



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

### FINANCE COMMITTEE

Wednesday 15 June 2011

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**Wednesday 15 June 2011**

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**FINANCE COMMITTEE**

**1<sup>st</sup> Meeting 2011, Session 4**

**CONVENER**

\*Kenneth Gibson (Cunninghame North) (SNP)

**DEPUTY CONVENER**

\*John Mason (Glasgow Shettleston) (SNP)

**COMMITTEE MEMBERS**

\*Alex Johnstone (North East Scotland) (Con)

\*Derek Mackay (Renfrewshire North and West) (SNP)

\*Margaret McCulloch (Central Scotland) (Lab)

\*John Pentland (Motherwell and Wishaw) (Lab)

\*Paul Wheelhouse (South Scotland) (SNP)

\*attended

**CLERK TO THE COMMITTEE**

James Johnston

**LOCATION**

Committee Room 2



# Scottish Parliament

## Finance Committee

*Wednesday 15 June 2011*

[John Pentland *opened the meeting at 10:01*]

### Interests

**John Pentland (Motherwell and Wishaw)**

**(Lab):** Good morning, and welcome to the first meeting of the Finance Committee in the fourth session of the Scottish Parliament. I remind everyone present, including members, to turn off their mobiles and BlackBerrys, as they interfere with the sound system. I have been advised that they do so even when switched to silent, so please switch them off completely.

Agenda item 1 is the declaration of interests. With members' permission, I will go round the table for declarations.

**Derek Mackay (Renfrewshire North and West) (SNP):**

I have a few to declare. First, I continue to be an elected member of Renfrewshire Council and, as such, I am a member of the Strathclyde pension fund. I am also a member of the Scottish National Party, of course, and a member of the Campaign for Nuclear Disarmament, Amnesty International and Paisley Fairtrade Partnership. For any inquiries, I direct people to the register of members' interests, where I have a full submission.

**Paul Wheelhouse (South Scotland) (SNP):**

I declare that I am still self-employed as an economist and educational consultant and probably will be for a few months yet while I disengage from current client work. In the course of my career with previous employers, I have worked in a consultant-client relationship with a number of public sector organisations that may be affected by decisions of the committee. I therefore ask for members' patience as I list them. I have worked for the Scottish Further and Higher Education Funding Council, Scottish Enterprise, the Scottish Government, Highlands and Islands Enterprise, Careers Scotland, Skills Development Scotland, the National Museums of Scotland and a number of local authorities, including the City of Edinburgh Council, East Renfrewshire Council and Fife Council. I do not believe that that will interfere with my deliberations in the committee, but I record it for the benefit of committee members.

As well as being, like Derek Mackay, a member of the SNP, I am a member of the parent council for Ayton primary school in the Scottish Borders and a member of the Scottish Society for the Prevention of Cruelty to Animals, the Rail Action

Group East of Scotland, which seeks to reinstate local commuter services on the east coast main line, Shelter Scotland and the Royal Society for the Protection of Birds.

**Kenneth Gibson (Cunninghame North) (SNP):** What do you do in your spare time?

**Alex Johnstone (North East Scotland) (Con):** I have reviewed my entry in the register of members' interests and believe that there is nothing in it that is relevant to my membership of the committee.

**Margaret McCulloch (Central Scotland) (Lab):**

I, too, have reviewed my list of interests and can confirm that I have nothing to declare.

**John Mason (Glasgow Shettleston) (SNP):**

I do not believe that I have anything to declare, but I voluntarily declare that I am a trustee of a couple of charities—the John Mather Charitable Trust and the Fair Share Trust. I am also a member of the Institute of Chartered Accountants of Scotland and a member of its ethics committee.

**Kenneth Gibson:** I do not have anything to declare, but I voluntarily declare that I have a flat in Glasgow that I rent out.

**John Pentland:** I am currently a councillor in North Lanarkshire, without remuneration. I also have a 1p shareholding with North Lanarkshire Municipal Bank.

## Convener

10:05

**John Pentland:** Item 2 is to choose a convener. The Parliament has agreed that only members of the Scottish National Party are eligible for nomination as convener of the committee. That being the case, I seek nominations for the position of convener.

**Paul Wheelhouse:** I nominate Kenneth Gibson.

**John Mason:** I second that.

*Kenneth Gibson was chosen as convener.*

**John Pentland:** I congratulate Ken on his appointment. It gives me great pleasure to hand over the chair to him for the remainder of the proceedings.

**The Convener (Kenneth Gibson):** Thank you, John. I welcome everyone to the committee, which in a way is a completely new committee. Although the Finance Committee has been in existence for many years, none of us has been on it previously. It will be a learning process for all of us. I hope that we will work well together—I have no reason to believe that we will not. Thank you for choosing me as your convener.

I take it that everyone will have got to know the staff members, but I ask them formally to say who they are and what their remit is, just for the record.

**James Johnston (Clerk):** I am Jim Johnston, the clerk to the committee.

**Fergus Cochrane (Clerk):** I am Fergus Cochrane, the senior assistant clerk to the committee.

**Lucy Scharbert (Clerk):** I am Lucy Scharbert, the assistant clerk to the committee.

**Ian Lavery (Scottish Parliament Chamber and Reporting Group):** I am Ian Lavery, an official reporter. I am not meant to speak at meetings. [*Laughter.*]

**The Convener:** I know that. It is just that, because this is the first committee meeting for many members, it is important for them to know who the official reporter is.

We also have someone sitting in the background.

**Ross Burnside (Scottish Parliament Communications and Research Group):** I am Ross Burnside, a member of the financial scrutiny unit in the Scottish Parliament information centre.

**The Convener:** Thank you all very much.

It might be good if members all said a wee bit about themselves.

**Derek Mackay:** I am the SNP member for Renfrewshire North and West. Do you want any more than that? You do not want a Paul Wheelhouse list, do you?

**The Convener:** Just tell us a couple of wee things about yourself.

**Derek Mackay:** I was the leader of Renfrewshire Council, and I live in Renfrew. Is that sufficient? Would you like more?

**The Convener:** It is up to you.

**Derek Mackay:** I enjoy running and I spent yesterday in Kilmacolm.

**Paul Wheelhouse:** I am an SNP member for the South Scotland region. For my sins, I am an economist and a former consultant. As members have heard, I have done a lot of work in the public sector.

**Alex Johnstone:** I am a Conservative MSP for North East Scotland, and have been since 1999. Members will find that most of my actions and decisions will be characteristically Tory.

**Margaret McCulloch:** I am a Scottish Labour MSP. Previously, I worked at the University of Strathclyde for 17 years and, for the past two years, I have been a self-employed consultant.

**John Mason:** I am the member for Glasgow Shettleston. As I said, I was an accountant. I have worked for housing associations and a nursing home group, as well as overseas in Nepal, and I am a Clyde supporter.

**The Convener:** You were also a councillor and member of Parliament, I believe.

**John Mason:** Yes, I was a councillor and an MP.

**The Convener:** I am the MSP for Cunninghame North. I do not have the 12 years of unbroken service that Alex Johnstone has but, in total, I have been a member for eight years and, before that, I was a councillor for seven years. This is my first convenership.

**John Pentland:** I am the MSP for Motherwell and Wishaw. I have been a councillor for more than 20 years with North Lanarkshire Council, acting as convener of finance, and I have been the finance spokesperson for the Convention of Scottish Local Authorities. My outside interest is golf—birdies or bogeys, it does not matter. Obviously, I am a political anorak, so I look forward to working on the committee.

**The Convener:** Thank you and welcome to all, once again.

## Deputy Convener

10:09

**The Convener:** Item 3 is the selection of a deputy convener. The Parliament has agreed that only members of the Scottish National Party are eligible for nomination as deputy convener of the Finance Committee. That being the case, I invite nominations for the position.

**Paul Wheelhouse:** I nominate John Mason.

**The Convener:** I will second that.

*John Mason was chosen as deputy convener.*

## Work Programme

10:10

**The Convener:** Item 4 is the committee's consideration of its approach to developing a work programme. I refer members to the paper from the clerk and the previous committee's legacy paper, which I hope everyone has read. Does anyone have any comments on the legacy paper?

**Margaret McCulloch:** It is a very good legacy paper, and a good starting point for the new committee. I pay tribute to the previous committee for all its hard work on the paper.

**The Convener:** Are there any other comments on the paper?

**Margaret McCulloch:** There are quite a few items in it that I would like us to look at. Are we going to discuss that today?

**The Convener:** Not really. We will go through the approach to the work programme next week, and decide on our full work programme at an away day—which will not really be an away day, as we will all be here in this building in Edinburgh. The idea is that we have a full day in which we take a more informal approach and sit down and discuss what the committee's priorities—over and above what we must do in terms of budget scrutiny—should be. I want all members to feel completely free to offer their ideas and suggestions for that day. I am happy to take any comments that you wish to make in the meantime—there is no bar on that.

**Margaret McCulloch:** I am happy to leave it at that just now, as long as we can discuss the items in the legacy paper that I would like us to discuss on our away day.

**The Convener:** Are members content for the clerks to produce an approach paper for a business planning day and scrutiny of the spending review and draft budget for 2012-13? We will consider that paper in private if the committee agrees.

**Members indicated agreement.**

**The Convener:** While we are on that subject, I suggest that, as people have holidays and other commitments, we look for a day in the week commencing Monday 22 August, although I am flexible if that does not suit everyone. Members do not have to decide immediately, but I ask you to get back to me—copying in Jim Johnston—with suggested dates or any dates that do not suit you. I want all seven members to be present on the away day, and it is not always easy to achieve that. The earlier you can tell us the dates on which

you are not available, the better it will suit the smooth progress of the away day.

**John Pentland:** Do you mind if we go back to the legacy paper? My understanding is that some sort of report will come out next week. I am new to the committee, and the only information that I have is the legacy paper that we are discussing. Will that be carried forward in total? Will the whole paper be part of the discussion?

**The Convener:** Yes, in my view it should. As convener I want to ensure that everyone is fully able to discuss whatever they wish to in a finance context. I have no intention of limiting discussion on any item. We certainly wish to take the paper forward but, as it is the first meeting, we are taking a softly-softly approach. Once we are past the recess, the committee meetings will be quite intense and will last several hours, and there will be a lot of detail to discuss.

We will have a paper to discuss in private next week. My personal view is that the legacy paper should be our building block. Preventative spending, for example, is a major issue that we will want to discuss. It is important to the Parliament that we take that forward. However, the legacy paper is not the only thing that we will discuss at our away day. I am quite keen to hear people's own ideas about items that they wish the committee to look at.

Is everyone happy with that approach?

**Members** *indicated agreement.*

## Budget Adviser

10:15

**The Convener:** Item 5 is on the appointment of a budget adviser. We have before us a brief report on the role that the budget adviser had in sessions 2 and 3. Do members have any comments about whether we should have an adviser? My view is that we should appoint an independent budget adviser and that the clerks should be asked to bring forward names for next week's meeting, so that we can discuss the shortlist then.

**Alex Johnstone:** I certainly agree with that.

**John Mason:** That certainly makes sense. I was surprised to see that the report did not mention cost. How does that work?

**The Convener:** If you look at the back of the paper, you will see that there is a pro forma way in which advisers are costed. There is a set of rates. I am not convinced that it is necessary to put all the pounds, shillings and pence in the report.

**James Johnston:** There is a set rate for advisers. In some cases, the adviser might get slightly more than that, but that would be negotiated with procurement.

**John Mason:** Right. Does that come out of the committee's budget, or just a general budget?

**James Johnston:** It comes out of the committee office's budget.

**John Mason:** Which is a general budget for all committees.

**James Johnston:** Yes.

**John Mason:** Okay.

**The Convener:** Having a budget adviser is expected. In my view, it is value for money. The budget adviser has the respect of everyone on the committee and is a genuinely independent individual. Sometimes they will give advice that some of us, or all of us, do not necessarily want to hear, but it is important that we get that advice.

**John Mason:** I am more than happy to get advice and I am happy with the principle of having an adviser. I was just surprised that a decision was being made in the Finance Committee when the paper before us made no mention of finance.

**The Convener:** I think that that is because the practice of committees appointing advisers has been followed over many years and there is a kind of pro forma for it. I understand what John Mason is saying, given that he is a new member. There are things that Alex Johnstone and I almost take for granted, because they represent what the normal practice has been for many years.



**Alex Johnstone:** I have been involved at times in setting and reviewing the fixed rate that has been paid to advisers. I am aware that additional resource can be made available if necessary. In general terms the Parliament has tried to cap and control the cost, but of course there is always pressure at certain times for the total cost to be elevated. A system is in place to ensure that the cost is controlled.

**John Pentland:** This might be a matter to discuss at our next meeting, but will there be a minimum and a maximum time for which we will have an adviser?

**The Convener:** It is normally about four days a month. If we need the adviser for longer than that, I am sure that that can be negotiated. The advisers are highly professional people. The issue of cost is important, but as the old expression goes, you get what you pay for and we have to ensure that we get the person who is most suitable to advise the committee.

**Margaret McCulloch:** Where do you draw the names from for the shortlist of suitable individuals?

**The Convener:** It is quite a specialised group.

**James Johnston:** The list of candidates will be drawn up by the financial scrutiny unit, which is located in SPICe.

**The Convener:** There is only a small coterie of people who would wish to be an adviser, who are available and who have the necessary expertise. That is the pool from which we will choose an individual.

I will close the formal part of the meeting now, but I would like to have an informal discussion with members afterwards about housekeeping.

*Meeting closed at 10:19.*



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