



FINANCE COMMITTEE

AGENDA

11th Meeting, 2001 (Session 1)

Tuesday 8 May 2001

The Committee will meet at 10.00 am in Committee Room 2 to consider the following agenda items:

1. **Voluntary Sector Funding:** The Committee will receive a report from Donald Gorrie.
2. **Financial Reporting Advisory Board:** The Committee will consider a letter from the Minister for Finance and Local Government.
3. **Reporter On The New Scottish Parliament Building:** The Committee will receive a report from David Davidson.
4. **2002/03 Budget Process:** The Committee will receive any updates from the reporters to the subject committees.
5. **2002/03 Budget Process:** The Committee will consider how it wishes to take forward the research by Professor Arthur Midwinter.
6. **External Research:** The Committee will consider whether it wishes to submit a proposal to commission external research.

Callum Thomson

Clerk to the Committee

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The papers for this meeting are:

Agenda item 1

Consultation document *Review of Funding for the Voluntary Sector – Direct Funding from the Scottish Executive* FI/01/11/1

Paper by Donald Gorrie FI/01/11/2

Agenda item 2

Letter from Angus MacKay, Minister for Finance and Local Government, enclosing draft arrangements FI/01/11/3

Paper by the Clerk on the Financial Reporting Advisory Board FI/01/11/4

Agenda Item 3

Paper by David Davidson FI/01/11/5

Agenda Item 5

Members are reminded to bring their copy of Professor Midwinter's report FI/01/11/6

Link to the report:

http://www.scottish.parliament.uk/official_report/cttee/finance-01/fir01-rsc-01.htm

Agenda Item 6

Paper by the Clerk FI/01/11/7

Voluntary Sector Funding

At its meeting on 27 March, the Finance Committee agreed that its preferred option was for the Committee to conduct a fairly rapid and limited review focusing on the main issues in order to input into the consultation to be undertaken by the Minister for Social Justice.

The consultation document has now been published and can be accessed at <http://www.scotland.gov.uk/library3/social/rfvs.pdf> (this paper is enclosed with committee papers).

As can be seen, the document only covers Scottish Executive direct funding. It is proposed therefore that the Committee might want to consider a two-stage approach. Firstly, to feed into the consultation process as already agreed and thereafter to feed in to the Scottish Executive's *Wider Strategic Review* which could involve the Committee, in due course, examining other issues around indirect funding ie voluntary sector funding from public sector bodies other than the Scottish Executive.

Stage 1: Finance Committee response to the consultation document

The role of the reporters, in the first stage, will be to respond, before summer recess, to the Scottish Executive consultation paper on behalf of the Committee and in particular to examine the mechanisms of Scottish Executive direct funding of the voluntary sector and to investigate the experiences and views of voluntary organisations in—

- the processes of accessing, securing and maintaining Scottish Executive direct funding
- performance management of voluntary sector funding operations
- achieving best value in their operations
- order to identify the issues surrounding indirect funding which should be examined as part of the Scottish Executive's Wider Strategic Review of Voluntary Sector Funding

It is envisaged that the Committee reporters will undertake a paper exercise to build on the work already undertaken; a number of voluntary groups have already been contacted and visited. With the support of SPICe the intention is to—

- devise a pro-forma questionnaire seeking views on key issues and issue this to the organisations and groups already contacted by Adam Ingram and myself.
- ensure that a sample of organisations receiving direct funding from the Scottish Executive is obtained to reflect both the range of activities involved and the types of funding received e.g. core or project. The reporters will then consult with these

organisations on a number of key questions developed in conjunction with SPICe. The information can then be collated and key themes summarised

Whilst it is recognised that within the timescale only a limited number of organisations can be consulted, the use of follow-up case studies could be considered to supplement this work and give illustrative examples of the issues.

The plan is therefore for the reporters, with support from Clerking and SPICe, to work autonomously and report back to the Committee in mid-June. The Committee will then have the opportunity to amend and/or endorse it, prior to summer recess.

Stage 2: Finance Committee input into the *Wider Strategic Review*

Thereafter the reporters could contribute to the *Wider Strategic Review* to consider issues surrounding indirect voluntary sector funding which could include—

- the means by which other public sector funding is accessed, secured and maintained
- gathering views of public sector funding agencies and voluntary sector funding recipients on the current strategic, financial and legal framework of voluntary sector funding
- identifying possible improvements in the current system

Donald Gorrie MSP
4 May 2001



SCOTTISH EXECUTIVE

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Mar 2001

DETERMINATION OF ACCOUNTING POLICIES

1. On 8 March last year you indicated that your Committee was content to support the recommendation that officials proceed to negotiate a suitable extension to the remit of the Financial Reporting Advisory Board (FRAB) together with appropriate Scottish representation to address the above.
2. Jack McConnell gave an undertaking that the proposed form of any arrangements would be brought back to the Committees before any agreement is formalised.
3. While it has taken longer than hoped to make progress on this officials have now agreed final draft revised terms of reference for the FRAB, membership arrangements and working arrangements. I see this as a very successful outcome.
4. Under the proposed arrangements Scottish Ministers will look to the FRAB for independent advice on the technical rules of accounting (i.e. application of all financial reporting standards and principles) and to minimum disclosure requirements. The FRAB will have no role in the format of the accounts or to disclosures beyond the minimum requirements.
5. I attach copies of the final drafts of the documents and would welcome your Committee's agreement to the proposals.

ANGUS MacKAY

THE TERMS OF REFERENCE OF THE FINANCIAL REPORTING ADVISORY BOARD [1.3.01]

1. Context

1.1 The primary aims of financial reporting by central government bodies are to demonstrate to the public and their representatives in the UK and Scottish Parliaments:

- the financial performance of the bodies;
- their stewardship of public funds and assets; and
- that, where appropriate, public monies and other resources have been used for the purposes intended by the Parliaments;

and to provide the Parliaments with information which is reliable and sufficient as a basis for

- their consideration and approval of the levels of resources and cash voted to services; and
- their examination of performance in carrying out policies, functions, programmes and projects.

1.2 Financial reporting is also intended to underpin the UK Government's planning, monitoring and management of public expenditure.

1.3 The authority to develop financial reporting requirements rests with HM Treasury and the Scottish Ministers in respect of accounts meeting the criteria set out in paragraph 2.1.b. below.

1.4 Financial reporting by central government bodies should be based on Generally Accepted Accounting Practice (GAAP) adapted where appropriate to take account of the public sector context. For Resource Accounts in England and Wales

and for Whole of Government Accounts this requirement is set out in sections 5 and 9 of the Government Resources and Accounts Act 2000.

1.5 Under section 24 of the Government Resources and Accounts Act 2000 the Treasury is required to consult an advisory group on financial reporting principles and standards for resource accounts and Whole of Government Accounts. The Scottish Ministers, with the agreement of the Audit Committee of the Scottish Parliament, have determined that they should be similarly advised on such matters. The FRAB will be the advisory group, and thus will provide an independent element into the process of setting financial reporting standards for the UK Government and the Scottish Ministers.

2. Terms of Reference

2.1 Responsibilities of the Board:

- a. The Board will provide independent advice to HM Treasury and the Scottish Ministers.
- b. The Board will advise HM Treasury and the Scottish Ministers on the application of financial reporting standards and principles:
 - i. Where HM Treasury is responsible for issuing reporting requirements, in respect of:
 - Departmental resource accounts
 - Non-departmental public bodies
 - Trading funds
 - Whole of Government Accounts
 - ii. Where the Scottish Ministers are responsible for issuing reporting requirements, in respect of:
 - Accounts falling under sections 19 and 20 of the Public Finance and Accountability (Scotland) Act 2000.
 - accounts of executive non departmental public bodies where the Scottish Ministers have the power of direction

- c. The Board will decide how it reaches its conclusions.
- d. The Board's advice to the Scottish Ministers will be restricted to the technical rules of accounting and to minimum disclosure requirements. It will not extend to the format of accounts or to disclosures beyond the minimum requirements.
- e. The Board will examine all amendments to the guidance issued by HM Treasury and the Scottish Ministers in respect of the bodies listed in b. above, with the aim of ensuring the guidance complies with GAAP, and that departures or modifications from it, due to public sector and spending control contexts, are fully explained and justified.
- f. The Board will prepare an annual report of its activities, including its views on the changes made during the period to the accounting guidance issued by HM Treasury and the Scottish Ministers in respect of bodies listed in b. above, and will send a copy of its report direct to the PAC and Treasury Select Committee of the UK Parliament.

2.2 HM Treasury and the Scottish Ministers:

- a. Will ensure that all relevant matters, including proposed changes to the guidance in respect of accounts meeting the criteria in 2.1.b. above are brought to the Board's attention within a reasonable time. In particular, changes to Financial Reporting Standards and other elements of GAAP that affect such guidance will, as far as possible, be brought to attention in sufficient time to enable their implementation, as appropriate, within the same timescale as changes are to be made generally.
- b. Will examine all issues raised by the Board within its terms of reference.

- c. Will consider all advice received from the Board.
 - d. Will formally lay the Board's report before the House of Commons and the Scottish Parliament respectively.
- 2.3 HM Treasury will provide the secretariat to the Board.

3. Membership

3.1 The Board will comprise:

- 1 member nominated by the Treasury
- 1 member nominated by the Scottish Ministers
- 1 member nominated by the Comptroller and Auditor General
- 1 member nominated by the Auditor General for Scotland
- 1 member nominated by the Audit Commission
- 3 members nominated by the Principal Finance Officers of UK government departments to represent respectively departments, trading funds, and non departmental public bodies.
- 1 member nominated by the Head of the Government Statistical Service
- 1 member nominated by the Accounting Standards Board
- 1 member, an independent economist, nominated by the Head of the Government Economic Service.

3.2 In addition, an independent Chairman of the Board will be nominated by the Chief Accountancy Adviser to the Treasury, and in respect of future appointments, in agreement with the Scottish Ministers.

3.3 The periods of appointment will be determined by the nominating bodies.

3.4 The Board will meet as required in each year to discuss matters relating to financial reporting as they arise.

DRAFT

1. FRAB: UK/SCOTLAND WORKING ARRANGEMENTS [1.3.01 VERSION]

1. HM Treasury will continue to provide the FRAB Secretariat. The role of secretariat will be distinct from the Treasury's input to preparing papers and discussing accounting issues with the Board. The Secretariat role, although, for administrative convenience and continuity, provided by the Treasury, will be carried out independently of the Treasury and the Scottish Ministers. If any of the parties concerned (ie the Treasury, the Scottish Ministers, the Board, or the Secretariat) consider that the Secretariat has either failed to act impartially or that there is an impediment to acting impartially, it should be brought to the attention of the other parties for resolution.

2. The Board's forward work programme and individual meeting agendas will be agreed between the Secretariat, HM Treasury, and Scottish Executive Finance

3. Responsibility for preparing papers and taking forward the necessary consultations will be agreed between the Secretariat, HM Treasury, and Scottish Executive Finance. Those consultations will include:

a. with those responsible in HM Treasury and Scottish Executive Finance for spending control and Parliamentary control.

b. with relevant bodies in respect of accounting guidance, the responsibility for which rests with HM Treasury or the Scottish Ministers.

4. Any dispute with The FRAB's view will be taken forward as follows. The Board is advisory. Therefore, it is open to HM Treasury and the Scottish Ministers, jointly or individually, not to follow the Board's advice. The Board can, of course, refer to such an action in its report, which is laid before the UK and Scottish Parliaments.

DRAFT

Determination of Accounting Policies Financial Reporting Advisory Board (FRAB)

Purpose

The Finance and Audit Committees have been asked to consider the final drafts of the terms of reference and working arrangements for FRAB which are enclosed with the Minister for Finance and Local Government's letter of 17 April 2001.

Background

The Public Finance and Accountability (Scotland) Act 2000 and the written agreements between the Parliament and the Scottish Ministers on the form of accounts and powers of direction make provision for the Parliament to have a role in the determination of accounting policies.

The role of FRAB is to advise the Treasury and the Scottish Ministers on the technical rules of accounting and minimum disclosure requirements. FRAB covers the whole of the United Kingdom in relation to accounting standards albeit that Scotland has its own audit arrangements (by virtue of the Auditor General and Audit Scotland); Wales and Northern Ireland are still served by the National Audit Office.

Members may recall that the determination of accounting policies was first raised by the then Minister for Finance in his letter of 12 December 1999 to the Finance and Audit Committees, at which time, the Committees' views on extending the remit of and having Scottish representation on FRAB were sought. The Committees considered the matter and on 7 February, the Conveners wrote jointly seeking further clarification of several points.

The joint letter expressed concern, at that time, about the nature of the proposed relationship between the FRAB, the Treasury, the Scottish Ministers and the Scottish Parliament - particularly whether Scottish Ministers would be able to exercise the same discretion as the Treasury in applying any FRAB advice and procedures for dispute resolution.

Memoranda from the Minister for Finance and the National Audit Office addressing those concerns were considered by the Committees (Finance at the meeting on 7 March 2000). On this basis, the Committees agreed that they were content to support the Minister's request to negotiate a suitable extension to the remit of the FRAB and secure appropriate Scottish representation but that the proposed arrangements should be brought before the Committees again before being finalised.

Points of Note

The points raised previously by both Committees appear to be addressed.

The first document is the *Terms of Reference of the Financial Reporting Advisory Board*. Membership of the Board will include members nominated by Scottish

Ministers, the Auditor General for Scotland and the Audit Commission - this was one of the issues raised previously. Members may note that paragraph 2.1(f) states that the FRAB annual report is to be sent to the Public Accounts Committee and the Treasury Committee of the UK Parliament. No mention is made of this report being sent to either the Audit or Finance Committees of the Scottish Parliament; when considered by the Audit Committee on 1 May, that Committee agreed that the FRAB annual report should be sent to it, in addition to the PAC and the Treasury Committee.

The second document is the *FRAB: UK/Scotland Working Arrangements*. This would appear to be uncontroversial.

Action

The Committee is asked to consider whether it wishes to make any comments on the final drafts of the documents, with a view to the Conveners of the Finance and Audit Committees responding jointly to the Minister for Finance and Local Government.

Anne Peat
May 2001

Finance Committee of the Scottish Parliament

Interim Report on the Holyrood Project

Remit, as agreed by the Committee during 2000, to investigate whether the building of the new Scottish Parliament Buildings might have implications for the Scottish Executive Budget.

Introductory Comment.

This preliminary report is to set the scene on the history of the project and to identify potential areas for variance from the outline budget as the Project rolls out.

History of Project.

The project was initiated by the then Secretary of State, the late Donald Dewar, and the previous Labour Scottish Administration elected in 1997. The site selected was the former brewery site located at the East end of the Royal Mile on the South side opposite to Holyrood Palace. This site was chosen from a short list of sites which included a site adjacent to the Scottish Office building in Leith, the former Royal High School site on Calton Hill, the St Andrew's House site, also on Calton Hill, a development site at Haymarket and the current Holyrood location. The approximation of costings at that stage was given as £40 Million pounds.

The building concept chosen was as a result of an international design competition. The selected concept by Enric Miralles was then turned into architectural design plan and is a source of potential change and variance in out-turn costings.

The Scottish Parliament Corporate Body (SPCB) took responsibility for the project after the formal opening of the Scottish Parliament and the assumption of office by the Scottish Executive. The Holyrood Progress Group (HPG), initially formed by MSP representatives of the Labour, SNP and Liberal Democrat parties, was set up to supervise the Project. The Scottish Conservative Party declined to place a member onto the Group unless a Minister of the Executive also participated. The Group has since expanded to incorporate representatives of the managing architects and engineers, professional advisors and project staff. The Progress Group was established in June 2000 at stage D when the Corporate Body had approved indicative construction only costs of around £108 Million pounds plus VAT and Fees.

Management of Project.

The contractual client is the Corporate Body with Paul Grice as the Accountable Officer, Stuart Gilfillin as the Finance Controller and Alan Ezzi the Project Director. The Progress Group role is to advise the Corporate Body but in effect makes the decisions on behalf of it as the process rolls out. It is the *de facto* management group for the Project. The direct construction management staff are ex Scottish Office.

Tender Process.

The tender and management process, inherited from the former Scottish Office Administration, is by way of let packages. It was considered too expensive to pursue a fixed price route as the risk element to any contractor would be high, especially as the final measurable design for the concept was not established prior to the commencement of contract letting. A signing off date for the building was set for occupation prior to the next Scottish Parliament Elections in 2003.

The fast track procurement system involves identifying a package and moving to the pre-tender estimate. It is at this stage of valuation, involving professional advice and use of the British Indices as a guide that some redesign work is implemented. This allows for the design of the package to be “firmed up” and any effect on following packages to be appraised. *This is a crucial stage not only in design management but also for budgetary control.* At the end of this process the package is put out to formal tender.

Packages are let at PC sums where cost = x+ (unknown). As cost variations come in there is discussion with contractors and advisors and decisions made to try to save money while sticking to the design. *This is the post tender negotiation phase, another area of potential variance.* It is the commonly held view of the MSP members of the HPG that many “common sense” changes were made during the early stages, which has made it possible to achieve trade offs and offsets, in order to bring the let contracts, some £50 Million so far, in with “reasonable” variance. *The Reporter anticipates that detail of these contracts will be available for scrutiny within the near future and will report to the Committee once access is arranged.*

The pricing model involves the HPG reporting to the SPCB within a fortnight on the position of each package. This is a tight and time consuming process which is under pressure to keep to the time constraints of a set completion date. *In building terms it is more costly to drive forward such a project as any required redesigns must be done quickly, perhaps involving premiums, and time lost to construction made up by requiring off-site specialist work along with overtime working on site. In short, speed of delivery is an important cost factor.*

MSP Block.

Currently the MSP Block to the West side of the site is near the end of its construction phase. Despite the complications of the window apertures this was a relatively straightforward package and much less complex than the Chamber Building and the Committee Towers. At this preliminary stage it is believed that the MSP Block has been built close to target costing but the next report will give specific evidence about this. Savings and design improvements were made by the HPG within the MSP cells. The Miralles “light walls” were removed from the design for both practical and cost reasons. These walls were plastic with back lighting involving building and maintenance costs but also involved the loss of a wall for bookshelves, pin boards, white boards etc. *Apparent minimal variance to date on this area.*

Chamber and Committee Towers

These are large and complex structures involving difficult design and construction work due to the curved walls and complex cantilever supports. The HPG is involved in trying to resolve the technical issues of the East Frame and matters surrounding the cladding.

It appears that due to the conceptual nature of the design for these parts of the Project it could never be costed accurately until the concept had been converted into structural technical drawings which involved architects and engineers. Once these drawings had been produced, they then had to be priced on a pre-tender basis and submitted to a complex redesign process. This would lead to a construction out-turn cost which could be recommended with confidence to the Scottish Parliament for its approval. *The Reporter believes that no accurate figure could be produced until the market had been tested but merely a Provision Sum within a qualifying banding.*

This is an area of some complexity which was the subject of a report to the Audit Committee and involved the Auditor General. This report is not intended to comment on that report but it must be noted that in costing terms the Spencely Report indicated a realistic price range expectation of £195 Million to £230 Million. This was at a stage when some of the design difficulties were not fully designed through. *The conclusion from this is that the motion put to and passed by the Scottish Parliament, known as the "Jackson Motion", which was for a fixed cash sum at current prices of £195 Million, was somewhat optimistic and, in light of the complexity of the tender and control process inherited from the previous Scottish Office Administration, naïve for such a complicated and indeed unique design.*

Other factors, which are affecting the pricing of this part of the Project, are inflation and lack of a competitive environment. The Edinburgh construction market has, in broad terms, a comparable inflation rate to the London construction sector. This is at the top end in price of the UK construction sector. There has been great difficulty in attracting sufficient competition for this project due to its complexity. There are few companies with the experience and available resource in this particular market place and the use of the curved walls and cantilevers add greatly to the problem. *Local market inflation and lack of competition particularly affect this Project. The potential negative effect on competition of adverse publicity and public perception of the Project is difficult to quantify at this stage.*

Queensbury House.

When the incorporation of this old property into the design was agreed there was little appreciation of the actual condition of it. It was the object of great agitation by many conservation groups to an extent that appeared out of proportion to its state, its contents and relative importance but that is now consigned to history and the HPG awaits a final response from Historic Scotland. At no time was there evidence of accurate out-turn costings for its restoration and incorporation. This has added great cost to the overall project but was an inherited factor for the SPCB to cope with. It did not come with any grant aid for its rescue. *This has undoubtedly contributed to budget variance.*

Risk Register.

The Finance Controller maintains this and it is expected that there will be a report with a degree of confidence going from the HPG to the SPCB in mid May. At this time it is expected that the resources approved for this year will be adequate. The variance on let tenders will also be confirmed shortly. There is activity within the management at this time to identify further areas of potential savings which may allow for choices by the HPG, however, it should be borne in mind that large scale redesign of, for example, the cantilever elements would be costly and will add time pressures which will also bear a cost. One issue among those identified within the risk management exercise was that of bankruptcy among potential contractors along with any legal costs which could arise from contract changes and delivery performance. *Activity is ongoing to identify the nature of any future risk particularly at the end of 2002. This will be reported on further.*

Fitting Out.

Within the £195 Million voted by the Parliament the sum of £19.5 Million was identified as the cost of fitting out the buildings. This process is undergoing a cost review and firmer figures will be worked up during the recess. At this stage it is anticipated to be reasonably firm on 2000 prices. No amount has been included in any projected costs for the inclusion of Art although some discussions appear to have taken place on the issue of loans from public collections. Landscaping and roadwork costs will be reviewed in a future report. IT costs are not a part of the Project but are dealt with within the running costs of the Parliament. The SPCB Finance Controller will be producing a running cost budget report. *No measurable variance at this time.*

Home Sourced Materials.

There has been much public comment about the sourcing of materials from both Scotland and the UK. The Committee must be aware that European Competition Law requires such public tenders to be placed in specified circulation mediums. It is a fact that from a cost perspective certain materials can be sourced at lower prices from abroad. The HPG members interviewed have made it clear that issues surrounding external cladding and timber supply have been addressed in the context of cost control and public perception. This is a question for the Parliament to consider when it deliberates on any report from the SPCB. *It is clear that the HPG has attempted to incorporate some home based material and a further report will elaborate on this aspect.*

Budget Process

It is anticipated that the SPCB will report to the Finance Committee and the Parliament by the Autumn on its spending within the budget scrutiny process. It is expected that the SPCB will be making a report to the Parliament either before the Summer Recess or immediately following it. It will be essential for the Finance

Committee to be in a position of confidence regarding any budget proposals by the SPCB during Stage 2 of the Budget.

Conclusion

This interim report seeks to provide background for the Finance Committee in coming to understand potential for variance in the Holyrood Project Budget, which would have implications for the Scottish Executive Budget in the form of increased top slicing from the Scottish Block Grant. There is no attempt to detail areas of variance at this stage as actual turnout figures are not available but merely to highlight areas where variance could be a possibility.

The inherited tender process itself coupled with the conversion of a concept into an actual plan leads to the conclusion that the production of firm figures prior to the SPCB taking responsibility would have been unlikely. It is also concluded that the Jackson Motion for a cash price of £195 million at current prices was naïve considering the complexities outlined briefly above. Further reports will be produced once access to firm figures can be obtained but it should be assumed that, if the project is to be delivered to the agreed timescale, then drastic redesign to make large savings would probably not be cost effective. This will be an area of budget concern should the ultimate costs of the remaining parts of the construction rise beyond current anticipation.

The construction period has and will have an effect on the Executive Budget over the three-year period. Future maintenance costs have been a consideration of the HPG during discussions regarding design and material selection. An indication of this has been made but this will be included in further review.

In conclusion, the project overall, from site selection and acquisition through to concept agreement, was in the control of the Scottish Office. Preliminary statements regarding likely costs have been proved to have had a greater effect on the Scottish Executive Budget than was indicated at the time of handover of responsibility to the SPCB. The next report will attempt to detail any variances of let packages and provide comment on cost saving work being undertaken currently.

The Reporter wishes to thank those associated with the Project who have so far made themselves available and looks forward to a requested meeting with the full HPG and further meetings with the accountable officer and his colleagues.

David Davidson MSP

5th May 2001.

External Research

General

Members were sent a note on 27 April regarding the next round of external research and inviting suggestions for suitable topics for this type of research.

The purpose of externally commissioned research is to cover committee requirements that cannot be provided directly by the Research Specialists, for example in cases where appropriate research does not exist or lacks the necessary focus or detail. Proposals can be submitted at two points each Parliamentary year – the next two being 25 May 2001 and 26 November 2001.

The procedure for submitting proposals entails the Clerk and Research Specialist(s), in discussion with the Convener, drawing up a proposal for the research. All proposals for research should then be returned to a Senior Research Assessor by 25th May 2001. The Senior Research Assessor will then submit all the proposals received with a brief report on each to the Conveners Liaison Group. The Conveners Liaison Group will decide which proposals should proceed at a meeting shortly after these dates.

Background

Around this time last year, the Finance Committee agreed to request that research be conducted on matters related to the Scottish Budget. The end result was Arthur Midwinter's report (published last week) which considers the problems of measuring expenditure in real terms and the degree of choice available to the Parliament in recommending changes to the Executive.

Suggestions Received

To date, three possible topics have been suggested; green economics and budgeting, the development of outcome based budgeting and gender based budgeting. These are preliminary suggestions and would have to be worked up considerably in order to be submitted to the CLG.

Action

The timescale is tight and it is therefore important that any suggestions that members do bring forward are sufficiently well defined to allow a draft proposal for the research to be considered at the meeting on 22 May. It should be emphasised that even if the Committee does decide to make a research proposal, it is a matter for the CLG as to which (if any) of the proposals it wishes to put out to competitive tender.

The Committee is therefore asked to consider whether it wishes to make a submission for this round of research.

Callum Thomson
May 2001