JUSTICE 1 COMMITTEE AND JUSTICE 2 COMMITTEE

JUSTICE 1 COMMITTEE
Justice 1 Committee
10th Meeting, 2004 (Session 2)

JUSTICE 2 COMMITTEE
Justice 2 Committee
10th Meeting, 2004 (Session 2)

Tuesday 16 March 2004

The Committees will meet at 2.00 pm in Committee Room 1.

1. **Item in private**: The Committees will consider whether to take item 3 in private.

2. **Budget process 2005-06**: The Committees will receive a briefing from Arthur Midwinter, adviser to the Finance Committee.

3. **Budget process 2005-06**: The Committees will consider who to invite to give oral evidence on the budget process 2005-06.

Alison Walker
Clerk to the Justice 1 Committee
Tel: 0131 348 5195

Gillian Baxendine / Lynn Tullis
Clerks to the Justice 2 Committee
Tel: 0131 348 5054
The following papers are enclosed for this meeting:

Item 2 – Budget process 2005-06

Note by Arthur Midwinter, Adviser to the Finance Committee  J1/S2/04/10/1
J2/S2/04/10/1

Note by Ken McKay, Adviser to the Justice Committees (To follow)  J1/S2/04/10/2
J2/S2/04/10/2

SPICe Briefing – Key Trends in the Scottish Budget – 1999 -2003 (04/16)
(Members only)

Forthcoming Joint Meetings:
Wednesday 21 April – Joint meeting (morning)
Tuesday 27 April – Joint meeting (afternoon)
Wednesday 5 May – Joint meeting (morning)
Tuesday 11 May – Joint meeting (afternoon)
JUSTICE 2 COMMITTEE

11th Meeting 2004 (Session 2)

Tuesday 16 March 2004

Budget process 2005-06
Arthur Midwinter, adviser to the Finance Committee
1. The budget process last year was a truncated one because of the May election. This year is a Spending Review year, which means that the Executive may revisit the baseline expenditure plans (2005-6) and make firm allocations for 2006-7 and 2007-8. All the indications are that the rate of expenditure growth will slow – it is currently 4.5% in real terms for the Scottish Budget – although UK commitments to the health budget will deliver significant Barnett consequentials to us. The tightening budgetary context means we should assume that some redistribution within and between portfolios may be necessary in order to meet new priorities, and therefore committees need to provide clear recommendations over Level 3 programmes, as regards high and low priorities within the portfolio. The guidance to date from the UK Treasury is that the 2005-6 baseline will not be re-opened in any major way (the recent additional funding of £43m from the revised local government funding programme from England and Wales is available for allocation in 2004-5).

2. The AER this year will be in a revised format, to give a greater focus on budget strategy and priorities, and reduce overlap with the Draft Budget. This will recognise the centrality of the Spending Review to budgets. In addition, there is an agreement between the Finance Committee and the Finance Minister that there should be formal financial reporting of performance against priorities and targets.
3. The new AER, therefore will have an emphasis on assessing performance and reviewing strategy and priorities, plus an assessment of the expenditure prospects for the Spending Review. Each portfolio will set out:

   - a report on progress against targets as set out in the Draft budget.

4. This of course will mean a much smaller content of portfolio information to comment on, and committees should draw on the material regarding each programme in the Draft Budget as necessary. (i.e. the sections on what the budget does; and what we will do with the money etc, and written aims, objectives and targets).

5. The document will have little information on cross-cutting targets within the portfolio chapters, although this will be in the Draft Budget in the Autumn. Cross-cutting themes will be discussed within the Strategy and Priorities section. The Finance Committee recommended that the Executive should have fewer priorities; and that it should give greater emphasis to cross-cutting priorities, and this is currently under review.

6. The Finance Committee has yet to draw up its guidance to committees. It is likely, however, to seek committee views on

   - performance against targets, and the adequacy of such targets; and
   - high and low priorities for spending within the portfolio;

Committees might find it useful to receive a briefing paper on portfolio spending trends and targets over the past four years from their own budget advisers.
7. These comments and recommendations will then be co-ordinated by the Finance Committee in a Stage One Report and fed into the Cabinet’s deliberations over expenditure priorities in the Summer, and the outcomes reported to Parliament in the Autumn.

Professor Arthur Midwinter
Budget Adviser to the Scottish Parliament