



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

FINANCE COMMITTEE

Wednesday 14 November 2012

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FINANCE COMMITTEE
29th Meeting 2012, Session 4

CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

DEPUTY CONVENER

*John Mason (Glasgow Shettleston) (SNP)

COMMITTEE MEMBERS

*Gavin Brown (Lothian) (Con)

*Jamie Hepburn (Cumbernauld and Kilsyth) (SNP)

*Michael McMahon (Uddingston and Bellshill) (Lab)

*Elaine Murray (Dumfriesshire) (Lab)

*Jean Urquhart (Highlands and Islands) (Ind)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Derek Croll (Scottish Parliament)

Paul Grice (Scottish Parliament Clerk and Chief Executive)

Liam McArthur MSP (Scottish Parliamentary Corporate Body)

CLERK TO THE COMMITTEE

James Johnston

LOCATION

Committee Room 6

Scottish Parliament

Finance Committee

Wednesday 14 November 2012

[The Convener *opened the meeting at 09:30*]

Draft Budget Scrutiny 2013-14

The Convener (Kenneth Gibson): Good morning, everyone, and welcome to the 29th meeting in 2012 of the Finance Committee. I remind all members to turn off any mobile phones, pagers and BlackBerrys.

We have one agenda item, which is to take evidence from the Scottish Parliamentary Corporate Body as part of our draft 2013-14 budget scrutiny. I welcome Liam McArthur MSP, Paul Grice and Derek Croll to the meeting. Before I invite Liam McArthur to make a short opening statement, I pass on Michael McMahon's apologies, as he is running somewhat late.

Liam McArthur MSP (Scottish Parliamentary Corporate Body): Good morning, colleagues. I am pleased to have the opportunity to present details of our budget submission for 2013-14 and to report on the progress that we have made in meeting the planned reductions in the SPCB's budget, which we advised the Finance Committee on at the same time last year.

After two years, we remain firmly on track to deliver the programme of savings identified. By the end of 2012-13, we will have achieved an 11.9 per cent real-terms reduction in the SPCB's budget compared with the baseline of 2012-11. That means that we will have delivered the four-year percentage savings target for the overall Scottish budget in just half the time. The profile of our annual budget reduction—as shown in the chart in the Presiding Officer's letter to the committee—is therefore considerably steeper in the first two years of the United Kingdom's comprehensive spending review than the overall Scottish budget as we deliver our savings early. That levels off in the remaining two years, although it still shows a further modest real-terms saving in each of the final two years, finishing at a cumulative real-terms reduction of 12.7 per cent, which is 1.1 per cent below the 11.6 per cent target for the overall Scottish budget.

The savings to date have been achieved by a combination of freezes in pay for Scottish parliamentary service staff and in pay and expenses for members, staff reductions and a change management programme that has covered all aspects of the Parliament's operations.

Although the current pay freezes come to an end in March 2013, we recognise the extremely difficult fiscal environment in which the whole public sector continues to operate. Accordingly, our 2013-14 budget submission for staff pay assumes continuing pay restraint, with provision for a modest settlement in line with current public sector pay projections. Similarly, MSP salaries are restricted to the 1 per cent increase announced by the Independent Parliamentary Standards Authority in respect of MPs salaries. In the context of the Treasury's forecast gross domestic product deflator of 2.5 per cent for next year, those figures represent further real-terms reductions.

The committee will be aware of the SPCB's decision earlier this year to proceed with the construction of an external security facility, which is the most significant project that the SPCB has undertaken since the move to Holyrood. I confirm that we have accommodated the planned ESF expenditure within the overall indicative forecast previously advised by the corporate body to the committee. Accordingly, we have not changed our total indicative forecast for 2013-14 from the figure advised to the committee last year.

As members are aware, the SPCB is charged with the oversight of commissioners and ombudsmen, and the Finance Committee has rightly taken a strong interest in how we exercise that oversight. The 2013-14 budget submission of the various bodies amounts to £8.1 million, which is a reduction of 2.1 per cent in cash terms compared with the equivalent 2012-13 budget.

The detailed schedules provided in this year's budget submission—in response to questions raised by the committee at the equivalent stage last year—confirm that each office holder has met, or exceeded, the savings target set by the SPCB for 2013-14. The SPCB is acutely aware of the fine balance that it needs to strike between robust scrutiny and the operational independence that those bodies were given when Parliament established them. In that regard, I am particularly grateful to the committee for its strong interest over recent years, which has helped us to adopt our robust approach in our scrutiny of the budget bids.

I place on record the corporate body's appreciation for the work done by the chief executive and his team in preparing the SPCB's 2013-14 budget submission.

That concludes my opening remarks. I hope that I have managed to convey a sense of the approach that we have taken to the 2013-14 budget and the years beyond. My colleagues and I are more than happy to answer any questions that the committee has.

The Convener: Thank you for that brief opening statement and for the detailed submission to members. In fact, it was so detailed that it is likely to truncate the number of questions from the committee, but I will start with one or two.

In schedule 2, the capital expenditure bid is for £3 million. Last year, the forecast was £2.313 million, but there is no commentary in schedule 3 to explain the increase.

Liam McArthur: I will perhaps bring in officials to cover the detail, but I suspect that some of that is an indication of the decision by the corporate body to proceed with the screening facility. Obviously, until the decision was taken, there were issues about where the funding appeared in the budget. Having taken that decision, we have been able to allocate expenditure that has already been made on the preparatory work and, looking forward, to allocate the funding under capital headings for the next couple of years.

I do not know whether the officials have anything to add.

Paul Grice (Scottish Parliament Clerk and Chief Executive): No—that is fine.

The Convener: From 2013-14 to 2014-15, there is a reduction in capital spend from £3 million to £2.1 million. Is there any investment in the new external security facility in 2014-15, or will the work have been completed before the start of that financial year?

Liam McArthur: It should have been completed.

Paul Grice: There is no investment in that year; it should be completed by then.

The Convener: That is fine. It is just that that was not indicated in the document.

Paul Grice: Any capital expenditure beyond that would be for more traditional capital investment in the building.

Liam McArthur: We have tried to be as up front as possible about where we expect the expenditure to fall over two financial years. We are conscious that there might be a little movement, depending on how the project progresses, but the corporate body as a whole is comfortable that we can manage the process. It certainly should not result in additional pressures on the budget in either of the years. Obviously, there is an advantage in being able to spread the expenditure over two years.

The Convener: At our meeting last year, we had a discussion about audit. There was an issue about the audit fee, which had increased by 2.6 per cent, despite the fact that there was supposed to be an average reduction of 7.75 per cent. Last year, it was indicated that discussions would be

held with Audit Scotland on that, and I notice that there has been a substantial reduction in the audit fee to £64,000. However, there is no commentary on your discussions with Audit Scotland. Given what was discussed last year, will you comment on that?

Liam McArthur: The Finance Committee's intervention at this stage last year was exceptionally helpful in giving power to our elbow in those discussions. Derek Croll can fill you in on the detail, but the figure that you see is evidence of the outcome of those discussions.

Derek Croll (Scottish Parliament): That is absolutely right. Our appearance before the Finance Committee last year was just before Audit Scotland publicised its plans for future years' audit fees. We discussed the issue with Audit Scotland shortly after that and wrote to the committee last December to confirm that we would incorporate the reduced fees in our forthcoming budget submission. That is now in place and there is a decline in the audit fees over the best part of three or four years.

The Convener: I will open up the questioning to other committee members. The first question is from the deputy convener.

John Mason (Glasgow Shettleston) (SNP): Last year, Mr McArthur, we had quite a discussion about maintenance of the building. You commented that, if we put off maintenance, it builds up over the long term and that, as a building gets older, inevitably we should spend more money on it. Will you update us on that? Where are we going? Are we satisfied that we are spending enough on the building to keep it as it should be?

Liam McArthur: I recall those exchanges, and the story has not really changed. The planned maintenance expenditure is slightly up on last year for on-going maintenance, which includes work on things such as internal plant and machinery, doors, windows, electrical equipment, plumbing and heating systems. I suspect that one would anticipate that as a building ages.

I am not sure that anything has occurred over the past 12 months, or that we anticipate anything, that would cause us to have any concerns about the projections. Obviously, some required maintenance is less easy to predict, but there is contingency in the budget to deal with that.

We have also considered how we map out expenditure on maintenance and other areas to ensure that the building remains fit for purpose and that we do not simply increase the cost that we will have to incur further down the line. That has allowed us to accommodate the external security facility within the overall envelope of the budget for the next two years.

Perhaps Paul Grice would like to add something on that.

Paul Grice: We recognise the intense pressure on the building with something like 400,000 visitors, events and a lot of users. The corporate body is keen to make the point that John Mason makes about investing now to ensure that we do not leave a legacy of maintenance down the road. That continues to be our policy and, as Liam McArthur says, I expect it to continue to be that way for the foreseeable future.

John Mason: It is all very impressive that there is a 12.7 per cent saving overall in the Scottish Parliament budget compared with the saving of 11.6 per cent for the overall Scottish budget. I think that the saving is around 17 per cent for some of the commissioners and ombudsmen. However, are we happy that we can provide a service at that level? A pay freeze saves us 1 or 2 per cent, but those savings are quite big figures. For instance, 12.7 per cent is an eighth of the budget.

Liam McArthur: That is an issue with which we wrestle. There is no doubt that one could plan out scenarios that would deliver significant cuts but, as part of the process, we have had to balance that against the requirements and expectations of members and other building users and ensure that they continue to receive the service that they require to carry out their business. We are in a fortunate position in that an exercise that was undertaken before the cuts required to be made enabled us to manage that downward trend in expenditure without having an impact on the quality of the service that is provided to members and other building users.

I am aware that pressures have arisen at various stages. We have tried to address those where we can. The obvious one relates to information technology. Members have expressed concerns at various stages about the IT services, and some of those concerns are the inevitable result of staffing changes in that business area. We listened to what members said and tried to put in place the support to ensure that their concerns were addressed.

Overall, we have managed the budget reduction in a planned way. It made sense to make the savings early, and we were able to do that through a series of voluntary redundancies and retirements and through a pay freeze. Not only have we achieved that against a difficult financial backdrop, but we have accommodated some of the additional responsibilities that the Parliament has taken over and is taking over and factored them into the budget.

The corporate body is fairly comfortable that we are achieving the balance between delivering the

cost reductions on the one hand and continuing to maintain service levels on the other.

John Mason: Does that also apply to the costs for the commissioners and ombudsmen? They, obviously, deal individually with smaller budgets.

Liam McArthur: As I said in my opening remarks, we provide a robust scrutiny of, and a challenge to, the budgets of the commissioners and ombudsmen without compromising their independence and their ability to do the job for which the Parliament set them up. We have been grateful for the Finance Committee's support to help deliver that robust scrutiny.

Contingencies are built in to deal with specific issues that some of the commissioners or ombudsmen may face, not least in relation to potential legal costs and so on. The committee will note that there is also a contingency this year to recognise the possible requirement of one of the commissioners to move office in due course.

From the discussions that we have had with each of the office holders, I think that they are all comfortable that they are meeting the savings targets but can still deliver against the roles that have been set for them.

09:45

Jean Urquhart (Highlands and Islands) (Ind): I have a supplementary question to the convener's first question about the external security facility and its cost. Schedule 3 of the budget submission is on capital expenditure, but what is the total cost of the facility? The "Comments" column in schedule 3 indicates that £2.4 million of the £3 million is for the external security facility, but that is not broken down in this year's budget figure. Presumably it is costing more than £2.4 million. Do you know what the overall cost is?

Liam McArthur: The cost for the facility overall is just under £6.5 million. As I said in response to the convener's question, the phased approach that the previous SPCB took, and which the current SPCB took on, meant that some of the preparatory design work and initial sounding-out work was accommodated within the budget without being assigned to the screening facility itself, because until the corporate body took the decision back in September to press ahead with the project it would have been inappropriate for us to have a budget line for the security facility.

Therefore, some of the spend has already taken place and it appears in the current budget. In 2011-12, the spend was £0.5 million, which includes design fees, project management and so on; in 2012-13, the tender exercise and the commencement of construction will total £3.6 million over the course of the financial year; and

for 2013-14, when the project will be completed, the budget allocation is £2.4 million.

As I said, we anticipate that there may be a need to flex a little, depending on how the project progresses. However, we are determined to ensure that we are on top of that. Updates have been provided on a weekly basis for the corporate body and we are confident that we can manage the project within the budget that has been set. Indeed, the contract has been structured in such a way that the risk for any delays rests predominantly with the winner of the tender.

Jean Urquhart: So it is just that I have not read these papers right to identify another £4 million for the facility in another budget under another heading. Is that right?

Paul Grice: It is not that you are not reading the papers right; the budget just identifies capital and revenue, but the external security facility is a major capital project across two years that does not have a separate line of its own. Therefore, you are not reading it wrongly. We are focusing on next year's budget, but just over half of the facility will be built out of last year's and this year's budgets—that is really the point.

Jean Urquhart: The preceding line in schedule 3 shows income for the Parliament shop. Is that a net profit?

Liam McArthur: There is a net loss.

Jean Urquhart: Sorry—a net loss.

Liam McArthur: The shop facility is an issue that we have returned to at various stages. I think that the loss is around £45,000.

Derek Croll: The figure is actually just the income—it is the turnover for the shop, which is shown separately for reporting purposes. We need to strip out the income from the rest of the costs. Overall, if we take the income, the staff costs and the cost of stock, there is a loss of about £46,000.

Jean Urquhart: Where do purchases in the shop appear?

Derek Croll: They are part of "Running Costs".

Jean Urquhart: I see. You do not produce accounts for that—

Derek Croll: We do not show it in the schedule, but we produce separate statutory accounts for the shop, for tax purposes, to demonstrate that it is not making a profit.

Jean Urquhart: Is it possible to see them?

Derek Croll: Certainly.

Liam McArthur: The corporate body has been aware for a number of years that there is a challenge to do with the profitability of the shop.

Various initiatives have been undertaken, which I think it is fair to say have met with varying degrees of success. Further work has been done to ascertain how we might put the shop on a more cost-neutral footing—if nothing else.

The shop is a valued and valuable facility in the Parliament. I suspect that it faces challenges to do with its location. There is always a balance to strike between the big-ticket, high-value items, which might not drive a lot of sales but have higher margins, and the wider range of less costly items, which school groups and others pick up as souvenirs of their visit to the Parliament but which will never be particularly profitable overall. There are issues in that regard that the corporate body continues to need to look at, but there is no question that we need to maintain the facility and ensure that it meets the needs of building users.

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): On the budget for SPCB-appointed commissioners and office-holders, I was interested to read in schedule 3 that the money that will be required for "potential one-off relocation costs" will come from contingency funds. Who might relocate? I do not know whether you can tell us—if you cannot do so, we will respect that. How much will the relocation cost, and will it leave enough headroom in the contingency fund?

Liam McArthur: There has been quite a bit of discussion about the matter for a while and we have looked at various options for commissioners' locations. In previous years, of course, there has been a move into the Parliament building. We keep the matter under review, because property costs are a significant part of the costs that office-holders and therefore the SPCB bear.

I think that I am right in saying that the contingency in this context relates to the lease arrangements for and anticipated future requirements of the Commission for Ethical Standards in Public Life in Scotland. I invite Paul Grice to update you on more recent developments.

Paul Grice: Yes, I think that you are right.

Mr Hepburn's question brings us back to the question that Mr Mason asked. The commissions are quite small bodies, so there is limited scope to continue to make savings. The corporate body has identified property costs as an area to look at. Because bodies were set up incrementally over time, as members will recall, each has its own office, so the corporate body's plan in the longer term is to consider the possibility of having all or most commissioners operating out of one hub, thereby enabling further savings.

That is the plan; the difficulty that we face is that most commissioners are in fairly long leases, with different break points and penalty clauses. That

has been quite complex to work through. We have been working with the Government which, as a major landlord, might well be able to offer a solution.

That is the direction that we are taking. It is a longer-term plan, which will certainly stretch beyond next year. However, next year there might be a need to extract that particular commissioner from their lease.

The other thing to note is that the Scottish Human Rights Commission is already co-located with the Scottish Public Services Ombudsman, so incrementally we are moving towards shared facilities, but the bigger plan is to see whether it is possible to get all the commissioners to operate out of a single facility. Apart from reducing the overall lease cost, that offers potential for the re-engineering of some of the services, which might deliver savings down the line. That is probably our only way to go in order to get further savings without impacting on front-line services.

Liam McArthur: We are conscious all the way through as we make the savings that, as I said in response to Mr Mason, the savings should not disrupt the work of the offices as they carry out their duties. We have tried to identify areas where we can make changes and make savings early, but we have done so with a longer-term view to how we might bring the offices together in a way that puts us on a more sustainable financial footing.

Jamie Hepburn: That all sounds sensible, but my question was to do with the forecast £50,000 increase to the contingency budget that you want to draw on for the purposes of that one-off relocation. Have you been able to quantify what that one-off relocation cost will be?

Paul Grice: I am sorry. The answer is that we do not know exactly. We are confident that the £50,000 will cover that relocation cost—we hope that the cost will be a little less than that. We put that amount in the contingency budget and not in the line budget because that negotiation has not been completed yet, so we cannot give you a precise figure.

Jamie Hepburn: What about the securing of savings in the medium term, which is obviously the rationale that is set out for that one-off relocation? Have those savings been quantified yet?

Paul Grice: It is difficult to give a precise answer, because we are still in discussions—with the Government in particular. A lot will depend on what sort of lease deal we can get on premises and the speed with which we can get all the commissioners into the same location. That is the equation so, unfortunately, we cannot quantify those savings until we find a location and get a lease on it. You will see from the figures that it is a

substantial area of spend. The corporate body and I are hopeful that we can bring about that planned move in the longer term. We are talking about possible savings of tens of thousands of pounds, so it is certainly worth pursuing. I hope that we will be able to update the Finance Committee in more detail as we go along.

Liam McArthur: As Paul Grice suggested, we were quite deliberate about not putting that amount in the commission's budget line and keeping it as a contingency, which is what we see it as. There is the additional contingency for the office-holders to deal with such things as legal challenges and legal costs, as I said earlier. Those things are inevitably part and parcel of some of the work that office-holders are involved in. However, as Paul indicated, there have been discussions with the Scottish Government, with the office-holders and within the corporate body about how we could deliver more significant savings over the longer term—albeit that I suspect that there will be an up-front cost. However, some of the indicative figures that we have seen at this stage are at least encouraging.

Jamie Hepburn: We look forward to further details. I have a final question on a different area. It relates to SPCB staff pay. It is set out in the briefing that the proposed staff pay budget includes

“a modest provision for future pay settlements in line with current public sector pay projections.”

I therefore presume that the answer to my question is yes, but I want to clarify whether that means a 1 per cent increase for most staff—I do not know the breakdown in terms of staff. Does it include a higher uprating for lower-paid staff—I think that the proposal across the rest of the public sector is with regard to those paid £21,000 or less—and a pay freeze for the highest-paid SPCB staff?

Liam McArthur: Again, I will invite Paul Grice, who is more directly involved in the negotiations, to go through the details. As I think that we acknowledged to the committee last year, we were conscious that pay settlements were a pressure that was going to bear on the budget once the pay freeze came to an end. We have sought to factor that into the budget. The negotiations are clearly still on-going and therefore predicting what the outcome will be is fraught with difficulty. Perhaps Paul can set out where we are with that.

Paul Grice: I cannot add much more than that, because we are in the middle of negotiations with the three recognised trade unions as we speak, and I would not want to pre-empt the outcome of those negotiations. The current pay freeze runs to 31 March next year, and I am optimistic that we

will have an agreed deal to announce before it comes to an end.

As our submission states, we are operating very much in the spirit and context of public sector pay awards in general. However, we recognise that the Parliament is an independent body, and it is proper that it negotiates independently of the Government and others. That is the position. Unfortunately, I cannot say any more as the negotiations are still under way.

10:00

Jamie Hepburn: You might be able to say a bit more on my last point about the management level. Is there likely to be a pay freeze for the highest-paid SPCB staff?

Paul Grice: I am happy to write to the committee once the negotiations have been completed, if that is acceptable to you, as I will then be able to answer all your points. It is dangerous to speculate on any aspects as these things are dealt with in the round. Out of respect for the unions, if nothing else, it is right and proper to allow the negotiations to conclude. I will be more than happy to update the committee when they are concluded.

The Convener: Nice try, Jamie. [*Laughter.*]

Elaine Murray (Dumfriesshire) (Lab): As members know, the former restaurant and bar was significantly loss making, so we changed the arrangements fairly recently and brought it into the allowances office. I thought that the rationale for doing that was partly that we might be able to use the former facility for income generation. However, I cannot see any projected income generation in the submission; all the projected income relates to the shop. Is that income in some other line, or would it not show up?

Liam McArthur: I will ask Paul Grice to take that question in a moment.

We agonised for a while over the decision to relocate the bar facility to the former allowances office. Although the dining facility was not as well used in the evenings as it needed to be and we were incurring a significant loss as a result, those members who used the facility valued it. Having deliberated on the matter for a while, we reached the conclusion that, against the backdrop of what we have been discussing this morning, we simply could not justify a continued subsidy in the region of £50,000 a year.

With regard to income generation, as well as creating a well-supported arrangement downstairs off the garden lobby—the move has enabled us to open up a space that has already been pretty well used. I have been to three or four events that have taken place in the restaurant and bar area that

could not previously have been accommodated in the Parliament building—with the probable exception of the garden lobby—and therefore would not have taken place, or would not have taken place until some way down the line.

We are already seeing the benefits, but I ask Paul Grice to discuss the specific issue of income generation.

Paul Grice: Elaine Murray is right: that is one of the particular uses that we thought the facility could have, and there is a piece of work in hand at present that is looking at that issue. However, it is not straightforward. There are issues with access to the building—we cannot just allow people to come in off the street. There are also reputational issues, as we are a Parliament, and there is a fine judgment to be made as to how far we would want to push that. That is certainly my view, and members need to be central to that. There are some issues that we need to think about.

Income in this area would show up almost as a negative subsidy on the catering contract, and that is how it would be accounted for. In that sense it is different from selling things in the shop, and that is why it does not show up in that way. We would expect the income to flow through, if we are successful, in reduced subsidy and reduced costs.

When we appear before you next time, I hope that we will be able to say something a bit more precise on that.

Liam McArthur: The driver for the change was the need to address a cost that we were continuing to bear through the subsidy. That was the principal motive behind the decision. As Paul Grice indicated, the revenue-raising opportunities always involve a balance.

I am fairly sure that, if a gung-ho approach was taken, the kudos and all the rest of it of holding events in the Parliament would mean a relatively straightforward sell, but we would not necessarily want to send out such a message about a building that is intended to be open and accessible to all. We have a bit of an issue to wrestle with. As Paul Grice said, we will probably need to return to that next year and in subsequent years.

Elaine Murray: I think that the new arrangements are better than the old arrangements, for whose cost the Parliament took quite a hit in negative publicity for a number of years. Given that negative publicity, it would be beneficial to demonstrate the saving from the new arrangements.

I, too, have been to events in the former bar and restaurant area, one of which was held by a fairly wealthy profit-making organisation. If such organisations use our building, could they contribute something to its running?

Liam McArthur: A balance is involved. Since the building opened, a deliberate effort has been made to make it as open and accessible as possible. We have not really distinguished between small charities and large corporates. If an organisation's use of the building is legitimate, it can work with members to host events, whether they are for briefings or to mark occasions. It is right that the corporate body and the Parliament as a whole have taken the view that such use of the building is appropriate.

You are right to say that we attracted a fair amount of criticism for the subsidy of the previous facility, but we have taken steps to address that. We could look at other opportunities, but the corporate body has in its discussions been well aware of the sensitivities and of issues such as how we distinguish between events such as those that you talked about and the type that might in due course generate an income.

I welcome your comments about the new facility, which are good to hear.

The Convener: That has exhausted questions from committee members. I hosted a reception for the Prince's Trust in the members' restaurant space, which was very popular. It has a good atmosphere and it is better than the garden lobby for receptions. It has helped to break the logjam that meant that we had to wait for months to hold events for numbers such as the 170 people at the reception that I hosted. Many corporates, which have money, spend money on catering and so on, which makes a contribution.

Paul Grice will recall that I contacted him some months ago about a potential way for the Parliament to save money. Instead of members having individual telephone accounts, gas bills, electricity bills, Scottish Water Business Stream bills and other utility bills, the arrangements could be collectivised to reduce the overall cost to the Parliament. Will you update us on progress with that? From talking to your officials, I know that significant progress has been made with BT. What other progress is being made and is in the pipeline?

Paul Grice: Thank you for raising the issue. The minute that I got your email, I thought that the suggestion definitely had potential. As I think you know, I have a small team working on the idea. The first and most positive bit of progress that we have made is on telecoms costs. We are pretty close to being able to write to all members about that. Through that initiative, we can offer members who use BT the ability to benefit in their areas from the beneficial corporate rate that we get. That is a way to deliver significant cost savings, and I hope that we are just weeks away from writing to all members. Clearly, members will have the right

to decide whether to use the initiative, but I imagine that most will.

You are right to point to longer-term potential in other areas, such as power and other utility costs. Some of those matters can become a bit more complex, but I already have a team working on that, and I hope that we can make progress.

That activity is a good example of being able to deliver savings without any impairment of services, so I am keen to pursue it. We have taken the best opportunity, and I hope that we can make progress on utility costs. I would be more than happy to update the committee more generally on progress, perhaps next year. I am pleased about that effort, which has been worth while, and I am grateful for the convener's support and encouragement.

Liam McArthur: Paul Grice has brought us up to speed with the initial inquiries and with where the investigation has got to. It is something that the corporate body is very keen to support.

As Paul Grice said, there is an opportunity to make savings in the budget without necessarily encroaching into an area where there have been sensitivities over the way in which MSPs and their offices procure particular items in their constituencies and regions. That is not something that we want to bundle up in unnecessary red tape or centralise to a point where spin-off benefits to local or regional economies are lost. The beauty of the opportunity that the convener identified is that we can make savings that will not necessarily have the downside of raising concerns locally.

The Convener: Thank you for coming this morning.

Meeting closed at 10:11.

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