Finance Committee

Review of the Budget Process

Submission from the Scottish Parliamentary Corporate Body

Thank you for your letter dated 15 April, advising the SPCB of the Finance Committee’s review of the Parliamentary Budget process. I am pleased to respond on behalf of the SPCB.

Although the focus of your review is on the scrutiny of the Scottish Government’s budget, we recognise that any changes proposed to that process may have a consequential impact on the Written Agreement between the Committee and the SPCB. If, as a result of your Review, changes are proposed in respect of the Parliament’s process for scrutinising the Scottish Government’s budget, we would be happy to discuss any necessary amendments to the timetable and process for scrutinising the SPCB’s budget bid.

The SPCB is responsible for providing the resources required by the Parliament. Accordingly, any changes to the scrutiny process may impact on the amount we need to provide in our budget submission. We note that you have invited views on the merits of having a “Parliamentary Budget Office” which could perform a similar role to that of the Congressional Budget Office in the USA. Whilst this is a matter for the Finance Committee and Parliament to consider, we would draw the Committee’s attention to the potential significant costs associated with this option.

The Congressional Budget Office (CBO) in the USA has an annual budget of $37m, with a complement of 230 staff, composed primarily of highly qualified economists and public policy analysts, who report on a federal budget in excess of $2.5 trillion. Even on a pro-rata basis this would imply a potential cost in excess of £500k pa. In practice, the economies of scale enjoyed by the CBO could not be achieved in a much smaller operation and therefore the cost of operating a comparable service in the Scottish Parliament would be considerably higher.

ALEX FERGUSSON
Presiding Officer
30 May 2008