Finance Committee

Review of the budget process

Submission from the Health and Sport Committee

Thank you for your letter of 27 March informing the Health and Sport Committee about the Finance Committee’s review of the budget process. The Committee considered your consultation paper at its meeting on 14 May and offers the following comments—

Introduction
The Health and Sport Committee is of the view that, given the time, advice and information available under the existing process, subject committees are limited in their ability to undertake anything other than the most superficial scrutiny of the budget. Nonetheless, the Committee recognises the importance of effective budget scrutiny by portfolio area, both in terms of ensuring that the appropriate expenditure priorities are identified and that value for money is achieved in the delivery of public services. On that basis, the Committee considers that “procedural tinkering” is unlikely to result in more effective scrutiny.

Stage 1
The Committee is of the view that Stage 1 consideration is a crucial part of the budget process, offering subject committees the best opportunity to engage with external stakeholders and to influence spending priorities. While the Committee recognises the reasons why Stage 1 consideration has not taken place since 2004, it believes that this leaves a significant gap in subject committees’ capacity to achieve those objectives. The Committee looks forward to participating in Stage 1 of the budget process in future years.

Time
The Committee recognises the reasons for the particular timetabling difficulties associated with Stage 2 consideration of the 2008-09 budget. However, it is of the view that a lack of sufficient time has been the most important inhibiting factor in relation to subject committee scrutiny of the budget throughout the lifetime of the Scottish Parliament.

In light of the ongoing time constraints, the Committee agreed this year to focus on a specific element of the health budget and undertake some preliminary work ahead of publication of the draft budget. While this allowed it to take a more detailed look at one area, that area represented only a small percentage of the overall budget for health. The Committee was only able to give superficial consideration to the remainder of the budget.

In order to help overcome the current time constraint, the Committee suggests that consideration be given to reducing the amount of parliamentary time spent in plenary session during the Stage 2 period to allow an increase in the time available for committee scrutiny.
Advice
The Committee is of the view that the provision of expert advice to subject committees at an earlier stage in the process would greatly assist their ability to undertake scrutiny.

The Committee suggests that consideration be given to establishing arrangements allowing subject committees to have access throughout the parliamentary year to standing advisers on financial matters (either on a shared basis or individually). Such advisers would then be in a position to provide specific support on the budget and on financial matters relevant to the other work of the committees.

The Committee believes that the current level of remuneration offered to specialist advisers is inadequate and that increased rates would enable subject committees to recruit advisers from a wider pool, in turn allowing them to undertake more effective and detailed scrutiny.

Single outcome agreements
The Committee’s ability to scrutinise the part of the health budget that is disbursed by local authorities was this year made more difficult by the move to single outcome agreements, under the concordat between the Scottish Government and local government. The Committee understands that the first set of outcome agreements will not be publicly available until summer recess and that, in subsequent years, they are likely not to be available until late March or early April.

The Committee believes that it is essential that a mechanism is established to allow the relevant subject committees to scrutinise single outcome agreements in order to assess departments’ and local authorities’ performance in this context, including the information considered by the Scottish Government during their negotiation. Without being able to form a view about the content of, and progress against, outcome agreements, the Committee will be unable to judge whether the Scottish Government’s budget is having, or is likely to have, the desired effect.

The Committee also considers that it is important the single outcome agreements are available to the Parliament ahead of the debate on the Budget Bill.

Budgetary information
In line with the experience of its predecessor, the Committee has found it difficult to scrutinise the health board budget on the basis that individual board allocations are not made until after Stage 2 of the budget process has been completed. This is particularly frustrating given that health board spending accounts for over three-quarters of the health budget. The Committee made a number of recommendations about the timing of decisions and publication of information to address this issue in its report to the Finance Committee on the 2008-098 budget and looks forward to early progress in this area.
In addition, the Committee suggests that consideration be given to greater standardisation and more accessible presentation of health boards' financial information. In particular, the Committee would like to see health boards present their annual reports in a standardised form and suggests that the Finance Committee explore this suggestion with Audit Scotland.

The Committee understands that the Finance Committee is looking at the State of Virginia's approach to presenting its budget as a potential model for the Scottish budget. It looks forward to the outcome of the Finance Committee’s deliberations on this matter.

Christine Grahame  
Convener  
Health and Sport Committee  
May 2008