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

1. **Budget Process 2004-05**: The Committee will take evidence at Stage 2 of the budget process 2004-05 from—
   
   Donald MacRae, Chief Economist, Lloyds TSB Scotland;

   Peter Wood, Head of Policy, DTZ Pieda.

2. **Scottish Parliamentary Building Project**: The Committee will consider correspondence relating to the Holyrood Building Project.

3. **Petition PE670**: The Committee will consider a petition from the Public and Commercial Services Union calling for the Scottish Parliament to investigate the decision by the Scottish Executive to relocate the headquarters of Scottish Natural Heritage to Inverness.

4. **Scrutiny of Financial Memoranda**: The Committee will consider how it wishes to approach the scrutiny of financial memoranda.

   Not before 12 noon

5. **Budget Process 2004-05 - Scottish Parliamentary Corporate Body Budget Submission**: The Committee will consider the Scottish Parliamentary Corporate Body’s expenditure plan for 2004-05 and will take evidence from—

   Robert Brown MSP, Member, Scottish Parliamentary Corporate Body;

   Paul Grice, Clerk and Chief Executive and Derek Croll, Head of Corporate Services, The Scottish Parliament.

6. **National Health Service Reform (Scotland) Bill (in private)**: The Committee will consider its draft report into the Bill’s Financial Memorandum.
The papers for this meeting are:

**Agenda item 1**
PRIVATE PAPER

**Agenda item 2**

Paper by the Clerk

October Monthly Report from the Presiding Officer

**Agenda item 3**

Paper by the Clerk, PE670 and other related documents

**Agenda item 4**

Paper by the Clerk

**Agenda item 5**

Budget Submission

PRIVATE PAPER

**Agenda item 6**

PRIVATE PAPER
Scottish Parliament Finance Committee 28 October 2003
Evidence on the Draft Budget 2004-05
Donald JR MacRae

1. Introduction
I am Strategy & Finance director of Lloyds TSB Scotland plc responsible for strategy development, financial reporting and budgeting. I am also chief economist and regularly publish information on the Scottish housing market, business conditions and prospects for the Scottish economy. I am a member of the Scottish Executive Economics Statistics Group and the Scottish Executive Economics Advisory Group, a non-executive director of Scottish Homes, visiting professor of Business & Economic Development at the University of Abertay Dundee and a trustee of the David Hume Institute. My particular interest is in improving the performance of the Scottish economy and raising its long-term growth rate. The views expressed here are personal and do not represent those of Lloyds TSB Scotland. This note provides a summary.

2. Scope of Evidence
I will keep my evidence consistent with the areas on which the committee requested views. These are:-

- The strategic priorities in Building a Better Scotland (BABS);
- The consistency of budget allocation in the draft budget with these priorities;
- The relevance of the Scottish Executive’s programme targets, and their links to aims on budgets;
- The balance between capital and revenue expenditure;
- The transparency of the budget information.

This is the first time I have been asked to comment and appear in front of the Finance committee on the budget. I have reviewed the documents Building a Better Scotland: Spending Proposals 2003/2006: What the Money Buys and The Scottish Executive: Draft Budget: Detail. Having done so, I wish to comment only on those matters where I can claim to sufficiently appreciate the issues and understand most of the detail.

In many areas, I found the presentation of the budget difficult to understand. I developed a lot of questions as a result of studying the budget and I apologise in advance if the answers are readily apparent to the committee.

3. The Budget
I find the name “the budget” a misnomer given that a budget normally has details of both income and expenditure. This is perhaps a comment on the current system of funding Scottish Executive spending where responsibility for raising taxes spent does not lie with the Scottish Parliament. That said, there is some detail in the draft budget on revenue to be raised from e.g. non domestic rates. However, the draft budget is more of a series of spending plans than a budget.

4. Total Spending
The draft budget shows a significant increase in spending of the order of 13% or £3bn over 2 years. This is substantial especially when considered in relation to the size of Scotland’s overall GDP. According to data in the public domain, Scottish public spending represented 47% of GDP in 2001. By my estimates this will have risen in the latest year to around 50% and may increase further.

This is significantly ahead of the UK as a whole and is much higher than many other European countries. Much of the increase in government spending has already led and will lead to an increase in public sector employment already accounting for around 22% of the workforce and 531,300 FTE in 2001. The increases announced in this draft budget will increase the dependency of the Scottish
economic on the public sector. While the increase in government spending may indeed be justified, the size of the public sector compared to the private sector in the total make up of Scotland’s GDP should not be forgotten nor the longer term consequences.

5. **Budget Interpretation**

Although there are five stated priorities and a plethora of other priorities there is little linkage to actual expenditure. There are many references to opportunity, sustainability and equity in the form of policy and practices but there appear few linkages to actual spends. Outcomes should be considered more important than outputs. It would be helpful to see a) less priorities and b) a ranking of priorities. For example there appears to be an inconsistency between the stated priority of increasing economic growth and the enterprise & lifelong learning budget changes.

Throughout the draft budget there are references to many targets. There may be too many given the need to measure, monitor and ensure cross cutting across departments. Less targets which are more easily measured with more observable linkage to outcomes are desirable.

It would appear that education, tourism, culture and sport, health and transport are all to enjoy above average increases whereas justice, communications, enterprise & lifelong learning and finance & public services are showing below average increases. Given that there is a priority expressed in many parts of BABS and the draft budget for economic growth, there appears to be no linkage between these two.

The change in the cost of capital charge from a discount rate of 6% to 3½% produces a major difficulty in inter year comparisons. If different methodology has been used from year to year for e.g. the use of a different discount rate for capital expenditure, it would be extremely useful to have previous years restated. In its current format I found it very difficult to make comparisons from year to year or to comment on the balance between capital and revenue expenditure.

The overall reserve appears to be up by £60m or 50% with no apparent reason why this should be so. There seems to be a tendency to use the measurement of End Year Flexibility (EYF) as a measure of managerial competence. Whilst the size of EYF in the overall budget appears small, it does appear large in relation to discretionary expenditure not directly related to salaries. Expressed as a percentage of expenditure which is not automatically linked for e.g. to wage increases, the EYF appears higher than in previous years and high in absolute terms.

For the purposes of assessing the impact of policy changes and how policy has changed over the years, it would be sensible to have a time series of data over a number of years detailing on a common basis how much has been spent and on what. Only then can the impact of policy changes be measured. This would appear to be an issue given that at least four price bases have been used in budgets since 1999 making the link between policy and spend difficult to assess.

6. **Non Domestic Rates (NDR)**

The increase in the amount raised under NDR appears very substantial with little explanation of how this increase has been derived. Given the size of the increase and the importance attached to the subject, more thorough explanation of the total yield from NDR would be useful. Greater transparency would be beneficial to all.

7. **Education**

Given the possibility of a requirement for change in funding for further education, there is little comment on the need for further funding. Although more than 50% of Scottish school leavers enter further education around a third leave with no qualifications perhaps suggesting a review of priorities.
8. **Capital Revenue Expenditure**
I found this most difficult to ascertain in the budget document and in the light of the comment on the change of discount rate I am unable to come to a judgement as to the balance between the two.

9. **Coping with Budget Reductions**
Approving increasing spending plans is much easier than approving decreasing expenditure plans. Given the overall UK macroeconomic environment, the trends in tax take, government spending and UK government borrowing, future spending totals may well come under pressure. This will provide much more intensive focus on spending priorities. Scotland has to be prepared for short term pressure on spending budgets and a longer term review of the current Barnett formula.

10. **Recommendations**
- produce at least five years of consistent figures to increase transparency;
- use less, more easily measured targets;
- rank priorities;
- reconsider education and economic development priorities;
- use common base of comparison between years;
- have less EYF;
- have more transparency on the reserve;
- clarify capital v revenue expenditure.

Donald JR MacRae
Finance Committee

Scottish Parliament Building Project

1. In his letter to the Finance Committee of 17 June 2003, the Presiding Officer confirmed that monthly reports on the Holyrood Project would be sent to the Committee. The first of these reports was issued on 22 July, the second on 21 August and the third on 22 September. Following on from this, the Committee took evidence on 23 September from Paul Grice, Robert Brown, Sarah Davidson and John Home Robertson.

2. The fourth monthly report has now been issued and is attached to this paper.

3. The Committee is invited to agree how it wishes to proceed in relation to this month’s report and in particular, whether it wishes to take oral evidence on any specific points contained in the report or whether it is content, on the basis of the information in this month’s report, to take evidence following receipt of the next monthly report.

4. The Committee’s attention is also drawn to the fact that the Holyrood Progress Group has been canvassing MSPs’ opinions as to whether or not question and answer sessions on the Holyrood project should continue. The Committee may wish to express a view on this matter.

Susan Duffy
Clerk to the Committee
Dear Des

HOLYROOD REPORT, OCTOBER 2003

This is the fourth of my monthly reports on Holyrood, providing the Finance Committee with the latest information on the Project cost and programme.

Key points this month

1. There is no change in the overall cost reported last month. This remains at £389.4m, plus a programme contingency of £11.8m.

2. Since the September report, £2.4m has been moved from the risk reserve into construction commitment. Details are given in the attached cost breakdown at annex A.

3. There is no change in the strategic programme reported last month.

Progress on site this month includes:

- Most scaffolding has been removed from the east and west facades of the MSP Building. With the installation of garden level windows, all glazing to these facades is now complete. Carpet is now being laid on level 5, and is ready to be laid on levels 3 and 4;

- Oak screens have been fitted across all the general office areas in the Towers and are complete in the stair wells;
• All glazing has now been completed for the extensive Debating Chamber rooflights;

• Elements of scaffolding to Towers 3 & 4 have been taken down, revealing distinctive stone trigger panels in this area. The same work has also allowed increased access to the North Lightwell area, where glazing has now gone in;

• Scaffolding to the rear of Tower 1 has been removed to allow the first phase of access to the South Lightwell area;

• The first Caithness flagstones have been laid in the public entrance below the Debating Chamber;

• All kerbs have now been completed, and granite setts have been laid in Horse Wynd. The open public space between Holyrood and Horse Wynd is taking shape, and final preparations have been made for the concrete pond linings to be poured.

**Target deadlines for completion**

- MSP Building – end November
- Queensberry House – end November
- Towers 1 & 2 – end January
- Towers 3 & 4 – end February
- Canongate Buildings – end March
- Debating Chamber and Press Tower – end March
- Lightwell and public stair area behind Chamber – early July
- Final handover of completed complex – July 2004
- External landscaping, (plantings and final removal of site accommodation) – end August 2004

**Progress in other areas this month:**

• **Members' offices**

Since the last letter issued, representatives of all the parties have visited the Members' building or held meetings with officials to discuss where they might go. Negotiations on the allocation of floors are underway and I hope that they will be completed after the October recess. We also intend to invite all members down to the site before the end of the year to look at alternative room layouts and furniture combinations and to choose how they would like their rooms configured.

• **Migration Projects**
Migration projects cover the goods and services the Parliament needs to set up and run at Holyrood, including catering, cleaning and services contracts. Many of the projects associated with migration are now complete, and almost all the remainder are now underway. Thirty nine of fifty two service contracts have been let, with the bulk of the remainder due to be let in November and December this year.

A significant milestone in the preparation work is that the Parliament’s contractors are now on-site installing the new network and phone systems.

**Fraser Inquiry**

The SPCB fully supports Lord Fraser’s inquiry, and remains absolutely clear that its overriding priority is to get into a building of quality, at the lowest price, at the earliest date possible.

At the outset, the First Minister, Lord Fraser and myself agreed that the investigation should not delay the completion of the Project and, in consequence, increase costs. Our consultants have expressed concern about the impact of current inquiries, but Lord Fraser has given assurances that his inquiry will not impede progress with the project. The HPG and SPCB will continue to monitor the situation.

Yours sincerely

GEORGE REID

Encl: financial summary annex and progress report.
<table>
<thead>
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<th>Current figures (£m)</th>
<th>Change at this report</th>
<th>Materialisation of risk sums:</th>
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<tr>
<td><strong>MAIN PROJECT</strong></td>
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<td></td>
</tr>
<tr>
<td>Site, demolition and archaeology</td>
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<td>Specialist Glazing</td>
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<td>Fit Out</td>
<td>19.5</td>
<td>MSP Steelwork</td>
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<td>Current construction commitment</td>
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<td>MSP Mullions &amp; Louvres</td>
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<td>Site organisation costs</td>
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<td>Electrical Installation West</td>
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<td>VAT on current commitment</td>
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<td>Mechanical Installation East</td>
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<td>Structured Cabling</td>
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<td></td>
<td></td>
<td>Security Systems</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>374.2</strong></td>
<td></td>
</tr>
</tbody>
</table>

| **LANDSCAPING**       |                       |                             |
| Muster room transfer  | 0.5                   |                             |
| Land purchase         | 0.3                   |                             |
| Construction works    | 7.8                   |                             |
| Fees (including site mgt) | 1.9          |                             |
| Construction reserve  | 2.7                   |                             |
| VAT                  | 2.0                   |                             |
| **Total**             | **15.2**              |                             |

**SUBTOTAL**          389.4

Programme contingency (incl. VAT)  11.8
MSP Offices: Carpet is now being fitted on the 5th floor. The stone is being laid in the cantilevered staircase.

Queensberry House: Fit-out continues from the top floor down. Queensberry House is on schedule for November completion.

Committee Towers: Internal fit-out is progressing well, with oak screens and partitions now being installed.

Scaffolding: Progress to the building façades continues to allow significant areas of scaffolding to be removed. In particular, scaffolding has begun to be removed from the eastern side of Tower 1 and the north and south lightwells adjacent to the Chamber.

Debating Chamber: The distinctive glazed rooflights have now been installed.

Landscaping: Final preparation has been carried out for the concrete linings to the ponds in the landscape area.

Horse Wynd: Setts are currently being laid and the road is expected to be completed at the end of November.

For additional information and illustrations please see over the page.
MSP Offices
The first carpets have now been laid on the 5th floor. The stone is being laid in the cantilevered staircase. Since May, 43 MSPs have been on site to view their accommodation, ahead of discussions on the allocation of space in this area. Completion is on course for November and most scaffolding to the east elevation has been removed.

Public Stair and Lightwells
Concrete for the public stair area is being poured: this is scheduled to be the last part of the site to be completed, in July 2004. Scaffolding is being dismantled from areas of the north lightwell, and glazing has been installed in this key area. In addition, all scaffolding has been removed from the south lightwell, where the frame for glazing has also been fitted.

Landscaping
Work has started on the landscaping of the area adjacent to Horse Wynd. Shuttering is also in place to allow concrete to be poured for the pools in the landscaping.

Committee Towers
Timber screens and partitions have now been fitted in the stairwells and general office areas of the Committee Towers.

Horse Wynd
Laying of setts has commenced and the completion of the road is targeted for the end of November.

Debating Chamber Roofflights
Glazing is complete to the distinctive rooflights of the Debating Chamber.

Caitness stone flooring to the public entrance below the Chamber is being laid this month.

Office Fit Out
Concrete for the public stair area is being poured: this is scheduled to be the last part of the site to be completed, in July 2004.

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Glazing is complete to the distinctive rooflights of the Debating Chamber.

Caitness stone flooring to the public entrance below the Chamber is being laid this month.
FINANCE COMMITTEE MEETING: 23 SEPTEMBER 2003

When I appeared before the Finance Committee on 23 September, I undertook to provide further information on a number of issues. This letter updates you and the Committee.

Fergus Ewing asked if, since the commencement of the contract with Bovis Lend Lease, the Parliament had received any notifications from Bovis with respect to conflicts of interest. I can confirm that no such notifications have been received.

With respect to the Parliamentary Questions which may require to be revised following the Presiding Officer’s decision on commercial confidentiality, I apologise for the delay in responding to you but can confirm that the Presiding Officer will be writing to you substantively on this issue before the end of this week, once he has returned from abroad.

Mr Ewing has already received a response from George Reid confirming that, as with original documents, copies of documents relating to Flour City should also remain confidential to avoid compromising any future legal action on this matter. He has also received confirmation that the Bovis letter of intent will form part of the information we will be lodging in SPICe. The current position on Minutes of Variation (dealing with fee capping) to consultants’ contracts is that drafts were sent by our lawyers to the Holyrood Project Team for checking on 10 September. The draft Minutes were then issued to consultants as follows:

- EMBT/RMJM Ltd – 30 September
We are awaiting their responses. We will then decide how best to make them publicly available.

John Swinburne asked for details of external legal fees since the start of the project. Our specialist legal advice on Holyrood construction law-related issues is provided by Shepherd and Wedderburn and advice has been obtained on a range of contractual matters. The fees paid from June 2001 to 24 October 2003 are £84,128.21 plus VAT. It is likely that further legal costs will be incurred in connection with the Fraser Inquiry.

I intend to provide information on Holyrood migration costs when I appear before the Committee tomorrow.

P E GRICE
Clerk/Chief Executive
Finance Committee

Petition PE670

Introduction

1. At its meeting on 1 October 2003, the Public Petitions Committee (PPC) agreed to refer the above petition to the Finance Committee. This paper outlines the petition and seeks a view from members on the approach to be taken. A copy of the petition is attached as Annexe A. The official report of the PPC meeting can be found at http://www.scottish.parliament.uk/petitions/or/pu03-0502.htm

Petition PE670

2. The petition, lodged by the Public and Commercial Services Union (PCS), calls on the Scottish Parliament to investigate the decision by the Scottish Executive to relocate the headquarters of Scottish Natural Heritage to Inverness.

PPC Recommendation

3. The PPC agreed to refer the petition to the Finance Committee for further consideration of the general issues raised by the petition relating to the Executive’s policy of jobs dispersal. In addition, the committee agreed to recommend that, as a matter of urgency, the Finance Committee should investigate the process by which the decision to relocate Scottish Natural Heritage was taken and whether the jobs dispersal policy criteria have been met. The PPC also agreed to suggest that this Committee may wish to consult the Audit Committee on this matter as appropriate.

4. The PPC also agreed to write to the relevant Minister to make him aware of the issues raised by the petitioner. The PPC has undertaken to forward any response received to this Committee.

Other information

5. The Finance Committee agreed, at its meeting on 9 September 2003, to write to the Minister regarding the criteria used to determine relocation decisions, requesting that illustrative examples, including Scottish Natural Heritage, be provided. This letter to the Minister is attached as Annexe B as is the response which was received from the Executive. In addition, the Committee agreed to ask the Scottish Parliament Information Centre (SPICe) to produce a briefing note detailing relocation decisions taken since 1999. This briefing note is also attached as part of Annexe B.

Recommendation
6. In line with the new system of petition referrals, as agreed by the Conveners’ Group towards the end of the previous session, the Committee has a choice of 3 decision as follows:

- **to agree to accept the referral** and carry out further consideration of the issues raised in the petition;

  or

- **to refer the petition back to the PPC for further consideration**, on the basis that the issues raised merit further action, but the Finance Committee has insufficient capacity in its work programme to allow it to do the work itself. In this case, the view of the Finance Committee would be invited by the PPC and fully taken into account should an inquiry on the petition take place;

  or

- **to agree that the petition does not merit further consideration**. In this case, the Committee should refer the petition back to the PPC, explaining the rationale behind its decision, in order to allow the PPC to provide the petitioner with a detailed explanation as to why no further action will be taken in relation to their petition. It will also enable the PPC to consider whether any alternative action might be appropriate, such as referring the petition to the Executive or other public body.

7. The Committee is invited to agree which of these options it wishes to take.

Susan Duffy  
Clerk to the Committee
ANNEXE A – Petition PE670

To the Scottish Parliament

Investigation into the relocation of SNH to Inverness

“We the undersigned declare that the decision by the Scottish Executive to relocate the headquarters of Scottish Natural Heritage is contrary to the principles of the Scottish Executive’s policy on the dispersal of public sector jobs on the grounds of both efficiency and effectiveness.

The decision is contrary to the recommendations made in the consultants report commissioned by SNH, and funded by the Executive, and the recommendation of the SNH Board. The decision also fails to meet the criteria for relocation as published by the Scottish Executive. It is by far the most expensive of the options considered, and therefore represents poor value for money for the taxpayer and will do nothing to assist the local economy of deprived areas.

As a direct consequence of the proposed relocation it is anticipated that 200 of the 270 staff in Edinburgh will be made redundant. This will not only be a huge cost to the taxpayer but will result in lasting damage to one of SNH’s core capabilities: its highly experienced and qualified advisory staff who provide services to Government, partners and the public.

We urge the Parliament to investigate this decision and its consequences, in particular the ability of SNH to deliver its functions on behalf of the Scottish Parliament and Scottish taxpayers and to examine the value for money of the proposed move. We would also urge that should it be shown that the relocation is neither efficient nor effective, and then the decision should be withdrawn.”

Albie O’Neill
PCS
Glenorchy House
20 Union Street
Edinburgh
EH1 3LR
T. 0131 556 0407
E. Albie.O'Neill@pcs.org.uk

19 September 2003
Dear

Thank you very much for your letter dated 25 August in which you detail the Scottish Executive’s relocation policy. The Committee found your letter very helpful, however it had a number of questions on which I would be grateful for further information.

The Committee wishes to focus its attention on the general operation and implementation of the relocation policy rather than scrutinising individual decisions. For this reason we have commissioned research into all relocation activity since 1999. However, the Committee would find it useful if you could provide more detail via 3-4 recent examples which demonstrate how the criteria in your letter have been used. It would be helpful to the Committee if you could include in each example the specific ranking and weighting values attributed for business efficiency, sustainable transport links, property suitability and availability and socio-economic factors. Also how these factors were assessed. The Committee has asked that one of the examples on which you provide more detail is the recent decision to relocate Scottish Natural Heritage to Inverness.

In addition, the Committee would be interested in further information on the range of triggers which are used to consider relocation. It would be useful if you could again illustrate the use of these triggers with specific examples.

For your information, the Committee has requested a briefing note from the Scottish Parliament Information Centre examining relocation decisions since 1999. These would include Executive departments, parts of departments, NDPBs and other public bodies. It has requested the following information:

- how many reviews were carried out each year;
- what relocations resulted from them;
• how many people were involved in each relocation;
• when and where were the relocations;
• and what were the reasons given for relocating.

Finally the Committee agreed that once it had considered this information that it may wish to discuss the Executive’s relocation policy further with you at a future Committee meeting.

This information will be extremely useful to the Committee and it would be helpful if you could provide it by Monday 13 October.

Yours sincerely

Convener
Dear Des

Thank you for your letter of 17 September requesting further information on the detail of the Executive’s relocation policy and, in particular 3-4 recent examples which demonstrate how the criteria detailed in my earlier letter are applied. You also request further information on the range of triggers which are used to consider relocation.

I attach, as an Annex to this letter, a detailed note covering the issues raised in your letter, which I hope you find useful.

I note that once the Finance committee has considered the attached information, it might wish to discuss the Executive’s relocation policy further at a future Committee meeting.

TAVISH SCOTT
Annex to Mr Scott’s reply to Finance Committee’s letter on relocation policy.

Since 1999 we have concluded 11 reviews involving 12 public bodies. Relocations decisions to date have been taken on part of the Executive core, Executive Agencies, Non-Departmental Public Bodies, a Public Corporation and an Agency of a Non-Ministerial Government Department. This reflects the diversity of public sector organisations covered by our Relocation Policy. Relocation reviews are considered on a case by case basis and the process reflects this diversity.

Our most recently completed review is the Scottish Executive Inquiry Reporters' Unit. SEIRU will move from central Edinburgh to Falkirk. The review was conducted in accordance with the model outlined in my earlier letter of 25 August. The review used the qualitative indicators of socio-economic factors, business efficiency, sustainable transport links and property availability/suitability to establish a shortlist. The shortlist was then subjected to the quantitative part of the process in the form of a detailed cost appraisal. SEIRU used the findings of the analysis as a basis for recommendations to Ministers. This opportunity arose as a result of the ending of the lease on the building currently occupied by SEIRU.

In July 2000 the Executive announced that the location of the proposed new bodies, the Commission for the Regulation of Care/Scottish Social Services Council, would be decided following a relocation review. In this case there was a presumption against an Edinburgh location. This review predated the adoption of the procedure set out in my letter of 25 August. The Commission/Council HQ was staffed partially by new recruits but also by existing local authority staff from around Scotland. It was felt that the HQ could be located in a range of Cities and Towns across Scotland.

The main criteria, therefore, related to the availability of suitable buildings/sites, the desirability of the organisation being in its HQ at set up,

- accessibility to the public,
- availability of local labour force,
- public transport accessibility and
- Enterprise Zone status.

In the consideration of property, detailed attention was given

- Size relative to HQ requirements
- Sole occupancy as HQ
- Availability
- Rent relative to average

Weightings were given on percentages and an assessment of excellent, poor or good.

By contrast the Scottish Public Pensions Agency relocation study was triggered by a lease break. In such cases there is no presumption against Edinburgh but other locations must be considered.
In the case of the SPPA consideration was given under the general headings of property costs, operational risk, accommodation risk, workforce availability and public transport and ease of access. The more detailed criteria included:

- the appropriateness of sites for dispersal in particular the economic/social impact on the relevant area
- Risk to maintenance of services linked to likelihood of existing staff relocating
- Availability of suitable new staff with any element with pensions experience of particular value
- Availability of premises
- Availability of local training facilities
- Financial projections
- Existence of satisfactory IT solutions
- Potential for developing SPPA as a business
- Degree of local support/enthusiasm

Given the imminence of the lease break on the SPPA’s Edinburgh premises, the timetable in which a suitable property/site could be made available was a key consideration in shortlisting locations. Thereafter locations were assessed by the SPPA in consultation with the Executive on the basis of low/medium/high or excellent/good/acceptable/poor ratings. The availability of a council owned site with planning permission was an important material consideration in favour of the selected location, Galashiels.

The review of Scottish Natural Heritage was carried out by the consulting firm DTZ Pieda. A long list of locations was banded into ‘near Edinburgh’, ‘middle distance’ and ‘remote’. The consultants utilised a filtering process to arrive at a ‘long’ shortlist by applying a scoring system based on the following:

- Property costs and availability
- Transport links for internal staff communication between HQ and other SNH offices and
- Transport links for communication between SNH HQ staff and external ‘partner organisations’.

A ‘top-level weighting’ was then applied to select 16 locations in addition to the status quo. A final shortlist of five locations in addition to the status quo was made taking into account staff preferences for alternative locations (1 new location in Edinburgh, 1 near Edinburgh, 2 middle distance options and 1 remote option.) The five shortlisted options were then subjected to a detailed financial appraisal to compare their Net Present Value against the status quo. Taking into account additional qualitative factors which, in the consultant’s view, were not capable or suitable for financial modelling the quantitative scoring, cost analysis and qualitative factors were assessed to reach a recommendation. Ministers received the DTZ Pieda report along with a submission from the SNH Board and took those into account along with a range of wider considerations in reaching a decision.
SPICe briefing
Relocation of Public Sector Posts within Scotland: 1999 – Present

The Finance Committee has requested a briefing note examining relocation decisions since 1999 in answer to the following questions

- How many reviews were carried out each year?
- What relocations resulted from them?
- How many people were involved in each relocation?
- When and where were the relocations?
- What were the reasons given for relocation?

To date location and relocation reviews have been carried out and decisions announced on 10 public sector organisations involving the relocation of about 850 posts and the location away from Edinburgh of a further 350 posts in new agencies.

Table 1: Relocation review decisions announced to date

<table>
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<tr>
<th>ORGANISATION</th>
<th>NO. OF POSTS</th>
<th>DECISION ANNOUNCED</th>
<th>PREVIOUS LOCATION</th>
<th>NEW LOCATION(S)</th>
<th>REASONS GIVEN FOR RELOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Transport &amp; Lifelong Learning Department</td>
<td>140</td>
<td>1999</td>
<td>Edinburgh</td>
<td>Glasgow</td>
<td>Reorganisation and rationalisation – a number of staff already in Glasgow.</td>
</tr>
<tr>
<td>Food Standards Agency</td>
<td>45</td>
<td>1999</td>
<td>New Agency</td>
<td>Aberdeen</td>
<td>Presented strongest case after business analysis.</td>
</tr>
<tr>
<td>Public Guardian’s Office</td>
<td>40</td>
<td>2000</td>
<td>New Agency</td>
<td>Falkirk</td>
<td>Availability of high quality staff &amp; good accommodation.</td>
</tr>
<tr>
<td>Scottish Social Services Council &amp; Scottish Commission for the Regulation of Care</td>
<td>160</td>
<td>2001</td>
<td>New Agency</td>
<td>Dundee</td>
<td>Dundee the highest ranked location following business analysis on the grounds of cost, size and accommodation availability.</td>
</tr>
<tr>
<td>Scottish Public Pensions Agency</td>
<td>175</td>
<td>2001</td>
<td>Edinburgh</td>
<td>Galashiels</td>
<td>Lease Break Efficiency &amp; potential offices available. Provide aid to an area which had suffered due to problems in the electronics industry and foot and mouth.</td>
</tr>
<tr>
<td>Scottish Water HQ</td>
<td>50</td>
<td>2001</td>
<td>Edinburgh, Glasgow, Inverness, Aberdeen and Dundee</td>
<td>Dunfermline</td>
<td>Reorganisation Highest ranked location after business analysis.</td>
</tr>
<tr>
<td>Office of the Scottish Charity Regulator</td>
<td>20-30</td>
<td>2003</td>
<td>New Agency</td>
<td>Dundee</td>
<td>Highest ranked location after business analysis particularly on costing and suitable accommodation.</td>
</tr>
<tr>
<td>Scottish Natural Heritage</td>
<td>220</td>
<td>2003</td>
<td>Edinburgh</td>
<td>Inverness</td>
<td>Lease Break Move to Inverness allows potential synergies to be explored with 200 existing H&amp;I staff. Provide a boost to the Highland economy.</td>
</tr>
<tr>
<td>Common Services Agency Phase 1</td>
<td>50 80 45</td>
<td>2003</td>
<td>Edinburgh</td>
<td>Aberdeen Glasgow Still to be decided Still to be decided</td>
<td>Lease Break Commitment to dispersal policy, provision of continued efficiency and effectiveness of health services.</td>
</tr>
<tr>
<td>Phase 2</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
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</table>
The number of reviews completed each year resulting in relocation or location away from Edinburgh is shown in Table 2 below.

**Table 2: Number of reviews each year**

<table>
<thead>
<tr>
<th>Year</th>
<th>Reviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>2</td>
</tr>
<tr>
<td>2000</td>
<td>1</td>
</tr>
<tr>
<td>2001</td>
<td>3</td>
</tr>
<tr>
<td>2002</td>
<td>0</td>
</tr>
<tr>
<td>2003 to date</td>
<td>4</td>
</tr>
</tbody>
</table>

Of the decisions announced to date six relate to relocation of existing organisations away from Edinburgh. The organisations are

- Enterprise and Lifelong Learning (140 posts, of which 54 filled by staff transferring from Edinburgh. Transfer took place in the period Sept 1999 – June 2000)
- Scottish Public Pensions Agency (175 posts)
- Scottish Water (from the former East of Scotland Water Board)
- Scottish Natural Heritage (220)
- Common Services Agency (235)
- Scottish Executive Inquiry Reporters Unit (26).

Four decisions relate to new agencies. These are

- Food Standards Agency (45 posts)
- Public Guardians Office (40)
- Scottish Social Services Council & Scottish Commission for the Regulation of Care (235)
- Office of the Scottish Charity Regulator (20-30).

Several other organisations have been reviewed but the decision was not to relocate. Reviews of the Crown Office Management Service Group and The Scottish Council for Post-Graduate Medical & Dental Education facilities in Edinburgh were announced in 2000. Later that year it was decided that no further considerations should be given to the relocation of those organisations because of particular links to other bodies in Edinburgh.

Consideration was given to transferring the Scottish Agricultural Science Agency to a site adjacent to the Scottish Crop Research Institute near Dundee. The review
found that ground conditions were not compatible with the Agency’s work on seed potatoes and the agency is relocating within the Edinburgh area.

A review of the two territorial offices of Forest Enterprise (Scotland) concluded that existing offices in Dumfries and Inverness should be retained and involves little relocation of staff as a result of the review. The Deputy Minister for Finance and Public Services stated in reply to a Parliamentary Question that a further 13 relocation reviews are underway or planned (Parliamentary Answer, 24th September 2003).

Table 3: Reviews under way or planned

<table>
<thead>
<tr>
<th>ORGANISATION</th>
<th>DECISION EXPECTED</th>
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</thead>
<tbody>
<tr>
<td>Accountant in Bankruptcy</td>
<td>end 2003</td>
</tr>
<tr>
<td>NHS Health Scotland</td>
<td>end 2003</td>
</tr>
<tr>
<td>Her Majesty’s Inspectorate of Education</td>
<td>end 2003</td>
</tr>
<tr>
<td>Mental Health Tribunal Service</td>
<td>end 2003</td>
</tr>
<tr>
<td>NHS Education for Scotland</td>
<td>end 2003</td>
</tr>
<tr>
<td>Risk Management Authority</td>
<td>end 2003</td>
</tr>
<tr>
<td>VisitScotland</td>
<td>end 2003</td>
</tr>
<tr>
<td>NHS Quality Improvement</td>
<td>end 2004</td>
</tr>
<tr>
<td>Registers of Scotland</td>
<td>end 2004</td>
</tr>
<tr>
<td>Scottish Arts Council</td>
<td>end 2004</td>
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<tr>
<td>Scottish Building Standards Agency</td>
<td>end 2004</td>
</tr>
<tr>
<td>Sportscotland</td>
<td>end 2004</td>
</tr>
<tr>
<td>Mental Welfare Commission</td>
<td>early 2005</td>
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</tbody>
</table>

Jim Dewar
Research Specialist
Research Information Group
I am writing in my capacity as Convener to the Scottish Parliament’s Public Petitions Committee.

At its meeting on 1 October, the Committee considered petition PE670 by the Public and Commercial Services trade union, calling for the Scottish Parliament to investigate the decision to relocate the headquarters of Scottish Natural Heritage to Inverness.

The Committee agreed to formally refer the petition to the Finance Committee for further consideration of the general issues raised relating to jobs dispersal policy, with the recommendation that as a matter of urgency it also investigates the process by which the decision to relocate SNH to Inverness was taken.

The Committee also agreed to make you aware of the issues raised by the petitioner and during the Committee’s discussion, and to request the following information:

- comments on claims that the apparent lack of transparency in the decision-making process in the case of SNH may seriously undermine the Executive’s job dispersal policy in the future;
- confirmation as to whether the Executive has any plans to release documentation determining the basis of the decision to relocate SNH to Inverness, given the widespread concerns regarding the cost implications, unpopularity of the option among staff and difficulties in finding a new headquarters in Inverness;
- an indication as to how the First Minister’s reassurances on minimising compulsory redundancies will be met, when 75% of staff have indicated that they are unwilling to move to Inverness and given that there are no rights of transfer for staff;
- comments on claims that refusal by 75% of staff members to move will seriously damage the organisation’s future operational effectiveness through the loss of scientific and technical expertise;
views on concerns that there were two ministerial directions, one to the SNH board and the other to the senior civil servant involved, which is quite unprecedented, and

an indication as to whether within the development of a plan for the move to Inverness, which is to be drafted by SNH, there is any scope for a reversal of the decision.

I should therefore be grateful if you would arrange for your comments on these matters to be provided both in hard copy and in electronic form by 21 October 2003 if possible.

The Official Report of the Committee’s meeting will be available on the Scottish Parliament Website from 8 October 2003.

I am grateful for your assistance in this matter.

Yours sincerely

MICHAEL McMAHON MSP
Convener to the Public Petitions Committee
Thank you for your letter of 8 October to Ross Finnie seeking information on the points raised in petition PE670. I am replying as I have specific responsibility for natural heritage matters.

The Executive’s relocation policy is intended to ensure that the economic and social benefits associated with devolved decision making are fairly and equitably distributed across the whole of Scotland and not confined to Edinburgh or its immediate environs.

You ask about the release of further documentation on the basis of the decision to relocate the SNH headquarters to Inverness. All decisions on whether to release information are taken in line with the provisions of the Code of Practice on Access to Scottish Executive Information. The general approach under the code is that information will be released except in cases where disclosure would not be in the public interest for reasons specified in Part 2 of the Code. The proceedings of the Scottish Cabinet are exempt from disclosure, as is advice given to Ministers by officials under exemption 2 of Part 2 of the Code. This is in line with the longstanding principle that it is not generally in the public interest to disclose private deliberations of Government since any such disclosure would harm the frankness and candour of internal discussion.

In line with the commitment in the Code to release factual information which is relevant and important to major policy proposals and decisions, the Executive’s refinement and analysis of the discounted costs of the various relocation options identified in the DTZ Pieda study was placed in SPICe on 20 March. Whilst these figures show Inverness as being the most expensive option over the 30 year time period, we considered the report to make insufficient allowance for other factors such as sustainable development, economic development need and the long-term efficiency and effectiveness of colocating the great majority of the business carried out in 2 Edinburgh and 2 Inverness offices. We also considered the fit with wider relocation policy objectives. In addition, whilst appreciating that SNH’s work is not restricted to rural areas or the Highlands, the overall profile and nature of its work makes SNH a better candidate than other organisations for relocation to the Highlands in the context of the wider relocation policy objectives set out above, which we have consistently said underpinned the Inverness decision. I do not therefore share the view that there was a lack of transparency in the decision-making process or that the
Executive's job dispersal policy may be undermined in the future. The Executive remains determined to disperse public sector jobs throughout Scotland.

I acknowledge that the relocation will cause SNH some difficulty in the short to medium term. The figure of 75% of staff indicating that they will leave SNH was taken from a staff survey conducted in August 2002. Such staff surveys are not necessarily completely reliable. SNH are currently producing a project plan which is due to be submitted to Ministers by 31 October. This will contain a package of measures designed to minimise the scope of redundancies, for example by making relocation packages attractive to staff. The First Minister has stated that he wishes the move to Inverness to be undertaken with as little disruption to the staff and SNH as possible. For those staff who have to leave employment with SNH, I very much hope that all necessary information and assistance will be made available to enable them to find alternative employment. Every effort will be made by SNH to ensure that any necessary redundancies are negotiated on a voluntary basis.

In line with his responsibilities as an Accountable Officer, the Head of the Environment and Rural Affairs Department sought written authority because, in the words of the memorandum issued to Accountable Officers by the Principal Accountable Officer, his advice had been overruled and the proposal to relocate the HQ of SNH to Inverness was one which he did not feel able to defend to the Audit Committee as representing value for money. Similarly, the SNH main Board sought and obtained a formal direction from Ministers to authorise work on the relocation, and subsequently issued a specific direction to their Chief Executive. Scottish Ministers issued these directions since they took the view that the wider benefits in terms of the relocation policy objectives outweigh short to medium term financial considerations.

In considering the project plan, the Executive will be taking as flexible an approach as possible. However, there is no scope for reversing the overall decision that the majority of posts now located in Edinburgh will be dispersed to Inverness.
Finance Committee

Scrutiny of Financial Memoranda

Background

1. In its Financial Scrutiny Review report\(^1\), the previous Finance Committee identified the Parliament’s scrutiny of financial memoranda of Bills as an area for improvement. After investigation, the previous Committee agreed that it would scrutinise financial memoranda and report to the relevant subject committee. The committee agreed that it would not necessarily look in detail at the Financial Memorandum for every Bill but instead would concentrate its attention on those Bills where there are concerns about the Financial Memorandum and those likely to have the biggest impact on Departmental Budgets. The previous committee recommended that its successor Committee should continue with this level of monitoring.

Purpose

2. The purpose of this paper is to seek agreement from the Committee on whether or not it wishes to scrutinise the Nature Conservation (Scotland) Bill and to seek agreement from the Committee on how it wishes to deal with future financial memoranda.

Nature Conservation (Scotland) Bill

3. The Convener had previously contacted members to ascertain whether or not the Committee should deal with the Financial Memorandum for this Bill. The Convener felt that as the sums of money involved were not significant, that there was little merit in scrutinising the Financial Memorandum. It was clear from the responses received, there was a difference of views among members and therefore the Committee is now invited to consider its approach.

4. It has been suggested by 2 members, that as an alternative to taking written and oral evidence, written evidence only could be sought. The Convener’s view is that this would be inappropriate in that having no oral evidence sessions can make it difficult to challenge any assertions made in written evidence and that where the Committee decides not to take evidence, it would be better to signal this to the appropriate subject committee which would be asked to seek evidence on a Bill’s financial memoranda as part of its general evidence sessions.

5. The Committee is invited to agree whether or not it wishes to scrutinise the Financial Memorandum for this Bill.

\(^1\) SP Paper 784
Future Scrutiny

6. Related to the decision with regard to the Nature Conservation (Scotland) Bill, is the issue of how the Committee wishes to deal with future Bills.

7. As the Committee cannot scrutinise a financial memorandum until a bill is introduced and as the Committee endeavours to report to the relevant subject committee prior to the relevant Minister giving evidence, the Committee generally works within a tight timescale. This means that it can be difficult to present a paper to the Committee on each individual bill to seek agreement on the approach that should be taken, as it may not then be possible to give a reasonable amount of notice to prospective witnesses.

8. Therefore, the Committee is invited to consider 2 options:

   (1) to agree to scrutinise every Executive Bill which is introduced, or

   (2) to decide on the broad parameters for determining whether to consider taking evidence and to delegate to the Convener or to the Convener and Deputy Convener the application of these rules to decide whether or not to take evidence on a particular bill.

Susan Duffy
Clerk to the Committee
GEORGE REID MSP

Des McNulty, MSP
Convener of the Finance Committee
The Scottish Parliament

21 October 2003

Dear Des

SPCB BUDGET SUBMISSION FOR 2004-05

Further to my letter of 8th September, I am pleased to submit the SPCB’s budget bid for the financial year 2004-05.

The SPCB has identified a total budget requirement of £114.2m for 2004-05, as shown on the attached schedule 1. I have also set out indicative estimates for the 2005-06 financial year to show our anticipated recurring expenditure once the Holyrood Project is complete.

Revenue Expenditure

The proposed net revenue expenditure for 2004-05 of £59.5m includes additional cost pressures in relation to the migration to Holyrood and the double running costs of two Parliamentary complexes. Part of these costs had already been included in the SPCB’s approved 2003-04 budget and the anticipated underspend from this year will therefore be carried forward using End Year Flexibility (EYF) to reduce the funding requirement in 2004-05. We anticipate additional staffing costs will be necessary in 2004-05 to manage the new facilities at Holyrood and influx of visitors and have therefore set aside £0.5m in contingency to meet this. However, as above, these costs will be met from the carry forward of EYF. The SPCB is therefore not seeking any additional revenue funding in 2004-05.

I attach an analysis of our budget bid showing migration and double running costs separately (schedule 2) together with a briefing paper on the SPCB’s revenue budget (schedule 3) to assist the Finance Committee in its scrutiny of our budget bid.

This submission shows expenditure for Commissioners and Ombudsmen is unchanged from previous budgets. This is because proposed changes to the SPSO
budget and the introduction of new budgets for the Commissioner for Children and Young People and the Commissioner for Public Appointments will be handled through the Autumn Budget Revision as transfers from the Scottish Executive later this year.

Capital Expenditure

In my letter of 22 September 2003 I advised you that the total estimated cost of the Holyrood Project (including landscaping costs) was now £389.4m, including prolongation costs of the revised programme. In addition, I reported that a programme contingency sum of £11.8m had been set aside for the costs of possible future disruption. These projected costs represent a net increase of £27.3m as compared to the £373.9m reported to the Finance Committee on 10 June 2003 and approved by the Parliament in the 2003-04 Summer Budget Revision on 19 June 2003.

The projected additional capital expenditure will fall entirely in the 2004-05 financial year and the SPCB is therefore seeking £27.3m additional funding for the Holyrood Project in 2004-05.

The increase in capital expenditure has a consequential impact on capital charges, which are now forecast at £24.4m for 2004-05. This represents an increase of £0.8m over the previous estimate. However this does not impact on our funding requirements as we are able to utilise EYF from the current year to meet this.

Yours sincerely
### SCOTTISH PARLIAMENTARY CORPORATE BODY

SCPCB AIM: To provide the Parliament, or ensure the Parliament is provided with the property, staff and services required for the Parliament’s purposes.

**OPERATING BUDGET SHOWING RESOURCES ALLOCATED TO OBJECTIVES:**
Scottish Parliamentary Corporate Body

**OBJECTIVE:** To enable the efficient and effective conduct of parliamentary business

<table>
<thead>
<tr>
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<th>Approved Budget 2003-04 £’000</th>
<th>Budget Bid 2004-05 £’000</th>
<th>Indicative Forecast 2005-06 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A) REVENUE</strong></td>
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<tr>
<td>Net Revenue Expenditure (Schedule 2)</td>
<td>57,386</td>
<td>59,545</td>
<td>58,340</td>
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<td>(3,656)</td>
<td>(5,200)</td>
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<td>53,730</td>
<td>54,345</td>
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<td>Additional Revenue Funding Required</td>
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<td>0</td>
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<tr>
<td><strong>B) CAPITAL</strong></td>
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<td>Capital Expenditure (Schedule 2)</td>
<td>185,203</td>
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<td>27,300</td>
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<td><strong>C) CAPITAL CHARGES</strong></td>
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<td>Total Capital Charges (Schedule 2)</td>
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<td>24,391</td>
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<td><strong>SUMMARY (A + B + C)</strong></td>
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<tr>
<td>Total Net Expenditure (Schedule 2)</td>
<td>262,993</td>
<td>114,236</td>
<td>90,453</td>
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<td>Less EYF Utilised</td>
<td>(39,459)</td>
<td>(6,033)</td>
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<td>27,300</td>
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</tbody>
</table>

**Note 1** - EYF from the 2002-03 financial year as published in the SE Draft Budget 2004-05 on 11/9/2003

**Note 2** - 2003-04 Budget figures per Summer Budget Revision 2003. 2004-05 budget figures per SE database

**Note 3** - EYF anticipated in 2003-04 to reduce funding requirement for capital charges in 2004-05
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<thead>
<tr>
<th></th>
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<tr>
<td>Migration</td>
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Finance Committee Briefing 28th October 2003 - SPCB Revenue Budget

The net revenue budget expenditure is forecast to increase from £57.4 in 2003-04 to £59.5m in 2004-05, an increase of £2.1m (3.7%). The budgeted costs in these two years are complicated by the migration and double running costs associated with the move to Holyrood. These costs are identified separately in Schedule 2 of our submission, to highlight the exceptional costs of this migration and to provide a clearer picture of the underlying recurring revenue expenditure pattern of the Scottish Parliamentary Corporate Body.

Migration Costs
Migration costs are budgeted for in both the 2003-04 and 2004-05 financial years. The principal items are shown in the table below:-

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<th>2003-04</th>
<th>2004-05</th>
<th>Total</th>
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<tbody>
<tr>
<td>Staff and Contractors</td>
<td>£0.8m</td>
<td>£0.2m</td>
<td>£1.0m</td>
</tr>
<tr>
<td>Contract set-up, systems testing, training and removal costs</td>
<td>£0.6m</td>
<td>Nil</td>
<td>£0.6m</td>
</tr>
<tr>
<td>General migration contingency</td>
<td>£0.3m</td>
<td>Nil</td>
<td>£0.3m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£1.7m</strong></td>
<td><strong>£0.2m</strong></td>
<td><strong>£1.9m</strong></td>
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</tbody>
</table>

As provision for the bulk of the migration costs had already been made in the 2003-04 budget, the unused budget will be carried forward to 2004-05 using End Year Flexibility (EYF).

Double Running Costs
Double running costs of £1.2m had already been budgeted in 2003-04. A further £1.5m is included in the 2004-05 budget bid, giving a total of £2.7m. This equates to a period of 6 months of double running to allow for migration from and decommissioning of the interim buildings.

Recurring Costs
Excluding the above migration and double running costs, the underlying net revenue expenditure of the SPCB is forecast to increase from £54.4m in 2003-04 to £57.8m in 2004-05, an increase of £3.4m (6.3%). The major components of this are:-

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Staff Pay</td>
<td>£1.3m</td>
<td>8.5%</td>
<td>Pay inflation (3.1%) and movement through agreed increments (5.4%).</td>
</tr>
<tr>
<td>Property</td>
<td>£1.3m</td>
<td>24.6%</td>
<td>Higher estimated rates of £4m p.a. partially offset by savings in rent etc.</td>
</tr>
<tr>
<td>Running</td>
<td>£0.8m</td>
<td>9.5%</td>
<td>Increased levels of service e.g. catering, broadcasting, cleaning and I.T.</td>
</tr>
<tr>
<td>MSP Pay &amp; Allowances</td>
<td>£0.6m</td>
<td>3.0%</td>
<td>Inflationary increase.</td>
</tr>
<tr>
<td>Reserves/ Contingencies</td>
<td>(£0.7m)</td>
<td>(20.2%)</td>
<td>Reduction due to the effect of one-off costs budgeted in 2003-04. Contingencies for 2004-05 include</td>
</tr>
</tbody>
</table>
#### Schedule 3

<table>
<thead>
<tr>
<th></th>
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<th>£0.5m staffing costs to manage the new facilities and the influx of visitors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>£3.3m</strong></td>
<td></td>
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