FINANCE COMMITTEE

AGENDA

10th Meeting, 2006 (Session 2)

Tuesday 28 March 2006

The Committee will meet at 10.00 am in Committee Room 5 to consider the following agenda items:

1. **Scottish Executive’s Policy and Financial Management Reviews**: The Committee will consider a paper by the Clerk.

2. **Tourist Boards (Scotland) Bill**: The Committee will consider its approach to the Financial Memorandum of the Tourist Boards (Scotland) Bill.

3. **Review of Scottish Executive management of public finances (in private)**: The Committee will consider an interim report from its Adviser.

4. **Deprivation Inquiry (in private)**: The Committee will consider its draft report on its inquiry into deprivation.

Susan Duffy
Clerk to the Committee
Room T3.60
Extn 85215
The papers for this meeting are:

**Agenda Item 1**

Paper from the Clerk

**Agenda Item 2**

Paper from the Clerk

Tourist Boards (Scotland) Bill (circulated to Members in hardcopy only, copies available from the Scottish Parliament website)

**Agenda Item 3**

PRIVATE PAPER

**Agenda Item 4**

PRIVATE PAPER
Finance Committee

10th Meeting 2006, Tuesday 28 March 2006

Policy and Financial Management Reviews

Introduction

1. The Committee’s recently launched Accountability and Governance Inquiry is intended to focus on accountability and governance issues with regard to parliamentary-nominated commissioners and ombudsman, Audit Scotland and regulatory bodies which are set up to be independent of the Executive (eg, HMIE, the Charity Regulator, Care Commission, Standards Commission for Scotland and the Water Industry Commission). The purpose of including these regulatory bodies is to ask why these bodies have different accountability mechanisms to the parliamentary-nominated commissioners given that they are all intended to have a degree of independence.

2. It has been suggested that, separate to this inquiry, the Committee could carry out some work focussing on Non-Departmental Public Bodies (NDPBs)

3. There are 31 Executive NDPBs, 14 Advisory NDPBs and 6 Tribunal NDPBS. If the Committee wanted to examine whether NDPB status continues to be appropriate and to consider whether there are overlaps of remits or operation, this would constitute an extremely large piece of work, given that the conclusions would need to be evidence-based. This could be extremely time-consuming for the Committee.

4. However, the Executive’s current policy is to review all public bodies at least once every 5 years. At the moment, this is done by way of a Policy and Financial Management Review (PFMR). These reviews deal with fundamental questions –

   • is the work still required?
   • if so, is the current model the appropriate governance model for delivering the functions?: and
   • how can future performance be improved?

5. It is proposed that the most effective use of the Committee’s time would be to take evidence following the publication of such reports. In this way, the Committee would have the time to look in detail at each report as it is published and its resources would not be diverted into research of a particular NDPB as that work will already have been carried out. The Committee may also wish to invite relevant subject committees to submit any comments it might have in advance of consideration of a particular report.

6. As with the Committee’s work on the Efficient Government initiative, this would not take the form of a conventional inquiry (ie, considering
written and oral evidence and producing a report). Instead, this would constitute scrutiny on an on-going basis over a considerable period of time.

7. If the Committee is agreeable to this approach, then as a first step, a letter could be written to the Executive setting out the Committee’s intention and asking for a timetable of future reviews.

8. A timetable for Committee consideration could then be produced following receipt of that information.

Conclusion
9. The Committee is invite to agree:

- to undertake scrutiny using the method outlined above; and

- to write to the Executive setting out its intention and requesting a timetable for future reviews.

Susan Duffy
Clerk to the Committee
Finance Committee

10th Meeting 2006, Tuesday 28 March 2006

Scrutiny of Financial Memorandum – Tourist Boards (Scotland) Bill

Background
1. The Tourist Boards (Scotland) Bill (“the Bill”) was introduced to Parliament on 20 March 2006.

2. This paper has been prepared to assist the Committee to determine its approach to considering the Financial Memorandum for the Bill.

The Bill

3. On 11 March 2004, the Executive announced the conclusion of its Review of Area Tourist Boards (ATBs). The outcome was to replace the existing 14 ATBs with an integrated tourist network by merging the ATBs with VisitScotland. This network was established on 1 April 2005. As an interim measure, two statutory instruments were made to wind up the ATBs and establish two temporary Network Tourist Boards – one for the north and one for the south of Scotland.

4. This Bill marks the end of this process as it formally abolishes the ATBs and the two interim Network Tourist Boards. It also increases the number of VisitScotland board members from 7 to 12 and changes the legal name of the Scottish Tourist Board to VisitScotland.

Costs

5. The costs which are directly related to the specific provisions of the Bill are minimal. The increase in the number of board members is estimated to cost £16,000 per annum which will be met from existing resources.

6. However, the Financial Memorandum also sets out the costs of merging the ATBs with VisitScotland and states that the Executive has already provided one-off transitional funding of £7.4m over two years. The Memorandum also states that there will be efficiency savings from the merger and that this money will be reinvested in VisitScotland’s marketing budget.

7. During the Enterprise and Culture Committee’s scrutiny of the ATB review, the transitional costs were estimated to be £5m; this was revised upwards to £6.5m in May 2005. According to the Financial Memorandum, these costs are now £7.4m.

Conclusion

8. Although the costs of the specific provisions of the Bill are minimal, members may wish to seek further evidence on the transitional costs of the merger. Therefore, it is suggested that the Committee adopts


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Level 2 scrutiny which would involve seeking written evidence from bodies upon whom costs falls and taking oral evidence from Executive officials. The organisations from whom written evidence could be sought are:

- VisitScotland
- COSLA

Susan Duffy
Clerk to the Committee