FINANCE COMMITTEE

AGENDA

9th Meeting, 2005 (Session 2)

Tuesday 15 March 2005

The Committee will meet at 10.30 am in Committee Room 6 to consider the following agenda items:

1. Financial Memoranda: The Committee will consider its approaches to the scrutiny of the Financial Memoranda for the Management of Offenders etc. (Scotland) Bill and the Housing (Scotland) Bill.

2. Smoking, Health and Social Care (Scotland) Bill (in private): The Committee will consider its draft report on the Smoking, Health and Social Care (Scotland) Bill and a briefing paper on the Financial Memorandum.

3. Infrastructure Investment Plan (in private): The Committee will consider a briefing paper on the Infrastructure Investment Plan.

4. Cross-cutting review on Economic Development (in private): The Committee will consider a draft report on its cross-cutting review on economic development.

Susan Duffy
Clerk to the Committee
The papers for this meeting are:

**Agenda Item 1**

Paper from the Clerk on approaches to Financial Memoranda and associated documents

*Management of Offenders etc. (Scotland) Bill* and associated documents

*Housing (Scotland) Bill* and associated documents

(circulated to members in hard copy only; electronic versions available via Parliament website)

**Agenda Item 2**

PRIVATE PAPER x 2

**Agenda Item 3**

PRIVATE PAPER

**Agenda Item 4**

PRIVATE PAPER
Summary
This paper sets out proposed approaches to the scrutiny of Financial Memoranda for two recently laid Bills. Members are invited to agree the approach for each Bill.

Background
The Finance Committee has agreed to adopt three levels of scrutiny for Financial Memoranda as follows:

Level 1: the Committee circulates a questionnaire to organisations, bodies and individuals on whom costs arising from the Bill are likely to fall. Responses are forwarded to the lead committee on the Bill.

Level 2: the Committee seeks written evidence from organisations, bodies and individuals on whom costs arising from the Bill are likely to fall and oral evidence from Scottish Executive officials. A written report is made to the lead committee on the Bill.

Level 3: the Committee seeks oral evidence from organisations, bodies and individuals on whom costs arising from the Bill are likely to fall and from Scottish Executive officials. A written report is made to the lead committee on the Bill.

The level of scrutiny depends on consideration of these key issues:
- the total value of costs and savings in relation to the Scottish Consolidated Fund which would result from the implementation of the Bill;
- the level of impact of the Bill on Scotland; and
- the number and type of organisations affected and the level of impact.

Bills
Detailed information on each Bill is set out in the annexes to this paper. In summary, the proposed approaches are:

- Management of Offenders etc (Scotland) Bill: Level 2 scrutiny (see Annex A)
- Housing Scotland) Bill: Level 2 scrutiny (see Annex B)

Timings
It is anticipated that the lead committees will take evidence from the appropriate Ministers during early May for both these Bills and therefore, this Committee will need to take evidence, if required, from mid-April – mid-May. Members have previously agreed to consider the following Bills:
- Family Law (Scotland) Bill: Level 2 scrutiny
- Licensing (Scotland) Bill: Level 1 scrutiny
- Environmental Assessment (Scotland) Bill: Level 2 scrutiny

**Recommendation**

Members are invited to agree an approach to the scrutiny of the Financial Memoranda for the two Bills in this paper.

Judith Evans
Senior Assistant Clerk
Finance Committee

9th Meeting 2004 – Tuesday 15 March 2005

Scrutiny of Financial Memoranda – Management of Offenders etc (Scotland) Bill

Background
1. The Management of Offenders etc (Scotland) Bill (‘the Bill’) was introduced into the Scottish Parliament on 4 March 2005.

2. This paper seeks the Committee’s view on the level of scrutiny to be applied to the Financial Memorandum for the Bill.

The Bill

3. The Bill makes provision in a number of areas as follows:
   - establish new functions and duties for organisations involved in managing offenders in Scotland;
   - introduce new information sharing duties on Scottish Ministers and others;
   - establish new local government bodies, community justice authorities, which will facilitate the co-ordinated delivery of community justice services by local authorities across the Authority area and also perform a wider monitoring and reporting function in relation to the effectiveness of joint working between agencies;
   - give new powers for Minister to ensure compliance with new duties;
   - give the police, local authorities and the Scottish Ministers (through the Scottish Prison Service) a statutory function to establish joint arrangements for assessing and managing the risk posed by serious and sex offenders;
   - strengthen the sex offender monitoring process;
   - establish a Home Detention Curfew scheme.

4. The Financial Memorandum estimates costs as follows:
   - Establishment of CJAs: £200,000 per annum each (number of CJAs dependent on outcome of ongoing consultation)
   - Establishment of national advisory body: £50,000 per annum
   - Assessment and monitoring of serious and sexual offenders: £541,250 initial costs to Scottish Executive and £21,000 initial cost to Local Authorities, police boards and prisons
   - Home Detention Curfew: £4.235m per annum, to be offset by savings of £2.1m per annum (ie total additional expenditure £2.135m per annum) cost to Scottish Executive, plus £20,000 initial costs; £875,000 per annum cost to Local Authorities; and £60,000 per annum cost to Parole Board for Scotland
   - Recovery of compensation from offenders: savings estimated at £100,000 per annum maximum
Decision

5. Standing Orders Rule 9.3.2 states that a Financial Memorandum must give a ‘best estimate’ of costs. In this instance the Financial Memorandum does not indicate how many CJAs will be established, although it does state that ‘the Executive expects that the number of community justice authorities will represent a reduction from the current 14 Criminal Justice Social Work Groupings/Unitary Authorities.’ The maximum cost under this assumption would therefore be £7m per annum but clearly the outcome will not be known until the consultation is complete.

6. The Committee is invited to agree that it should adopt level two scrutiny for this FM. This would involve seeking written evidence from the Scottish Prison Service, COSLA, police boards, the Association of Chief Police Officers in Scotland and the Criminal Injuries Compensation Board which would inform an oral evidence session with Executive officials. A report would then be prepared for the lead committee.
Finance Committee

9th Meeting 2004 – Tuesday 15 March 2005

Scrutiny of Financial Memoranda – Housing (Scotland) Bill

Background
7. The Housing (Scotland) Bill (‘the Bill’) was introduced into the Scottish Parliament on 7 March 2005.

8. This paper seeks the Committee’s view on the level of scrutiny to be applied to the Financial Memorandum for the Bill.

The Bill
9. The Policy Memorandum accompanying the Bill states that its main purpose is: “to address problems of condition and quality in private sector housing (although some provisions also relate to the social rented sector).”

10. The Bill seeks to do this by:

• giving Local Authorities power to designate Housing Renewal Areas and addressing various other aspects of housing standards (Part 1)
• revising the scheme of improvement grants which may and in some instances must be provided to home owners by Local Authorities (Part 2)
• giving Scottish Ministers the power to require sellers to provide certain information (“single user surveys”) (Part 3)
• re-enacting, with some amendments, the system of licensing houses in multiple occupation (Part 4)
• amending legislation relating to mobile home owners who let stances (Part 5)
• giving Scottish Ministers the right to issue a Letting Code and providing that the Code should be taken into account when determining whether a person is a fit and proper person to be a landlord (Part 6)
• addressing the rights of various people including the Police, Local Authorities, house owners etc to enter properties for specific purposes (Part 7).

11. Part 8 deals with various technical matters.

12. The Financial Memorandum sets out the additional costs of the Bill to the Scottish Executive and Local Authorities as follows:

Scottish Executive
• extended right to buy valuations: £700,000 per annum approx
• Private Rented Housing Panel: £700,000-£800,000 per annum

Local Authorities
• Staff and other resources required to carry out new works and provide assistance: up to a maximum of around £3m per annum (bearing in mind that different local authorities will have different profiles of housing improvement needs)
13. The Financial Memorandum further identifies costs to other bodies and individuals as follows:

- House buyers/sellers: up to a maximum of £35m per annum, arising from increased costs relayed to them by the legal and chartered surveying professions
- Home owners: £18-£36m per annum for improvement to tolerable standard plus an unquantified amount for costs of complying with work notices
- Landlords: £2-£4m per annum for improvement to tolerable standard plus an unquantified amount for modernising repairing standard (it is noted that some of this unquantified cost may be passed to tenants).

Decision

14. The additional costs of the Bill on the public purse are not large relative to total housing budgets and the main costs of the Bill will fall on private individuals.

15. The Committee is invited to agree that it should adopt level two scrutiny for this FM. This would involve seeking written evidence from the Law Society of Scotland, the Royal Institution of Chartered Surveyors in Scotland, COSLA, the Scottish Association of Landlords, the Scottish Federation of Housing Associations, the Disability Rights Commission Scotland, the Scottish Tenants Organisation and the Scottish Consumer Council which would inform an oral evidence session with Executive officials. A report would then be prepared for the lead committee.