

FINANCE COMMITTEE

Tuesday 20 November 2007

Session 3

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FINANCE COMMITTEE

9th Meeting 2007, Session 3

CONVENER

*Andrew Welsh (Angus) (SNP)

DEPUTY CONVENER

*Elaine Murray (Dumfries) (Lab)

COMMITTEE MEMBERS

*Derek Brownlee (South of Scotland) (Con)

Joe FitzPatrick (Dundee West) (SNP)

*James Kelly (Glasgow Rutherglen) (Lab)

*Liam McArthur (Orkney) (LD)

*Tom McCabe (Hamilton South) (Lab)

*Alex Neil (Central Scotland) (SNP)

COMMITTEE SUBSTITUTES

*Roseanna Cunningham (Perth) (SNP)

Ross Finnie (West of Scotland) (LD)

Murdo Fraser (Mid Scotland and Fife) (Con)

Peter Peacock (Highlands and Islands) (Lab)

*attended

THE FOLLOWING GAVE EVIDENCE:

John Swinney (Cabinet Secretary for Finance and Sustainable Growth)

John Williams (Scottish Government Finance Directorate)

CLERK TO THE COMMITTEE

Susan Duffy

SENIOR ASSISTANT CLERK

Mark Brough

ASSISTANT CLERK

Allan Campbell

LOCATION

Committee Room 4

Scottish Parliament

Finance Committee

Tuesday 20 November 2007

[THE CONVENER *opened the meeting at 14:00*]

Subordination Legislation

Budget (Scotland) Act 2007 Amendment Order 2007 (Draft)

The Convener (Andrew Welsh): Good afternoon and welcome to the ninth meeting of the Finance Committee in the third session of the Scottish Parliament. I ask members and members of the public to turn off mobile phones and pagers. We have received apologies from Joe FitzPatrick. I welcome as his substitute Roseanna Cunningham.

Agenda item 1 is consideration of the Scottish statutory instrument that provides for the autumn revision of the 2007-08 budget. The draft Budget (Scotland) Act 2007 Amendment Order 2007 is an instrument subject to the affirmative procedure, which means that the Parliament must approve it before it can be made and come into force. We have before us a motion in the name of the Cabinet Secretary for Finance and Sustainable Growth, John Swinney, which invites the committee to recommend to the Parliament that the draft order be approved.

Before we come to the debate on the motion, we will have an evidence-taking session to clarify technical matters and to allow explanation of detail while officials are at the table. The committee will note that officials cannot participate in the debate once the motion has been moved.

The Subordinate Legislation Committee has considered the order and has raised two drafting points in its report, an extract of which has been circulated to members.

I welcome to the committee John Swinney MSP, the Cabinet Secretary for Finance and Sustainable Growth; John Williams, head of finance co-ordination in the Scottish Government; and his colleague Martin Bolt, also from finance co-ordination. I invite the cabinet secretary to make an opening statement explaining the instrument.

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): Thank you, convener. It is a pleasure to be here to set out the terms of the autumn budget revision on behalf of the Government. This is the first of two routine revisions to the budget that occur in-year.

The second is the spring budget revision, which is normally laid in late January.

The 2007-08 budget was originally approved on a departmental basis. The main purpose of this year's autumn budget revision is formally to re-present the budget on the basis of the new Government's portfolio structure. New table 1.10, on page 12 of the supporting document, sets out how the 2007-08 budget as originally approved has been restated to reflect the portfolio structure of the new Administration. It should be noted that the restructuring is not strictly comparable with annex A of the draft budget 2008-09, which was published last week. There is no separate local government portfolio in the 2007-08 budget, and specific grants remain with relevant cabinet secretaries' portfolios. There are no changes in the levels of expenditure as a result of the restructuring.

The main changes in levels of expenditure reflect technical changes that are covered by the transfer of budget provision from Her Majesty's Treasury. There are also a number of other changes to reflect policy commitments of the new Administration, the recent announcement of additional funding of £100 million for higher and further education and some accelerated Cabinet expenditure that was approved by the previous Administration.

The changes in expenditure that are proposed in the autumn budget revision result in an increase in the approved budget of approximately £1.129 billion, from £29.774 billion to £30.903 billion. That is net of additional funding of £319 million from national insurance contributions, which is treated as income for the purposes of parliamentary control. Gross expenditure is increasing by £1.448 billion.

The brief guide to the autumn budget revision that my officials have prepared sets out the background to the details of the main changes that are proposed. The largest part of the increase is accounted for by transfers of provision by the United Kingdom Government to fund a revised pension forecast for teachers, national health service staff and staff connected with the Scottish agricultural and biological research institutes, amounting to £1.011 billion in total. There are further minor transfers of about £20 million.

After those transfers are taken into account, a net increase of approximately £417 million is left, which is to be funded from draw-down of end-year flexibility balances. In order to cover that increase and the previous Administration's original budget overcommitment of approximately £220 million, a total of £655 million will be drawn down from our EYF balances as given in Westminster's winter supplementary estimates. That will mark a significant reduction, from just over £1.5 billion to

approximately £900 million, in our published balance held at Her Majesty's Treasury. As the committee will be aware, I have successfully negotiated access to all of that remaining balance over the next three years in order to supplement the very tight comprehensive spending review settlement for that period.

No new announcements or initiatives appear in the figures that the committee is scrutinising today—the revisions reflect decisions or announcements that the Government has already made.

Tom McCabe (Hamilton South) (Lab): Good afternoon. I have a general question on capital grants, for which there is fairly significant provision of around £350 million. There is not insignificant slippage of about £90 million in direct capital for the NHS. I know that some of the projects in question were approved at an earlier stage, but given that we are quite late in the financial year, what is the likelihood that those capital grants will be spent? If they are not spent, how will that impact on the money that is held at the Treasury? You have already announced an agreement to draw money down, in the hope that the total sum reduces, but if we keep adding to the total sum—because, for example, we are unable to spend capital—that will be an uphill task. In general, how do you feel about our ability to spend the money? What do you think the final outcome will be as regards the total sum that is held at the Treasury?

John Swinney: The £90 million reduction in NHS capital spend that you mentioned is largely accounted for by the failure of major hospital development programmes to progress as far as had been envisaged. I am referring to the new sick children's hospital and the redevelopment of the Southern general hospital in Glasgow and of Dumfries and Galloway royal infirmary.

The consequences of slippage in those capital programmes are twofold. First, those capital programmes have been included in the spending review that I announced to Parliament last Wednesday. Secondly, as is clear from the autumn budget revision, there have been significant transfers of some of those resources to fund other capital programmes, for example in the field of affordable housing, in an effort to accelerate such activity in the short term. I hope that such pragmatic realignment of spending within capital programmes will ensure that we can use resources when they are available.

As I set out to Parliament last week, I am keen to minimise the amount of resources that we hold at the Treasury because holding resources at the Treasury tends to lock in our financial flexibility. My expectation is that once we have completed the draw-down for the present financial year, for which the autumn budget revision makes

provision, we will have £874 million left at the Treasury. We have a programme for drawing down the remaining amount over the next three years, but obviously that is subject to our not adding to those EYF funds. I am trying to be as effective as I can in ensuring that we minimise the amount of resources that we pass back into EYF at the Treasury; we will see where we are at the end of the financial year. That is the direction that I am taking to minimise underspend and to ensure that we fully utilise the resources that we have at our disposal.

Tom McCabe: I have every respect for your determination but, unfortunately, history is not on your side. We will see what happens.

I appreciate your explanation about the ability to vire funds, which is just good management. However, it is November and even if you were to vire money across to affordable housing today, that would present a difficulty, because the chances of spending that money to any significant extent are limited. That is the case for a range of reasons, not the least of which is that, because we do not know what kind of winter we will have, we do not know how many houses it will be possible to build before the end of the financial year. Viring money between programmes this late in the day presents a difficulty.

John Swinney: If I were sitting here to talk about the spring budget revisions, I would have to concede that our ability to spend money would be limited, but the decisions have been taken sufficiently early in the financial year, to take account of that issue. Some of the steps to make that possible have been taken timeously to allow us to spend in this financial year. However, you make the fair point that the next few months will determine our ability to do that.

Tom McCabe: Am I right in saying that you do not expect significant amounts of the capital that is being transferred to end up being transferred to resources in the Treasury?

John Swinney: I hope very much to avoid that.

Alex Neil (Central Scotland) (SNP): I will ask for clarification about pensions, which are a given. Is the additional demand for the pension funds a one-off, or are we likely to face a repeat of it?

John Swinney: My experience over the years on the Finance Committee was that quite substantial changes in pension provision within the year were a pretty regular occurrence. Those programmes are demand led and are arranged through annually managed expenditure, so such changes to provisions are not unexpected, although they might not be frequent.

Alex Neil: My second question is about the additional expenditure that is to be made between

now and the end of the financial year. Will the normal good-practice standards of public procurement prevail? We will not ship money out of the door just for the sake of it. [*Laughter.*] There is no election coming up, so we are okay.

Tom McCabe: Alex Neil was doing okay until then.

John Swinney: I assure Mr Neil that the standard approach to procurement will be maintained throughout all the expenditure that is envisaged under the autumn budget revisions. We have testing procurement standards that apply in all cases. The tests for the capital programme are acute, so the short answer to the question is yes.

Roseanna Cunningham (Perth) (SNP): I will pick up on the same general issue of the ability to spend capital in a relatively short timescale. It will not surprise the minister to know that I will ask a question that might otherwise be asked at the Rural Affairs and Environment Committee. It appears that the increase of £11.3 million in the money that is set aside for the Forestry Commission Scotland to make woodland grant payments and so on needs to be spent by the end of the financial year. What discussions have you had with the commission about its ability to spend that money? Are you confident that that money can be spent in that short time because that is already happening? How will that work with the climate change objectives? It is early doors in connection with that policy.

John Swinney: My answer follows up my earlier response to Mr McCabe. Several such decisions were taken early in the financial year. I was on the receiving end of information at the end of the first quarter of the financial year—at the end of July—that was based on information at the end of June. That showed that performance in some areas was unlikely to reach what was budgeted for, so the opportunity was available to support other programmes that were capable of being supported in the financial year and which passed the tests of procurement to which Mr Neil referred and which the Government must follow. The decisions were taken early enough in the year to ensure that the money could be spent.

One critical test is whether the way in which we spend resources fits and supports the Government's political direction. Expenditure on the forestry development programme supports the Government's objectives on climate change.

As the spending review document that was published last week makes ever clearer and sharper, we are trying across a range of different portfolios to align the spending of public money much more with the Government's five strategic objectives to ensure that everything fits together more cohesively. Anyone who looks at the

programme will see how the Government has established compatibility between different items of expenditure and the different policy areas.

14:15

James Kelly (Glasgow Rutherglen) (Lab): I seek clarification about the £655 million to be drawn down from the end-year flexibility balances. As paragraph 4 of the Scottish Government's briefing note points out—and as you made clear in your opening statement—additional funding of £417 million will be required after the various transfers have been taken into account, along with a further £220 million for budget overcommitments. However, that total figure of £637 million is £18 million less than the amount you say will be drawn down from EYF balances. What is the reason for that difference?

John Swinney: I have to say that I asked the same question when I saw the briefing note. The balance between the figures to which you have referred relates to a non-cash item for Scottish Enterprise, and such items are not presented in the autumn budget revision.

James Kelly: Why not?

John Swinney: John Williams can provide more information about that.

John Williams (Scottish Government Finance Directorate): Such items are presented neither in the autumn budget revision nor in the original budget that the Parliament approves and which sets out the money that goes to other bodies. Although the Parliament approves the grant in aid in the budget bill, what counts with regard to our control by the Treasury is the full resource accounting basis of our non-departmental public bodies. The budget bill always contains a table that shows the difference between the cash paid out to NDPBs and the resource costs that, as I have said, are what count against our Treasury allocation. Last year, it was agreed that we draw down an additional non-cash item for Scottish Enterprise, as it was having trouble with that part of its business.

James Kelly: For my own information, will you define a non-cash item?

John Swinney: It will be something like a capital charge. The various capital charge items are, I suppose, internal accounting measures between us and the Treasury and, as John Williams has pointed out, are set out separately. It is not an ideal way of presenting a lot of this information, and I sympathise with the point that these matters should be seen to fit together in a very clear and obvious way. However, because of the Treasury's accounting requirements, we have

to show information on one basis for it and on another basis for presentation to Parliament.

Alex Neil: Two years ago, Scottish Enterprise got into a lot of difficulty over underestimation with regard to resource accounting and budgeting. At the time, a recommendation was made that threw into question the appropriateness of RAB for development agency budgets. Indeed, compared with the way in which some regional development agencies south of the border are accounted for, Scottish Enterprise and Highlands and Islands Enterprise might well have been placed at an unfair disadvantage. The cabinet secretary and his team might want to have another look at the matter.

John Swinney: We can certainly do so, but I am confident that we have put in place rigorous financial control arrangements in all areas of the budget. The reporting to Parliament of how resources are spent under those arrangements is very important.

Elaine Murray (Dumfries) (Lab): I have one or two more questions about Scottish Enterprise. Page 34 of the budget revision document indicates that there are significant transfers to Scottish Enterprise and, to a lesser extent, to Highlands and Islands Enterprise. There is a £33.8 million capital grant for the Scottish Enterprise network and an £8.2 million capital grant for the Highlands and Islands Enterprise network. There is also a £32 million transfer from the Scottish Further and Higher Education Funding Council to the Scottish Enterprise network. Can you give us details on those transfers?

John Swinney: A transfer of £66.6 million from the Scottish funding council to Scottish Enterprise—actually, it is to the finance and sustainable growth portfolio—is set out on page 50 of the budget revision document. A decision was taken in 2006-07 to allocate additional resources to the funding council to address pressures that arose during the academic year that ended in August 2007. The decision was made on the basis that there would be a transfer back to the enterprise budget at this stage.

Elaine Murray: It is a repayment.

John Swinney: Exactly. It is a repayment. A pragmatic arrangement was arrived at in 2006-07 and the transfer back is its flip-side. It is essentially a reallocation of resources in that context.

Of that money, £29.8 million is for a variety of capital projects that Scottish Enterprise is taking forward, particularly in relation to regeneration and research, and £4 million is being allocated for the building of the new informatics facility at the University of Edinburgh. The transfer also supports renewable energy projects, which I have taken forward, and some projects to improve the

connectivity of schools and public sector sites in the Highlands and Islands and in the south of Scotland, which may be of more than passing interest to Dr Murray. There is also a significant transfer of £18 million from the funding council to the Scottish venture fund, which is an equity investment initiative that is organised by Scottish Enterprise.

Elaine Murray: So none of that money will finance the changes in the enterprise network—it is all being allocated prior to that.

John Swinney: Yes.

Elaine Murray: While we are on the subject of broadband, I see that the pathfinder project, which is important in my constituency and probably also in yours, is getting an additional £20.5 million. Is there any further information on that expenditure?

John Swinney: It is focused predominantly on improving connectivity in schools and various public sector sites in the Highlands and the south of Scotland. A £3.5 million fund is available for rolling out broadband to people in hard-to-reach locations. That is being procured as we speak and will be available as soon as the procurement exercise is completed.

Elaine Murray: That is one that I am interested in. I probably ought to mention Ewes, near Langholm, which I have been continually bombarded with questions about. Alternative technologies are required to provide broadband in communities that cannot be connected through the wires.

John Swinney: A £3.5 million fund is currently being procured. These things take time—I reassure Mr Neil that the proper procurement processes are being undertaken. The funds will be available when the procurement process draws to a conclusion.

Liam McArthur (Orkney) (LD): I have a question on the pathfinder project. The decision was made to allow the local authorities involved to handle the procurement process. How is the transfer being effected? Will it not be via the local government bodies rather than directly from the Scottish Government?

John Swinney: We may be talking about two different things. There is a broadband pathfinder project, which is in the budget revision, and there is another pathfinder project that is about collaboration between different public agencies. I may have misinterpreted what you are talking about.

Liam McArthur: I am talking about the broadband pathfinder project.

John Swinney: My apologies. I cannot give you definitive information on the project. The budget

will be deployed to particular partners who have succeeded in the pathfinder project process. The resources will be distributed through those partners by the Government.

Liam McArthur: My understanding was that local authorities in the south of Scotland and in the Highlands and Islands had been handed responsibility for proceeding with the procurement process. In that context, I was interested to see that, in the budget revision, it looks as though it is to be conducted through a direct allocation from the Scottish Government rather than an allocation via the local authorities.

John Swinney: The funding that is included in the budget is required to pay pathfinder project partners for their connectivity contracts. There will be payments from the Government to various pathfinder partners.

James Kelly: I ask for information on a couple of specific lines. On page 26 of the budget revision, there is a decrease of £16.6 million in the cost of capital for motorways and trunk roads. The Government's brief guide spells it out as a decrease in the outturn that feeds through into this year. Are you able to specify what projects have been held up, which has resulted in that decrease in the outturn?

John Swinney: The roads cost of capital is a notional charge of 3.5 per cent of the total asset value of the trunk road asset. What is shown on page 26 simply reflects a lower than expected outturn in 2006-07, which, consequently, affects 2007-08. I cannot give you a definitive answer on what has driven that process—if I may mix my metaphors. I cannot give you an answer today on what has created that situation, but it is a product of the outturn in 2006-07 and the ramifications that that has for the financial year 2007-08.

James Kelly: Is it as a—

John Williams: I may be able to help out. The roads cost of capital is worked out by a model that attempts to calculate the value of the roads network, taking into account the state of the roads network at a particular point in the year. It is recognised that it is quite a volatile area, as it is very difficult to evaluate roads and their condition. That is why the figure still appears under annually managed expenditure—it is not part of the departmental expenditure limit budget. It is recognised that the figure will change a lot from year to year. It is fair to say that it is a matter of pot luck, when the information is put into the machine at the year end, what comes out as the value of the roads network.

James Kelly: So, it is not so much about a delay in road projects; it is more to do with the different factors that you build into quite a complicated model.

John Williams: Indeed.

James Kelly: You run the calculations on a year-on-year basis, and last year's calculation came out with less than what the budget was, which is what was fed through into this year's allocation.

John Williams: Yes. That is exactly it.

James Kelly: Right. Okay. That is fine.

On page 36, we see the figures for the third sector and social enterprise. There is a draw-down of £6.5 million in relation to the third sector. I would like a bit more information on what that is for.

John Swinney: That is for meeting the costs of the project Scotland organisation in 2007-08. There was a transfer from the central unallocated provision for that purpose.

14:30

James Kelly: I will move on to questions on the health and well-being budget. Mr McCabe touched on the £90 million that is being transferred out of capital funding because of slippage in some projects. When those projects kick in, will they kick in at a value greater than £90 million?

John Swinney: It is hard to tell. My instinct is to say that that is likely because the projects will kick in later than was first planned. Budgets change and inflation affects them, but my instinct is to answer yes.

James Kelly: Have you done no forecasting of what the additional cost of those projects might be to enable you to budget for the future?

John Swinney: In essence, that is incorporated in the budget that I set out to Parliament last Wednesday, in the subsequent two-year plans for the different programmes that we will take forward and in the capital expenditure that we will undertake in the next three years. Although the projects have not taken place at this stage, they have been incorporated in the forward plans, and the financial consequences of that are incorporated into those plans, into the bargain.

James Kelly: Are those plans broken down to a level of detail that shows the forecast of what the projects might cost in the future?

John Swinney: A tremendous level of detail lies beneath the budget document that I set out to Parliament last week. That document is, in essence, a construction based on all the detail that relates to individual projects, service provision and budgets for health authorities. That is what the health and well-being budget that we have at our disposal is constructed of.

James Kelly: I appreciate that there is a tremendous amount of detail. However, £90 million is being transferred back to the central unallocated provision as a result of delays in capital projects, so I am trying to establish what value of finance will be required, come the time when those capital projects get going—you said that it will probably be greater than £90 million. I realise that you are not able to provide figures here and now, but do the announcements that you made last week contain the detail that would enable us to establish what finance will be required for those projects in addition to the £90 million?

John Swinney: The budget that I announced last week will fully incorporate the financial consequences—if there are any—of the decisions that were taken in relation to capital programmes. It will all be in the three-year spending programme.

Although we are notionally transferring £90 million into the CUP, we are not doing so in reality because we are moving resources around in order to avoid doing that. The health and well-being contribution to the CUP is, in fact, only £8.4 million because we are allocating resources elsewhere and taking other steps to reduce resources in the CUP. Resources are being allocated to try to maximise the ability to spend on identified programmes in this financial year, which is why affordable housing has had such an uplift.

James Kelly: I appreciate that there are movements up and down from the CUP to allow you to allocate financial resources to projects that have immediate priority. Would it be fair to say that, as the detail of the budget unfolds, the full amount that will be required for the capital projects whose delay has contributed to the £90 million will become apparent?

John Swinney: All I can say is that all the provision for our capital projects is contained in the budget document that I set out last week. It contains a substantial capital allocation for a variety of different public services over the next three years, and captures the cost of delivering those capital projects in the context of the three-year programme.

The Convener: Derek Brownlee has some questions on the education and lifelong learning portfolio.

Derek Brownlee (South of Scotland) (Con): For capital funding for further and higher education, the Government briefing note that provides a reconciliation between the approved budget for 2007-08 and the proposed revised budget suggests that an extra £100 million has been allocated. Does that refer to the £107 million that is shown on page 50 of the autumn budget revision document—where an additional £60

million is given for further education and £47 million for higher education—or should the £100 million be cross-referenced to a different page in the autumn budget revision document?

John Swinney: I just about understood that.

The £107 million is made up of three components: £60 million of additional funding for colleges; £40 million of additional capital funding for higher education institutions; and £7 million as a contribution to the capital costs of the Scottish centre for regenerative medicine, which is at Little France.

Derek Brownlee: I was confused by the £7 million figure.

John Swinney: For the record, I point out that the £100 million was a product of this Government's decision; the contribution of £7 million to the Scottish centre for regenerative medicine was the previous Administration's decision, of which we are entirely supportive.

Derek Brownlee: Does all the £100 million relate to acceleration of previously agreed projects or does part of it relate to projects that were in the pipeline but had not been approved?

John Swinney: The £100 million relates to projects that were in the pipeline but did not have financial consent. For example, the budget line for additional capital grant funding for colleges will provide immediate support for projects at Anniesland College, Langside College and Motherwell College. A consequence of accelerating those three projects will be to make it easier to tackle projects in Dundee College, Inverness College, Forth Valley College and Kilmarnock College. The Scottish funding council examines projects that are proposed as candidates for investment. The advantage of the situation in which we found ourselves this year was that we were, knowing how tight the financial settlement would be for the forthcoming three years, able to accelerate a number of the projects because resources became available.

Derek Brownlee: Why was the choice made to accelerate spending on those projects? Were decisions on which projects to accelerate based on their being the most amenable to being commenced this year or was some other method of assessment used?

John Swinney: We chose projects that were at an advanced stage of development. As Mr McCabe pointed out in his initial remarks, if we want it to be likely that we can deliver projects at this stage in the financial year, they must be projects that are closest to being taken further forward. Obviously, the funding council evaluates projects relative to others to ensure that a proper assessment of their value is taken effectively into

account. The funding council will have established some degree of priority for those projects. The advantage for the Government was that, when resources became available, we were able to accelerate some projects. Obviously, that creates a bit of headroom for further activity during the spending review period, which we knew would be a restrictive period.

Derek Brownlee: On a more general point, paragraph 11 on page 4 of the autumn budget revision document refers to the cabinet secretary's June announcement on end-year flexibility. Is that decision for one year only or will it carry over? What is the strategic thinking behind the decision on end-year flexibility?

John Swinney: With end-year flexibility for 2007-08, I decided to hold a resource that the Government could consider for deployment across its priorities, because we are a new Government and want to establish our own priorities on particular policy initiatives. That is the position for 2007-08.

For the three years going forward, I have incorporated into the budget that I set out last week the proportion of end-year flexibility that we have at our disposal—which runs in a sequence of £300 million, £400 million and £174 million—and deployed it within the agreed budgets. The £874 million end-year flexibility is an integral part of the budget allocations that have been given to different portfolios and are funding the Government's priorities, as set out last Wednesday.

The Convener: That looks to the future rather than to the past.

Liam McArthur: Mr Swinney will be aware that, in receiving investment capital funding for upgrading the college estate in the past, some colleges have had the opportunity to examine how they could work more collaboratively. In some instances, mergers have resulted. As part of the process with the funding council, did you explore opportunities for incentivising or providing challenge funding to encourage colleges to consider ways to work more collaboratively?

John Swinney: That relates to two separate questions and processes, although there is a relationship between them—one follows from the other. The Scottish funding council regularly considers collaborative work as part of its normal activity. It certainly does so in the context of the Government's agenda to encourage greater sharing of services among institutions and our significant efficiencies savings targets. All organisations must consider efficient use of resources. The Scottish funding council is no different. For it, that may involve examining the

roles of particular colleges, which is properly an issue for it.

The question that flows from that is this: Where do we invest in the estate? With this tranche of investment, we are able to support and accelerate the progress of a number of projects that have been under development for some time. That is on the basis of views and recommendations that have been expressed by the funding council on the robust projects for us to support. The other side of the coin—colleges working together and sharing services—is something that the Scottish funding council properly takes forward as part of its responsibilities.

The Convener: If there are no other questions, we will move on. I thank Mr Williams and Mr Bolt, who as officials may remain at the table with the cabinet secretary during the next debate but will not be able to speak on the record.

We now move to the debate on the motion. I invite the cabinet secretary formally to move motion S3M-781 and to make an opening statement if he wishes.

John Swinney: I will resist making an opening statement to the committee—much, I am sure, to the disappointment of members.

I move,

That the Finance Committee recommends that the draft Budget (Scotland) Act 2007 Amendment Order 2007 be approved.

The Convener: Commendable reserve. I invite contributions from committee members, and I should point out that, under standing orders, the debate cannot last longer than 90 minutes. That may be temptation beyond belief. Does anyone want to contribute?

Alex Neil: I suggest that we just approve the motion, if everybody is agreed.

Members indicated agreement.

The Convener: In that case, I do not have to ask the cabinet secretary to wind up the debate.

Motion agreed to.

The Convener: The committee will now communicate its decision formally to Parliament by way of a short report. Parliament will then be asked to consider a motion on the instrument next week. Are members content for the report to be circulated and agreed by e-mail?

Members indicated agreement.

The Convener: I thank the cabinet secretary and his departmental officials for their participation.

14:45

Meeting suspended.

14:46

On resuming—

Decision on Taking Business in Private

The Convener: Item 3 is to decide whether to consider in private a paper from our budget adviser at our meeting on 27 November 2007. Our normal practice is to have the opportunity to consider briefings from the adviser in private in the first instance. Do members agree?

Members indicated agreement.

The Convener: Before we move on, Elaine Murray wishes to raise a point.

Elaine Murray: Everyone will be aware that we received the documentation for the budget and spending review last week. I appreciate that the documentation had to be produced in a hurry because constraints from Westminster meant that there was much less time to prepare it. However, other details, which I believe the subject committees—in particular—and this committee will need to do our job of scrutinising the budget, are normally available to committees. We do not, for example, have the level 3 figures. The cabinet secretary referred earlier to the mass of detail behind the budget documentation that we received last week. I am sure that the information exists, but if committees want to make recommendations or amendments, they will be expected not only to say that they want more money to be spent on a particular project but to find out where that money will be transferred from. Level 3 information is important in that regard.

I suggest that the convener write to the cabinet secretary to request details that we and the other committees might need to fulfil our duty to scrutinise the budget. We have also to bear it in mind that the subject committees are required to produce their reports for us before Christmas, so there is a degree of urgency in their getting the information.

The Convener: The suggestion is that we attempt to gain greater clarification—and therefore understanding—for the committee's proceedings. Do members agree to Elaine Murray's suggestion?

Members indicated agreement.

The Convener: If members have any other ideas or comments, please give them to the clerks, who will produce a letter, which I will send to the cabinet secretary. I will inform members by e-mail before that letter is sent out, so it will be circulated. Is that agreed?

Members indicated agreement.

Glasgow Commonwealth Games Bill: Financial Memorandum

14:49

The Convener: Item 4 is to consider our approach to the Glasgow Commonwealth Games Bill, which was introduced to the Parliament on 9 November. The Finance Committee is concerned not with the policy implications of legislation but with the financial implications. We would seek to take evidence from any bodies upon which costs will fall and from Scottish Government officials, rather than from ministers. As members are aware, we have a three-level approach to scrutiny of financial memorandums. The paper from our clerk suggests that we adopt level 3 scrutiny in the light of the level of public expenditure that will be associated with the bill. That means that we would take oral evidence from relevant organisations and then produce a report for the lead committee. I suggest that we take oral evidence from Scottish Government officials, Glasgow City Council and the organising committee, Glasgow 2014 Limited.

Liam McArthur: I am conscious of the controversy over the Olympics. I would not want to make any connection between the bill and London 2012, but there are concerns about the impacts in the wider Scottish context. Off the top of my head, I do not have any idea who might be brought in to provide input into proceedings on it, but if we simply focus on Glasgow because it is Glasgow 2014 we might end up missing a trick.

Alex Neil: It might be an idea to include national lottery people to ask them why there has been no contribution from the national lottery, despite its having made substantial contributions to funding the Olympics.

Elaine Murray: The other suggestion—although it may not exist by 2014—is that we take evidence from sportscotland, which at least ought to give us some insight into the effects of the games on community sport and so on, or into how those effects might be addressed to ensure that they are not diminished.

The Convener: I remind the committee that we are in danger of getting into policy issues—we are supposed to consider finance. If I read members correctly, you are looking for a wider view to ensure that our debate is informed by problems elsewhere and that we get to the heart of the matter with respect to finance.

Liam McArthur: It may have been slightly opportunistic, but people in Aberdeen have talked about a 50m swimming pool and training facilities. That is an example of what could be available throughout the country. Could we take evidence,

for example from the Convention of Scottish Local Authorities, to give us a view that is wider than that of Glasgow City Council?

The Convener: I suggest that the clerks give some thought to that. I do not want to stray into policy, but I take your point that we must have as clear a view and as much information as possible about the financial implications. If we have too narrow a view we may miss something. However, we have to be careful from whom we take that wider information, and what that information is.

Alex Neil: That is why I would like to hear from the national lottery why—so far—there has been no commitment to help fund the Commonwealth games. That is a financial issue.

The Convener: It might be useful to call for written evidence. Members could concentrate their thoughts on where we could get information that would supplement and improve what we get from the oral session. In other words, we are looking at the financial problem as a whole. If members have any ideas, they should let the clerks know. At a future meeting, we could consider whether to take written evidence from any of those sources. Is that agreed?

Elaine Murray: There are specific questions about the lottery but COSLA, sportscotland and so on would be in a position to comment on the financial memorandum. We could invite them to give written evidence.

The Convener: Yes.

Liam McArthur: In the case of the national lottery, I suspect that the process would be more interrogative than simply a matter of receiving written evidence.

Alex Neil: I would like the national lottery to give oral evidence on why we are not getting funding from it for the Commonwealth games.

The Convener: I think we are moving into the politics—

Alex Neil: The politics of it matters. The Commonwealth games are two years after the Olympics, and there has been no commitment from the national lottery. Substantial amounts of money—money that may well impact on funding for sport elsewhere in Scotland—are going to the Olympics. It is fair to ask why the Commonwealth games are not getting any lottery funding.

The Convener: Would the committee consider writing to the national lottery to ask such a question?

Alex Neil: Liam McArthur is right—we should ask them to come to the committee and answer questions.

Liam McArthur: I will fulfil Alex Neil's usual role—as he is performing another one at the moment—and offer a compromise. We could ask them to provide written evidence on that specific question, and if the committee is not satisfied with the response, we could invite them to the committee.

Alex Neil: Playing the part of Liam, I will accept the compliment.

The Convener: Do we agree to adopt level 3 scrutiny, as set out in the clerks' paper, with the additional information that the committee has added?

Members indicated agreement.

14:55

Meeting continued in private until 15:03.

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