and not what is tough. The bottom line is that, if the Cuthberts had not ferreted around in what they thought were internal Government processes, we would not have been aware of those processes. We can compel Alan Alexander and the water industry commissioner for Scotland to come to the committee, but it is much more difficult to scrutinise the opaque parts of the Executive. However, that does not mean that we should not do that.

Our overriding priority between now and the autumn is to try to shape the spending review, although I am not against our considering a quango a year. SEPA is within the Scottish Executive Environment and Rural Affairs Department budget, the overwhelming issue in relation to which is the agriculture spend. I venture to guess that, in order-of-magnitude terms, that spend is 20 times the budget of SEPA; indeed, I am sure that that is a conservative estimate. As a result of the reform of the common agricultural policy, considerable opportunities will arise in relation to how that money is spent.

It would be a great mistake if we chose to cherry pick the parts of the budget that are easy, rather than the parts of the budget that are important but difficult. Considering the SEERAD budget would be immensely tougher but immensely more productive than considering SEPA's budget would be, because of the orders of magnitude that are involved. I hope that some of those issues will emerge from our advance consideration of the spending review in May and June. Perhaps a compromise would be to examine a quango a year, although we can discuss that issue in September. I caution against cherry picking the light, easy and highly visible fruit, given that, as we have demonstrated this year, the tougher issues are in much less visible parts of the budget.

The Convener: For information, the intention is that our budget adviser will speak to the other committees and seek to co-ordinate with them and their advisers the way in which they consider the review process.

Jim Mather: The exchange has been useful. The paper from the clerk suggests that we ask the adviser to produce a paper that reviews the Executive's budget strategy. It would be useful for us to define the context in which we want that to be done. In particular, I mean the context of growing the economy, upgrading Scotland's competitiveness and examining the long-term effectiveness of spending. Within that structure, it will be much easier to encourage committees to approach their budget consideration in a standard, structured way and to give full consideration to those three key issues. We must also factor in promotion of the consideration of other benchmarks and the production of comparative data to allow us to see trends.

On the second point in the paper's conclusion, there is an opportunity for us to ensure that the witnesses are genuinely representative of Scottish society. Including people from the Scottish Trades Union Congress, the Scottish Council for Voluntary Organisations and business organisations is important. In addition, I would be keen to see some continuity figures from what we have done on the budget consideration in the current year. We should speak to people such as Donald MacRae and the gentleman from DTZ Pida Consulting, whose name I forget for the moment.

The Convener: Peter Wood.

Jim Mather: Yes, Peter Wood. We should speak to such people about examining what quangos and departments are doing. If we had that defined context and could focus on growing the economy and upgrading Scotland's competitiveness, it would be much easier to review quangos and departments at macro level in line with those objectives, especially if we had the right mindset. If we can get everybody working towards those targets as key measurements, we will all be speaking a common language and we will have a common mechanism for measurement.

The Convener: I agree with that, but I am not sure whether it can be done in the time frame that is required for the exercise. Something like that is what I want to see coming out of the growth review, which is the inquiry that we are committed to working on. We have a relatively restricted time frame in which to be influential in the context of the spending review. I wonder whether, in that context, we need to do as Wendy Alexander suggested—to get focused expert views in the evidence-taking session—so that we can get down to details with people. However, there is nothing to stop us seeking advice in the form of written

submissions from other representative agencies so that we can take their views into account.

Dr Murray: I have some reflections on the possibility of influencing the spending review. Some of the discussions will already be under way. I know from my recollections of two years ago that civil servants and ministers will already be looking at the spending review and possible proposals, even in advance of knowing what is happening at United Kingdom level, so that they are able to respond. I am therefore not sure how great a possibility there is that we can influence the process now. In a sense, one needs to be involved in that influential process earlier than this. To a certain extent, we have missed the boat, but that has happened for a lot of other reasons, such as the timing of elections.

We tried last time to get the committees to make a structured response on the budget. We put a number of questions to the committees, but they did not respond along the lines of those questions. One of the problems is that the committees feel that scrutiny of the budget is somehow imposed on them by us, or by the process, and they do not take it to their hearts or feel that they have ownership of it. In part, that may be because budget scrutiny does not fit in well with the committees' timetables for legislation or other work, so it can be quite difficult. Perhaps some thought needs to be given to how we engage other committees in wanting to consider budgetary issues. I felt that such work was seen as a bit of an add-on, as far as some committees were concerned.

Jeremy Purvis: Other than noting the entertaining experience of listening to Fergus Ewing ask what the point of the budget process is unless we have an inquiry into the Scottish Executive's stated priority to grow the economy—exactly the inquiry that he is saying is a waste of time—my only other observation is that paragraph 5 suggests that we

“concentrate on assessing the Executive's performance in meeting its stated priorities”.

We could have a role in examining one of the areas that is slightly opaque, as Wendy Alexander said. I would have thought that the new performance unit was integral to the very process that Elaine Murray has been talking about—how the Executive itself determines whether it has been successful in certain areas. I would like to receive evidence from that unit or to visit it to see how it operates in practice. That would be interesting and could shape our further discussions. If we know the criteria that the Executive uses to judge its success or failings, we will be able to judge whether it is going in the right direction.

10:45

John Swinburne: We should follow up Fergus Ewing's suggestion about quangos. The public are very aware of quangos and the amount of money that they spend. If we could get a paper drawn up to give us a list of all the quangos in Scotland and the amount of expenditure that they have in their budgets, that would give us an idea of whether it would be worth our while going down that road and of whether we should look at the agricultural budget, which, as Wendy Alexander has said, is 20 times larger than SEPA's budget. We need to know whether it is worth concentrating some of our time on that type of expenditure, which, by the way, is an undemocratic way of spending the country's money.

The Convener: We are not, at this stage, discussing prospective future inquiries, although the points that have been made could be fed into that debate.

I would like to draw together the strands of our discussion so far. I think that everybody is happy for us to ask the committee's adviser to produce a paper reviewing the Executive's budget strategy, so perhaps we should try to feed into that a couple of the points that Jim Mather made. We will get two papers—a trends paper at next week's meeting and a review of the budget strategy, I hope, on 23 March, which should be helpful.

There was a general view that we need to focus on getting evidence, and the kinds of witnesses that were being suggested were acceptable to the committee. However, we might add to that by seeking written submissions from a number of key audiences, such as business and trade union organisations; we shall try to draw up a list of those.

There was a view that we should not have the meeting outside Edinburgh at this stage in the review process, but that we should defer that until September or October, when we will be at stage 2 of the budget process. We shall look then at where we should go and how we should handle that.

I am quite anxious to get two bites at ministers. We need to take a bite at an early stage by asking ministers questions about the way in which they want to handle the spending review and what their preliminary priorities are, so that we can conduct our scrutiny process. We could then come back at the end of that scrutiny process, when we have taken a wee bit more evidence, and use that evidence as another way to cross-test what ministers are up to. Perhaps we can think about designing the process in that way, if members are agreeable. Are members happy with that general approach?

Members indicated agreement.

Item in Private

10:48

The Convener: The final item on our agenda is to consider whether to take the draft report on the Fire Sprinklers in Residential Premises (Scotland) Bill in private at a future meeting. I have not yet completed my discussions with the convener of the Communities Committee, which is the lead committee on the bill. There are, as I think we highlighted, a number of procedural issues that we need to sort out with regard to the way in which such bills are handled. However, I am concerned that the committee should not delay the process of Michael Matheson's bill. We need to find a way of completing our discussions about how such bills might be handled in the future, but to do so in a way that does not cut across Michael Matheson's bill going to the next stage, which will be its consideration by the Communities Committee.

Fergus Ewing: For the record, I would prefer to have our discussion in public, but I guess that there is no point in having yet another vote. I shall not push the matter to a vote unless anyone else wants to do that.

I agree that we should be concerned that MSPs who introduce bills should have the same rights and the same chances as the Executive has. Partly because of the standing orders and the procedure that we are obliged to follow, which mean that we have to do a report in a short timescale, and partly because the Executive, for whatever reason, did not submit its figures and its view of the cost implications, we are not in possession of the information that we should have if we are to do our job properly.

In particular, if we had had the Executive's view on the estimated costs of installing sprinkler systems in the establishments to which the bill applies, we would have been in a stronger position when taking evidence. The Executive has to do better if members of the Parliament are to have a fair opportunity to do their work. Michael Matheson has been working on this extremely serious matter over a long period and the Executive must do better in the future if such important legislation is to pass through Parliament.

The Convener: A number of issues have arisen from our scrutiny of bills and members have had several concerns; we can look at how members' bills are treated in that context. It is not standing orders that constrain us so much as our wish to get our report to the Communities Committee for its consideration—we are concerned about our job in relation to that committee's job. Standing orders govern what the Communities Committee does more than they govern what we do. We need to

put in place arrangements that meet the requirements and which are fit for purpose. The way in which the matter has arisen demonstrates that that has not yet happened, but we can sort it out.

Do members agree to take the draft report on the Fire Sprinklers in Residential Premises (Scotland) Bill financial memorandum in private?

Members *indicated agreement.*

Meeting closed at 10:51.

Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice at the Document Supply Centre.

No proofs of the *Official Report* can be supplied. Members who want to suggest corrections for the archive edition should mark them clearly in the daily edition, and send it to the Official Report, 375 High Street, Edinburgh EH99 1SP. Suggested corrections in any other form cannot be accepted.

The deadline for corrections to this edition is:

Tuesday 9 March 2004

Members who want reprints of their speeches (within one month of the date of publication) may obtain request forms and further details from the Central Distribution Office, the Document Supply Centre or the Official Report.

PRICES AND SUBSCRIPTION RATES

DAILY EDITIONS

Single copies: £5

Meetings of the Parliament annual subscriptions: £350.00

The archive edition of the *Official Report* of meetings of the Parliament, written answers and public meetings of committees will be published on CD-ROM.

WHAT'S HAPPENING IN THE SCOTTISH PARLIAMENT, compiled by the Scottish Parliament Information Centre, contains details of past and forthcoming business and of the work of committees and gives general information on legislation and other parliamentary activity.

Single copies: £3.75

Special issue price: £5

Annual subscriptions: £150.00

WRITTEN ANSWERS TO PARLIAMENTARY QUESTIONS weekly compilation

Single copies: £3.75

Annual subscriptions: £150.00

Standing orders will be accepted at the Document Supply Centre.

Published in Edinburgh by The Stationery Office Limited and available from:

The Stationery Office Bookshop
71 Lothian Road
Edinburgh EH3 9AZ
0870 606 5566 Fax 0870 606 5588

The Stationery Office Bookshops at:
123 Kingsway, London WC2B 6PQ
Tel 020 7242 6393 Fax 020 7242 6394
68-69 Bull Street, Birmingham B4 6AD
Tel 0121 236 9696 Fax 0121 236 9699
33 Wine Street, Bristol BS1 2BQ
Tel 01179 264306 Fax 01179 294515
9-21 Princess Street, Manchester M60 8AS
Tel 0161 834 7201 Fax 0161 833 0634
16 Arthur Street, Belfast BT1 4GD
Tel 028 9023 8451 Fax 028 9023 5401
The Stationery Office Oriel Bookshop,
18-19 High Street, Cardiff CF1 2BZ
Tel 029 2039 5548 Fax 029 2038 4347

The Stationery Office Scottish Parliament Documentation
Helpline may be able to assist with additional information
on publications of or about the Scottish Parliament,
their availability and cost:

Telephone orders and inquiries
0870 606 5566

Fax orders
0870 606 5588

The Scottish Parliament Shop
George IV Bridge
EH99 1SP
Telephone orders 0131 348 5412

RNID TYPETALK calls welcome on
18001 0131 348 5412
Textphone 0845 270 0152

sp.info@scottish.parliament.uk

www.scottish.parliament.uk

Accredited Agents
(see Yellow Pages)

and through good booksellers