The Committee will meet at 2.00 pm in Committee Room 2.

1. **Decision on taking business in private:** The Committee will decide whether to take item 8 in private.

2. **Pre-Budget Report 2009 and Scotland Performs:** The Committee will take evidence from—

   John Swinney MSP, Cabinet Secretary for Finance and Sustainable Growth, Alyson Stafford, Director of Finance, Gary Gillespie, Deputy Director, Office of the Chief Economic Advisor, and Trudi Sharp, Deputy Director, Performance Division, Scottish Government.

3. **Financial Services Bill (UK Parliament legislation):** The Committee will take evidence on legislative consent memorandum LCM(S3) 25.1 from—

   John Swinney MSP, Cabinet Secretary for Finance and Sustainable Growth, and Dorothy Ogle, Policy Manager, Financial Inclusion Team, Scottish Government.

4. **Forth Crossing Bill:** The Committee will consider its approach to the Financial Memorandum of the Forth Crossing Bill.

5. **Alcohol etc. (Scotland) Bill:** The Committee will consider its approach to the Financial Memorandum of the Alcohol etc. (Scotland) Bill.

6. **Crofting Reform (Scotland) Bill:** The Committee will consider its approach to the Financial Memorandum of the Crofting Reform (Scotland) Bill.

7. **Format of the Budget Bill:** The Committee will consider correspondence received from the Cabinet Secretary for Finance and Sustainable Growth.

8. **Work programme:** The Committee will consider its work programme.
The papers for this meeting are as follows—

**Agenda item 2**

PRIVATE PAPER

SB 09-86: Pre-Budget Report 2009

**Agenda item 3**

Note by the clerk

**Agenda item 4**

Note by the clerk

The Forth Crossing Bill and accompanying documents have been circulated to Members only in hard copy, and are available from the Parliament's website, at: [http://www.scottish.parliament.uk/business/bills/index.htm](http://www.scottish.parliament.uk/business/bills/index.htm)

**Agenda item 5**

Note by the clerk

The Forth Crossing Bill and accompanying documents have been circulated to Members only in hard copy, and are available from the Parliament's website, at: [http://www.scottish.parliament.uk/business/bills/index.htm](http://www.scottish.parliament.uk/business/bills/index.htm)

**Agenda item 6**

Note by the clerk

The Forth Crossing Bill and accompanying documents have been circulated to Members only in hard copy, and are available from the Parliament's website, at: [http://www.scottish.parliament.uk/business/bills/index.htm](http://www.scottish.parliament.uk/business/bills/index.htm)

**Agenda item 7**

Note by the clerk

The Forth Crossing Bill and accompanying documents have been circulated to Members only in hard copy, and are available from the Parliament's website, at: [http://www.scottish.parliament.uk/business/bills/index.htm](http://www.scottish.parliament.uk/business/bills/index.htm)
Agenda item 8

PRIVATE PAPER
Ross Burnside

This briefing notes the effect of the UK Pre-Budget Report on the Scottish Government’s Budget.

It announced an additional £23m in funding for the Scottish Government in 2010-11. No plans were announced for additional acceleration of capital.
BACKGROUND

The Pre-Budget Report (PBR) was published on 9 December 2009 (Treasury 2009a). It forecast a decline in UK GDP of 4.75% in 2009, an increase in UK GDP in 2010 of between 1% and 1.5%, before growth in GDP of 3.5% in 2011 and 2012. The public borrowing forecast for 2009 is estimated at £178bn (12.6% of GDP), and is projected to fall to £96bn in 2013. The Chancellor also announced plans to increase National Insurance by 0.5% in 2011-12 and that VAT would return to 17.5% from 1 January 2010 (having been reduced to 15% on a temporary basis on 1 December 2008).

In terms of discretionary policy choices impacting on the Scottish Government, the Treasury highlighted the following:

- The Enterprise Finance Guarantee providing support for businesses with less than £25m turnover
- Increases in the full basic state pension by £2.40 to £97.65 per week,
- The Young Person’s Guarantee providing guaranteed access to a job, work experience or training to all 18-24s who have been claiming JSA for 6 months

Further independent analysis of the PBR is available from the Institute for Fiscal Studies (IFS 2009).

BARNETT INCREASES

The PBR (Treasury 2009) announced Barnett increases of £23m in the 2010-11 Scottish budget. Table 1 presents information on the UK initiatives from which these increases flow. Of course, the Scottish Government is free to spend this money on any area over which it has responsibility and is not obliged to spend the money on similar schemes in Scotland.

Table 1: Barnett consequential increases to Scottish Government

<table>
<thead>
<tr>
<th>UK initiative</th>
<th>2010-11 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td></td>
</tr>
<tr>
<td>Warm front</td>
<td>+5</td>
</tr>
<tr>
<td>Green Growth packages (Structural Investment Fund)</td>
<td>+4</td>
</tr>
<tr>
<td>Boiler scrappage</td>
<td>+2</td>
</tr>
<tr>
<td>Resource</td>
<td></td>
</tr>
<tr>
<td>Free school meals</td>
<td>+12</td>
</tr>
<tr>
<td>Total</td>
<td>+23</td>
</tr>
</tbody>
</table>

Source: Treasury

CHANGES TO THE SCOTTISH BUDGET

The onset of recession has led to changes to the Scottish Government spending plans for the period 2008-2011. Changes to the Scottish Government Budget as a result of the UK and Scottish Government decisions are presented in table 2. Table 2 updates an earlier SPICe briefing on Draft Budget 2010-11 (Burnside 2009a) which tracked changes to Scottish Government spend as a result of UK and Scottish Government responses to recession.
Table 2: Changes to the Scottish Budget from UK and Scottish Government decisions since Draft Budget 2009-10

<table>
<thead>
<tr>
<th>£m</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Government changes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK Pre-Budget Report Consequential increases (November 2008)</td>
<td>+0.4</td>
<td>+5.7</td>
<td>+5.2</td>
</tr>
<tr>
<td>UK Pre Budget Report Consequential decreases (November 2008)</td>
<td></td>
<td></td>
<td>-128.6</td>
</tr>
<tr>
<td>UK Budget 2009 Consequential increases (April 2009)</td>
<td></td>
<td>+79.0</td>
<td>+24.7</td>
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<td>UK Budget Consequential decreases (April 2009)</td>
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<td></td>
<td>-391.7</td>
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<tr>
<td>UK Budget Consequential increases (December 2009)</td>
<td></td>
<td></td>
<td>+23.0</td>
</tr>
<tr>
<td>Scottish Government changes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital re-profiling</td>
<td>+53.0</td>
<td>+294.0</td>
<td>-347.0</td>
</tr>
<tr>
<td>Combined UK and Scottish Government changes</td>
<td>+53.4</td>
<td>+378.7</td>
<td>-814.4</td>
</tr>
</tbody>
</table>


SOURCES


RELATED BRIEFINGS

SB 09-66 Draft Budget 2010-11 – 23 September 2009
SB 09-26 UK Budget 2009 – 29 April 2009
SB 08-69 Pre-Budget Report 2008 – 1 December 2008
Finance Committee

29th Meeting, 2009 (Session 3), Tuesday 15 December 2009

Legislative Consent Memorandum – UK Financial Services Bill

Introduction

1. The UK Financial Services Bill was introduced in the House of Commons on 19 November 2009. The Legislative Consent Memorandum for the Bill is attached as an annexe to this paper and sets out the background behind the Bill and the provisions that relate to Scotland.

2. The Finance Committee has been designated by the Parliamentary Bureau to consider the LCM and the Cabinet Secretary for Finance and Sustainable Growth will give evidence on 15 December. The Committee will then produce a report to the Parliament.

Procedure

3. Chapter 9B of Standing Orders sets out the procedures for the consideration of a LCM. For any bill under consideration in the UK Parliament which makes provision applying to Scotland for any purpose within the legislative competence of the Parliament, a Scottish Minister shall lodge a motion (legislative consent motion) seeking the consent of the Scottish Parliament for the relevant provisions in the relevant Bill.

4. The Scottish Ministers must lodge a LCM which sets out a draft legislative consent motion and explains the background to the relevant bill. The Parliamentary Bureau refers the memorandum to the relevant lead Committee and, if the relevant bill makes provisions for subordinate legislation, to the Subordinate Legislation Committee. The lead Committee must consider the legislative consent memorandum and make a report on its views to the Parliament no later than 5 sitting days before the Parliament considers the legislative consent motion.

Conclusion

5. The Committee is invited to consider whether it wishes to raise any issues on the LCM in its report.

Allan Campbell
Assistant Clerk to the Committee
LEGISLATIVE CONSENT MEMORANDUM

UK FINANCIAL SERVICES BILL

Draft Legislative Consent Motion

1. The draft motion, which will be lodged by the Cabinet Secretary for
Finance and Sustainable Growth, is:

“That the Parliament agrees that the relevant provisions of the Financial
Services Bill, introduced in the House of Commons on 19 November 2009,
relating to the enhancement of understanding and knowledge of the public
of financial matters and the ability of members of the public to manage
their own financial affairs, so far as these matters fall within the legislative
competence of the Scottish Parliament, should be considered by the UK
Parliament.”

Background

2. This memorandum has been lodged by the Cabinet Secretary for Finance
and Sustainable Growth, under Rule 9.B.3.1(a) of the Parliament's standing
orders. The Financial Services Bill was introduced in the House of Commons
on 19 November 2009. The Bill can be found at:
http://www.publications.parliament.uk/pa/cm200910/cmbills/006/10006.i-
ii.html

Content of the Financial Services Bill

3. The Financial Services Bill sets out a number of reforms to strengthen
financial regulation and restore market confidence. The Bill will protect and
empower consumers, support better corporate governance and strengthen
regulation by ensuring that prudential regulation and supervision of firms is
more effective. Greater emphasis is placed on monitoring and managing
system wide risks, including the creation of a Council for Financial Stability.

Provisions Which Relate to Scotland

4. The Bill introduces a new section 6A to the Financial Services and Markets
Act 2000 which requires the FSA to establish a Consumer Financial
Education Body to take on its existing objective of “promoting public
understanding of the financial system”. The purpose of the new body is to
raise the understanding and knowledge of members of the public of financial
matters (including the financial system), and increase their ability to manage
their own financial affairs. This is the consumer financial education function.
That function is further described to include education, awareness raising and
advice on benefits, risks, advantages and disadvantages of activities such as
budgeting, the supply of particular goods and services and different kinds of
financial dealing. The FSA is already delivering a substantial financial
education programme in Scotland as part of its National Strategy for Financial
Capability and a joint plan with the Treasury “Helping You Make the Most of
Your Money” so this will be an extension of an existing function. New Schedule 1A to the Financial Services and Markets Act 2000 makes further provision on the governance of the new body.

5. The Consumer Financial Education Body will also lead on the implementation of a new nationwide Money Guidance service, currently being piloted, roll out of which is planned for 2010. Money Guidance, will fill an “advice gap” for those on low and median incomes, identified by the Thoresen Review in 2008. The service will provide impartial, sales-free financial advice that is tailored to individual needs and circumstances. The aim is to have a preventative effect by raising financial capability, easing demand on debt advice and other types of crisis intervention.

Reasons for seeking a legislative consent motion

6. The LCM is required because the work of the Consumer Financial Education Body relates to consumer financial education in relation as it applies to enhancing the understanding and knowledge of the public of financial matters and managing personal finance which are not covered by the financial services (Section A3.); financial markets (Section A4.) or consumer protection (Section C7.) reservations in Schedule 5 to the Scotland Act 1998. These reservations apply to the rest of the Bill. There is no added value in separate legislation as Scottish interests are reflected in the Bill and a separate process would be complex and require further time and resources to achieve the same policy aim.

Consultation

7. The Scottish Government has not consulted on the provisions covered by the LCM. The Treasury has consulted on the proposals set out in the Financial Services Bill via the Reforming Financial Markets White Paper, published in July 2009 and there was almost unanimous support for the Consumer Financial Education Body. There has been extensive consultation on the proposed Money Guidance service, during the Thoresen review and the service attracts near universal support. There was some reaction among financial services firms to the increase in the levy to pay for Money Guidance but this has lessened over time and more progressive firms see it as a good opportunity to restore consume confidence in the financial services sector. There was no resistance to expanding the levy to include consumer credit firms.

Financial Implications

8. There are no direct financial implications for this LCM as the Consumer Financial Education Body will be funded jointly by the FSA and a levy on the financial services and consumer credit industries. If the LCM were not agreed to, Ministers would need to consider how the services that the Body will deliver would be provided in Scotland, which would have cost implications.
Conclusion

9. The Scottish Government believes that enabling the new Consumer Financial Education Body to exercise its functions in Scotland will bring significant benefits to the Scottish people in terms of investment in financial education and delivery of advice services. The Scottish Government therefore recommends that they should be considered by the UK Parliament.

SCOTTISH GOVERNMENT
November 2009
Finance Committee

29th Meeting, 2009 (Session 3), Tuesday 15 December 2009

Scrutiny of Financial Memorandum – Forth Crossing Bill

BACKGROUND

1. The Forth Crossing Bill (“the Bill”) was introduced in the Parliament on 16 November 2009. The Bill is a “Hybrid Bill” which is defined within the Standing Orders as: “a Public Bill introduced by a member of the Scottish Executive which adversely affects a particular interest of an individual or body in a manner different to the private interests of other individuals or bodies of the same category or class”.

2. The Parliament will establish a “Hybrid Bill Committee” under a motion of the Parliamentary Bureau. The Hybrid Bill Committee has yet to be established but it is likely to be the lead committee.

3. This paper invites the Committee to determine its approach to considering the Financial Memorandum (FM) for the Bill.

HYBRID BILL PROCEDURES

4. The Bill has been introduced under Rule 9C.1.1 and 9C.1.2 of the Standing Orders. For Bills to which Rule 9C.1.2 applies, the Financial Memorandum is required to:

   • set out the estimated total cost of the proposed project;
   • give a detailed breakdown of each element of the project; administrative, compliance and other costs to which the provisions of the Bill would give rise;
   • provide a detailed breakdown of all anticipated and committed sources of funding for both capital and revenue costs;
   • provide best estimates of timescales over which such costs would be expected to arise; and
   • include an indication of the margins of uncertainty in the estimates.

5. The Financial Memorandum should also include separate information on how these costs would fall upon Scottish Administration (i.e. the Executive, in the broad sense of Ministers, departments and agencies), on local authorities and on other bodies, individuals and businesses.

6. If the lead committee is not satisfied that any of the accompanying documents including the FM do not meet the requirements of the standing orders and are not adequate to allow proper scrutiny of the bill, then the Hybrid Bill Committee may “allow the member in charge such reasonable period as the Committee considers appropriate to provide such further documents as, in the opinion of the Committee should be provided.”
THE BILL

7. The Policy Memorandum states that the Bill seeks the power to construct and operate a new bridge over the Firth of Forth to the west of the Forth Road Bridge. Additionally the Bill seeks all other necessary powers for the proposed scheme including the creation of new roads and upgrading of existing roads and junctions and the compulsory purchase or where appropriate occupation of land necessary to give effect to the proposed scheme.

8. The Explanatory Notes states that the scheme comprises:

- The construction of the new crossing and connecting roads to link to the road network;

- The upgrading of existing roads and junctions; and

- Changes to the designation and responsibility of ownership of specified existing roads.

9. In addition the Bill provides a power to the Scottish Ministers to construct miscellaneous works or do other things that are ancillary to or in consequence of the principal works. All the other powers in the Bill are required in connection with or to facilitate the construction of the new bridge and the construction and improvement of roads.

COSTS

10. The FM states that: “A governance structure is in place to oversee the project and to ensure robust financial management.” This includes a Financial Advisory Group which meets monthly and reports to the main Project Board.

Costs on the Scottish Government

Capital Costs

11. The capital costs estimate for the project is £1,345 million. The anticipated cost for the construction of the bridge itself is £543m and a further £128m for the North Network Connections and £62m for the South Network Connections.

12. The estimated capital costs include a risk allowance of £45m for the network connections and £70m for the bridge. The FM states that this risk analysis has been conducted in accordance with HM Treasury guidance\(^1\).

13. The estimated costs also include an optimism bias which addresses the tendency for project costs to be under-estimated due to unforeseen circumstances. This removes the need for fixed contingencies. The FM states that it may be reduced as more reliable cost estimates are built up and scheme specific work is undertaken.

\(^1\) HM Treasury The Green Book Appraisal and Evaluation In Central Government paragraph 5.57 Risk and Uncertainty
Projected cost uplifted to outturn costs
14. The total estimated outturn costs are £2,044m which includes a further £529m addition for the median estimate of construction inflation and a £170m addition for cost of capital charge. Overall, the projected average annual construction inflation rate projected has a median value of approximately 5.3%. It is likely that the cost of capital charge will be removed by HM Treasury from all budgets with effect from 2010-11 but this will have no net effect on the overall cost of the project as the Scottish budget will be reduced accordingly.

Whole life costs
15. The FM includes whole life costs for a period of 60 years in line with current practice. This includes an estimated £287m for operating costs and £668m for Lifecycle Refurbishment costs. However, these costs are offset by anticipated cost savings of £594m from the existing bridge including a reduction in operating costs and longer intervals between lifecycle interventions. This results in whole life costs of £361m at an average of £6m per year.

Costs to Local Authorities
16. The FM states that there will be a small reduction to the roads maintenance budgets of the City of Edinburgh Council and Fife Council as a consequence of the transfer of around 5.3 miles of their roads to the Scottish Ministers.

Costs to Other Bodies, Individuals and Businesses
17. The District Valuer has estimated costs of £10m as a result of land and compensation costs to individuals. In relation to businesses the FM states that only 2 "are likely to endure an adverse impact that might have an impact on their viability" although it is difficult to estimate the precise impact.

CONCLUSION
18. Given the costs involved it is suggested that the Committee may wish to adopt level 3 scrutiny in relation to the FM. The Committee may wish to seek written evidence from the City of Edinburgh Council, Fife Council and the Forth Estuary Transport Authority (FETA).

19. As well as inviting written evidence from affected organisations the committee may also wish to seek evidence from organisations and academics with an expertise in large scale procurement projects.

20. In addition to oral evidence from the Bill Team the committee may wish to agree to delegate to the Convener and Deputy Convener to decide on witnesses for further oral evidence depending on the written evidence received.

21. The Committee is invited to consider and agree its approach to its scrutiny of the FM on the Forth Crossing Bill.

Jim Johnston
Clerk to the Committee
FINANCE COMMITTEE
29TH MEETING, 2009 (SESSION 3), DAY, DATE 2009

SCRUTINY OF FINANCIAL MEMORANDUM – ALCOHOL ETC. (SCOTLAND) BILL

INTRODUCTION

1. The Alcohol etc. (Scotland) Bill ("the Bill") was introduced in the Parliament on 25 November 2009. The Health and Sport Committee has been designated as the lead committee on the Bill.

2. This paper invites the Committee to determine its approach to considering the Financial Memorandum for the Bill.

THE BILL

3. The Policy Memorandum explains that the Scottish Government considers that the Bill will help reduce alcohol consumption in Scotland and reduce the impact that alcohol misuse and overconsumption has on public health, public services, productivity, and the economy as a whole.¹

4. Each of the measures set out in this Bill should be seen as part of the wider strategic approach to tackling alcohol misuse set out in Changing Scotland’s Relationship with Alcohol: A Framework for Action². The measures in the Bill include—

   - minimum pricing to protect and improve public health by reducing alcohol consumption;
   - further restrictions on off-sales promotions and promotional activity;
   - a requirement for an age verification policy;
   - provisions concerning the modification of licence conditions;
   - provisions in respect of assessing the impact of off-sales to people under 21; and
   - provisions in respect of a social responsibility levy.

¹ Policy Memorandum, paragraph 2
² http://www.scotland.gov.uk/Publications/2009/03/04144703/0
THE FINANCIAL MEMORANDUM

Introduction

5. The Financial Memorandum is set out in two chapters. Chapter 1 details the financial impact of areas of costs that carry a significant financial impact. These are—

- introduction of a minimum price for a unit of alcohol (sections 1 and 2 of the Bill);
- introduction of a restriction for off-sales on supply of alcoholic drinks free of charge or at a reduced price (section 3 of the Bill);
- provision in respect of sale of alcohol to under 21s (section 8 of the Bill).

6. Chapter two presents the financial impact of the remaining provisions of the Bill which do not have a significant financial impact. These are—

- restriction of the location of drinks promotions in off-sales premises (section 4 of the Bill);
- a requirement for licence holders to operate an age verification policy (section 5 of the Bill).

7. The FM states that provisions related to the social responsibility levy (sections 10 and 11 of the Bill) are not considered to have a significant financial impact at present as the provisions are subject to an enabling power. Where provisions are not mentioned in the FM they are technical and carry no financial impact.

8. The School of Health and Related Research (SCHARR) at the University of Sheffield has done a range of research and modelling on the impact of the provisions in the Bill, and their work is the basis of much of the Financial Memorandum. Paragraph 135 of the FM contains a summary table of all the financial implications of the Bill.

Chapter 1 – provisions with significant financial impact

Minimum price for alcohol combined with a restriction on supply of alcoholic drinks free of charge or at a reduced price

9. The most significant area of cost arising from these provisions is a net reduction of between £7m and £76m in receipts to the Exchequer, depending on the minimum price per unit of alcohol set, combined with a discount ban. Under the terms of the Statement of Funding Policy, this will fall as a cost to the Scottish Administration.

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3 For the purposes of the FM, “significant” is defined as a topic in the Bill having a financial impact of £0.4m per annum once implemented.
4 Financial Memorandum, paragraph 39.
5 Financial Memorandum, paragraph 58.
10. There will also be marginal costs on local authorities. The FM also identifies costs around setting and varying the minimum price. However, no figures are given, as the relevant work has yet to be carried out.

11. In terms of businesses, the FM states that “all minimum price scenarios combined with a discount ban result in estimated increased revenue to the alcohol industry (excluding VAT and duty), in both the on and off-trade sectors.” Depending on the minimum price set, the FM estimates an increase of between £72m and £288m in revenue for the alcohol industry.

12. There will also be costs to retailers associated with re-pricing products, altering bar codes etc. At the time of publication of the Financial Memorandum, the Scottish Government had only received a response on this issue from one trade body, the Scottish Grocers’ Federation, who provided information on their expected percentage reduction in sales due to a 50p minimum price (10%) and a 70p minimum price (25%).

13. In terms of savings, the FM states that, again depending on the minimum price used, “health harms” are estimated to reduce by between £14m and £93 in the first year, and by between £356m and £2310m over 10 years (table 5 of the FM). In addition, the FM states that the “wider costs of crime to society” are expected to reduce by between £3m and £19m in the first year and between £29 and £169m over 10 years (table 5), again depending on the minimum price used.

14. The FM also models an alternative scenario – using the minimum price policy only, without the discount ban, although this is not the Government’s preferred policy position. Details of this modelling can be found at paragraphs 83 to 110 of the FM.

Section 8 – off sales: sale of alcohol to under 21s etc

15. The provisions in the Bill do not require licensing boards to raise the age of off-sales purchases to 21, but place a duty on boards to “consider the detrimental impact of off-sales to those under 21 years of age.” The figures provided in the FM assume that every board introduces a ban across their entire board area.

16. The FM estimates that a Scotland-wide ban will result in a reduction of around £33m in receipts to the Exchequer. As with the provisions in sections 1 and 2, under the Statement of Funding Policy this will fall as a cost to the Scottish Administration.

17. Businesses will also be affected by these provisions. The FM estimates that, using the 40p per unit minimum price a ban on off-sales will result in around £18m in lost sales revenue to businesses. Again, in terms of business organisations, the Government has only received a response from the SGF.

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6 Financial Memorandum, paragraph 59.
7 Financial Memorandum, paragraph 70.
8 Financial Memorandum, paragraph 73.
9 Financial Memorandum, paragraph 111.
Chapter 2 – other provisions

18. As noted above, Chapter 2 of the FM outlines those provisions which do not have a significant financial impact. Explanation of the costs of these provisions is set out at paragraphs 121 to 134 of the FM. One element that Members may wish to note is sections 10 and 11, which enable Scottish Ministers to establish arrangements for a Social Responsibility Levy by way of regulations. An RIA will accompany any regulations, but no costs are given in the FM.

Conclusion

19. As can be seen from the summary above, the Bill gives rise to a potentially very high level of costs on the Scottish Administration, and on businesses. On that basis, it is suggested that the Committee may wish to adopt level 3 scrutiny in relation to the FM, i.e. that it seeks both written and oral evidence from affected organisations, and takes oral evidence from the Scottish Government’s bill team.

20. The Committee may wish to seek written evidence from the following organisations in the first instance, and then agree to delegate to the Convener and Deputy Convener the decision on which organisations to invite to give oral evidence. Proposed organisations for written evidence are—

- all local authorities;
- those business organisations mentioned in the FM (Scottish Grocers Federation, Wine and Spirits Trade Association, Scottish Retail Consortium, Scotch Whisky Association); and
- other business organisations (FSB, CBI, Chambers of Commerce).

21. The Committee is invited to consider how it wishes to proceed with the FM.

Allan Campbell
Assistant Clerk to the Committee
BACKGROUND

1. The Crofting Reform (Scotland) Bill (“the Bill”) was introduced in the Parliament on 9 December 2009. The Rural Affairs and Environment Committee is expected to be designated as the lead committee for the Bill at Stage 1.

2. This paper invites the Committee to determine its approach to considering the Financial Memorandum for the Bill.

THE BILL

3. The Financial Memorandum states that the Bill aims to address the decline of crofting as a consequence of persistently high levels of absenteeism, growing levels of neglect and the continuing removal and development of land from crofting tenure. The Bill aims to put in place revised regulatory and governance arrangements for the future of crofting that will seek to reverse this decline and ensure that crofting continues to contribute to sustainable economic growth in some of Scotland’s most remote, rural communities.

4. The main parts of the Bill are:
   - Part 1 proposes changing the constitution of the Commission to allow for directly elected members of its Board to make the Commission more representative of, and accountable to, the people it regulates. It also proposes to give the Commission greater flexibility to develop regulatory policy so that crofting develops in the interests of crofting communities and the wider public interest. Changes are also proposed to the powers of the Commission to bring it in line with more conventional Non-Departmental Public Bodies that receive grant-in-aid and have the flexibility to spend their budgets as they see fit.
   - Part 2 proposes to create a new map-based Crofting Register to replace the existing Register of Crofts, and gives responsibility for establishing it to the Keeper of the Registers of Scotland. It would clearly define the extent of, and interests in, a croft and other land held in crofting tenure, such as common grazings. In addition to providing crofters with greater security over their croft, an accurate and current legal register is considered to be important in the effective regulation of crofting.
   - Part 3 defines owner-occupier crofters and puts in place a new process for addressing absenteeism and neglect on croft land. The new process would place a duty on the Commission to take action in respect of absenteeism and neglect by both tenant and owner-occupier crofters (its power is currently discretionary and dependent on either a complaint being made or the consent of the landlord being given). This will help to ensure that crofting contributes to economic
growth by requiring crofters to be resident on, or near, their croft and to put it to some form of productive use.

- Part 4 makes other changes to the Crofters (Scotland) Act 1993 that are intended to deliver a number of policy goals. It aims to tackle speculation on the development value of croft land through strengthening the grounds under which the Commission may reject an application to decroft where it considers the cumulative effect of such applications to have a negative impact on crofting in the area, the long term sustainability of the community in which crofting takes place and the corresponding environmental, cultural and landscape benefits derived from crofting. This part also proposes:
  - changes to the processes for obtaining Commission consent to make this process simpler and more efficient;
  - a change to the requirement for approval for the enlargement of crofts.

- Part 5 includes a power to make modifications to enactments relating to crofting ahead of proposed consolidation, which will allow for the simplification and clarification of crofting law.

COSTS

5. This paper provides a brief summary of the cost information, and explanation of policy background and assumptions underpinning the cost estimates, contained in the Financial Memorandum.

Costs on the Scottish Government

6. Additional costs on the Scottish Government are expected to arise from the proposal to reform the Crofters Commission. In future it will be funded by grant-in-aid and responsible for managing its own budget.

7. Provisions for crofters to elect six out of nine Commission members will require the preparation of an electoral role at an estimated cost of £25,000. Remuneration for commissioners is expected to increase by £37,000 per annum as a result.

8. The Bill proposes the power for the Commission to fix and recover charges for processing regulatory applications should the Scottish Ministers so prescribe. No decision has yet been taken as to the type of applications it might charge for, nor has a decision been taken as to what proportion of costs the applicant might be expected to meet. The Financial Memorandum does not state the Scottish Government’s intentions in respect of this power.

9. The Financial Memorandum states that the Scottish Government will meet the capital costs (estimated to be in a range between £1.05 million and £1.6 million) and set-up project costs (estimated at £243,285) of establishing the Crofting Register. These costs are expected to fall over three financial years – 2010-11 to 2012-13.

10. The Scottish Government proposes to pay for the mapping and recording of all common grazings areas (currently 853 areas registered), requiring two expert staff for four years at a total cost of £380,000.
11. The Memorandum discusses the potential for extra costs to fall on the Commission as a result of any increase in the number of appeals to the Land Court. It considers that it is not possible to predict these accurately, but notes that the Commission will be expected to take a more rigorous approach than previously to certain regulatory matters.

12. Further nominal staff costs in relation to training etc are expected to be subsumed within existing workload and budgets.

Costs on local authorities

13. The Financial Memorandum states that there are no cost implications for local authorities envisaged as a result of most of the provisions in the Bill. However, Part 1 proposes elections to the Crofters Commission, to be administered by local authority returning officers, with the costs being reimbursed by the Scottish Government. It estimates the election costs to be approximately £100,000 every five years (based on an all-postal ballot of crofters, with one member to be elected from each of six constituencies).

Costs on other bodies, individuals and businesses

Crofters

14. Crofters would incur additional expenses if the Commission decides to charge a fee for administration of regulatory applications. No information is provided on the likelihood or level of such fees.

15. Crofters would incur individual costs associated with registering their croft on the Crofting Register. The Financial Memorandum states that the annual running costs of the Register would be between £110,000 and £164,000, and it will be run on a full cost-recovery basis. The cost will depend on the level of automation and the service charge of the contractor, and may also be variable (for example, depending on the acreage of the croft). Initial registration fees are estimated as likely to be between £80 and £130, with the fee for subsequent registrations between £40 and £65. Depending on the scheme adopted, the Financial Memorandum envisages possible economies of scale – for example, reduced fees if all crofts in a township are registered as part of one application. The Memorandum states that the regulatory trigger points which would require registration may only occur once in a generation. It is estimated that there may be around 1300 registration applications per annum.

16. Crofters may also incur expenses associated with any appeal against regulatory action taken against them.

17. Extending the ‘claw back’ period (from five to 10 years) within which half of any profits made on certain disposals of croft land must be shared with the former landlord may result in a loss of value to crofters.

Landowners

18. The registration requirement is triggered by the transfer of ownership of any land on which a croft is situated. Cost for landowners would, therefore, be similar to those for a crofter – which may be significant for an estate which comprises a large number of crofts.
19. The change in ‘claw back’ period for certain disposals, described in paragraph 17 above, may result in income for crofting landlords. However, the provision is intended to suppress the instances of such disposals happening.

Scottish Legal Aid Board
20. An appeal against regulatory decisions of the Commission may be made to the Scottish Land Court, for which legal aid would be available to crofters. Crofters might also access legal aid to pay for the cost of any boundary dispute arising from the establishment of the Crofting Register. The Financial Memorandum states that it is particularly difficult to provide accurate estimates of costs with regard to legal aid, which depend on issues including the number and nature of appeals brought and the eligibility of individuals. The Memorandum states that the average legal aid cost of a case at the Land Court is £5655, and provides an illustrative gross cost of £113,000 per annum if 2% of all registration applications were appealed.

Scottish Land Court
21. The court costs of the estimated current six croft boundary appeals per annum are an average of £3000. The Memorandum again provides an illustrative example of 2% of registration applications being appealed, resulting in 26 cases per annum, meaning court costs of £78,000.

Registers of Scotland
22. The Memorandum states that running costs will be recovered from registration fees, and that fees will be charged for any extracts sought from the Register.

CONCLUSION

23. The Financial Memorandum indicates that the costs and savings arising as a direct result of the Bill’s provisions are expected to be comparatively small. The summary table (page 34 of the Memorandum) estimates the total costs for which estimates have been quantified as approximately £212,500 in 2010-11, £512,000 in 2011-12 and £1,203,953 in 2012-13.

24. However, this summary table does not appear to include all costs quantified in the Financial Memorandum – for example, it only shows the costs for the first year of a mapping exercise expected to take four years. The table also does not include additional costs (to crofters, the Commission, the Scottish Land Court and the Scottish Legal Aid Board), which are thought likely as a result of any increase in appeals but which have not been quantified.

25. In addition to public bodies, there are a significant number of individual crofting businesses and landowners affected by the assumptions regarding how some costs may fall. For this reason, the Committee may wish to test the assumptions behind the figures with relevant interests.

26. On that basis, it is proposed that the Committee adopts Level 2 scrutiny - i.e. that the Committee seeks oral evidence from the Scottish Government Bill team and written evidence from other main parties on whom costs may fall, and then produces its report to the lead committee.
27. The Committee may, therefore, wish to agree to seek written evidence from:

- The Crofters Commission
- Scottish Legal Aid Board
- President of the Scottish Land Court
- Keeper of the Registers of Scotland
- Scottish Crofting Foundation
- NFU Scotland
- Scottish Rural Property and Business Association
- Scottish Estates Business Group
- Forestry Commission Scotland (as a crofting landowner)
- Highland Council, Argyll & Bute Council, Moray Council, Shetland Islands Council, Orkney Islands Council, Comhairle nan Eilean Siar and North Ayrshire Council (the local authorities covering crofting areas).

The Committee is invited to consider whether it wishes to seek written evidence from any other bodies.

Mark Brough
Senior Assistant Clerk
Finance Committee

29th Meeting, 2009 (Session 3), 15 December 2009

Format of the Budget Bill – Note from the Clerk

1. Members may recall that, during the Committee’s review of the budget process, the Cabinet Secretary for Finance and Sustainable Growth wrote to the Committee about the format of the Budget Bill. A copy of the Cabinet Secretary’s letter dated 7 March 2008 is attached at Annexe A.

2. The Cabinet Secretary proposed that, rather than 13 as at present, parliamentary approval should be sought for five entities (a single total for the Scottish Government – including all Directorates General, the Scottish Executive Administration, the General Register Office for Scotland and the National Archives of Scotland - plus the four “direct funded bodies”, i.e. the Parliament, Audit Scotland, the Forestry Commission and the Food Standards Agency).

3. The Committee discussed this with the Cabinet Secretary at its meeting on 24 June 2008. He explained the reason for the proposed change:

“At the moment, under its agreement with the Finance Committee, the Government is obliged to balance every budget item by portfolio. That is fine; the Government did so this year and will, under the agreement with the committee, continue to do so whenever required. However, such an approach constrains the Government’s ability to minimise underspends, because the Government has to retain sufficient financial cushion, portfolio by portfolio, to guarantee that every number comes in under the budget total. We have to do that for every number under the eight budget headings, so we have to have eight cushions in place.

I have therefore proposed to the convener of the Finance Committee that the effectiveness of public sector spend would be improved if the Government had to deliver against only one budget number, and if we had flexibility between individual portfolios in how we arrived at that number. The advantage of that would be that the Government would be able to eliminate unnecessary financial planning—the cushioning, as I characterise it—thereby minimising underspends.”

4. He confirmed that budgetary information should not become any less transparent as a result of this change. He said that this one total for the Scottish Government would be supported by indicative Cabinet Secretary portfolio totals and that, “details of budgets by Cabinet Secretary portfolio would still be provided in the supporting budget documents to both the Act and in-year revisions as at present.”

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5. In its report on the review of the budget process, the Committee noted that the Cabinet Secretary had also said that he wanted to be sure that Audit Scotland was comfortable with the new arrangements and that the Finance Committee, Audit Scotland and the Scottish Government should properly explore these issues if the Scottish Government decides to go ahead with the proposal. The Committee concluded that it was content for this issue to be pursued with the Scottish Government and Audit Scotland.

6. The Cabinet Secretary has now written again to advise the Committee that he proposes to make the changes with effect from the Budget Bill for financial year 2010-11, due to be introduced in January 2010. The Cabinet Secretary’s letter dated 1 December 2009 is attached at Annexe B, and includes further explanation of the format changes and an example Bill in the new format.

Summary

7. The format of the budget documents and the Budget Bill are the subject of the Written Agreement between the Finance Committee and the Scottish Government. The Committee is, therefore, invited to consider the attached correspondence from the Cabinet Secretary, and decide whether it is content with this change being made with effect from the Budget Bill for the 2010-11 financial year.

Mark Brough
Senior Assistant Clerk to the Committee
Annexe A

Cabinet Secretary for Finance and Sustainable Growth
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Andrew Welsh MSP
Convener
Finance Committee
Scottish Parliament
Edinburgh
EH99 1SP

7 March 2008

Review of the Budget Process

Following our recent informal discussion on the upcoming review of the Budget Process I am writing to seek the Committee’s approval for a number of proposed changes to the Budget Act. These are intended to reflect recent changes in the organisational structure of the Scottish Government, simplify presentation, improve transparency and make the Act more fit for purpose.

The current agreement between the Scottish Government and Finance Committee on the Budget Process states ‘Budget Acts will set out absolute resource expenditure (net of receipts) limits for individual entities. These entities will be the individual departments of the Scottish Executive, Scottish Executive Administration, the General Register Office for Scotland, National Archives of Scotland, the Forestry Commission, the Food Standards Agency, the Scottish Parliamentary Corporate Body and Audit Scotland.’

Individual departments no longer exist within the Scottish Government which now operates as a single corporate entity and existing arrangements produce thirteen separate approvals, which from a Parliamentary perspective operate primarily as spending limits and hinder efficient and effective financial management. In accounting terms the Scottish Government produces one set of consolidated accounts as a single corporate entity which are signed by the Permanent Secretary as the Principal Accountable Officer.

Both the Office of the Scottish Parliamentary Counsel and Office of Solicitor to the Scottish Executive have confirmed that there is no statutory requirement to obtain specific parliamentary approval for expenditure by individual portfolios or departments and I propose the approval of a single Scottish Government budget figure in Parliamentary terms for net expenditure and one total income limit, supported by indicative Cabinet Secretary portfolio totals. This would significantly simplify the Budget Act and increase transparency. In order to
allow full parliamentary scrutiny details of budgets by Cabinet Secretary portfolio would still be provided in the supporting budget documents to both the Act and in year revisions as at present.

Separate budget approvals would still be required for the four ‘direct funded bodies’ - the Forestry Commission, the Food Standards Agency, the Scottish Parliamentary Corporate Body and Audit Scotland’, making a total of five approvals.

The Public Finance and Accountability (Scotland) Act 2000 requires a statement of ‘purpose’ for both the expenditure and income approved but is not prescriptive as to the format or the level of detailed required. In order to meet this requirement the Budget Act currently contains what can be best described as a ‘shopping list’ of items covering the activities of each department. I propose that the Budget Act purposes should be amended to reflect the high level objectives of the Scottish Government and its individual Cabinet Secretaries rather than the current list of types of expenditure that are currently shown. By using these aims, the Act could link more closely to both the supporting budget documents and the consolidated accounts and provide a more output rather than input focussed approach.

I or finance officials would of course be happy for to discuss these proposals further with members of the Finance Committee as part of my commitment to work together with the Committee to improve the budget process.

JOHN SWINNEY
Annexe B

Cabinet Secretary for Finance and Sustainable Growth
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Finance Committee
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The Scottish Parliament
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1 December 2009

FINANCE COMMITTEE: REVISED PRESENTATION OF THE BUDGET BILL

You may remember that as part of the Committee’s Review of the Budget Process last year, I indicated that we were considering a change to the Budget Bill. This letter explains the proposed changes to the Bill for 2010-11 and the reasons for them.

Background

Section 1 of the Public Finance and Accountability (Scotland) Act 2000 provides that the use of resources by the Scottish Administration and other bodies funded directly from the Scottish Consolidated Fund must be authorised on an annual basis by Budget Act.

The Act requires separate approval for use of resources (net expenditure) and accruing resource (income) and a statement of purposes. This approval is in terms of the ‘Scottish Administration’ and any other bodies whose expenditure is payable out of the Scottish Consolidated Fund.

The Written Agreement on the budgeting process between the Scottish Government and the Finance Committee requires that each Budget Bill should contain:
- Statements which set out the purposes for which funding is to be authorised:
- Statements of the amounts of funding sought: and
- Statements setting out the amount of expected income and its proposed treatment.

It further states that ‘Budget Acts will set out absolute resource expenditure (net of receipts) limits for individual entities. These entities will be the individual departments of the Scottish Executive, Scottish Executive Administration, the General Register Office for Scotland, National Archives of Scotland, the Forestry Commission, the Food Standards Agency, the Scottish Parliamentary Corporate Body and Audit Scotland.’
As you know, individual departments no longer exist within the Scottish Government which now operates as a single corporate entity. In accounting terms the Scottish Government produces one set of consolidated accounts as a single corporate entity which are signed by the Permanent Secretary as the Principal Accountable Officer. However the various portfolio Budget Act approvals continue to act primarily as spending limits and I understand that Audit Scotland will regard the breach of any individual approved total as a breach of the Budget Act and qualify the accounts accordingly, even where total spending remains within the approved limit overall.

**Changes to draft Bill**

As I explained when I met the Committee last year, we believe that it makes sense from the point of view both of the Parliament and ourselves for the Scottish Government to be held to account in terms of balancing the budget against a single budget approval. This could be achieved through the Budget Bill by retaining individual portfolio approvals – thus maintaining full control, monitoring and reporting - but including a clause which allows individual approvals to be exceeded without causing a breach if the overall total is not exceeded.

The revised Bill attached has been drawn up on this basis. We have also taken the opportunity to clarify and simplify the presentation of capital and resource receipts in the Bill.

Annex A provides a note of the proposed changes to the Bill. It should be noted that there will be no changes required to the format of the Supporting document and that the level and detail of information provided to enable effective scrutiny by the Parliament is unaffected.

**Other Considerations**

- Both the Office of the Scottish Parliamentary Counsel and the Constitutional and Civil Law Division have confirmed that there are no statutory impediments to these proposals.

- Proposals have been discussed with Audit Scotland who are supportive, while recognising that this is ultimately an issue for the Parliament.

I fully appreciate that the agreement of the Finance Committee is central to this issue. Were the committee to be content, I would intend to introduce the 2010-11 Budget Bill using the revised format. I would be happy to discuss further if that is helpful.

JOHN SWINNEY
<table>
<thead>
<tr>
<th>Section / Schedule</th>
<th>Original Bill</th>
<th>Revised Bill</th>
<th>Reason for Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 1</td>
<td>Subsections (1) to (3)</td>
<td>Subsection (1)</td>
<td>Combined into one subsection to avoid unnecessary repetition of words. References to recoverable VAT removed as the Scottish Administration no longer treats recoverable VAT as income but nets at source. Addition of clause to allow Scottish Administration to balance against a combined budget total.</td>
</tr>
<tr>
<td>Section 1</td>
<td>Subsections (4) to (7)</td>
<td>Subsection (1)</td>
<td>Resource receipts previously detailed in Schedule 2 have now been combined with capital receipts. This reflects the same presentation as always adopted for expenditure.</td>
</tr>
<tr>
<td>Section 1</td>
<td>-</td>
<td>Subsections (2) to (4)</td>
<td>Provides for a total limit on resources and receipts for the Scottish Administration for audit purposes.</td>
</tr>
<tr>
<td>Schedule 1</td>
<td>Schedules 1 and 2</td>
<td>Schedule 1</td>
<td>Combines resource receipts for Scottish Administration portfolios formerly in Schedule 2 with the capital receipts formerly in Schedule 1.</td>
</tr>
<tr>
<td>Schedule 1</td>
<td>-</td>
<td>Total Limit on resources and receipts for Scottish Administration</td>
<td>To provide a total limit at the end of the Schedule for audit purposes.</td>
</tr>
<tr>
<td>Section 2</td>
<td>Subsections (1) to (5)</td>
<td>Subsections (1) to (3)</td>
<td>Combined resource and capital receipts for direct funded bodies so no longer require separate schedules. References to recoverable VAT removed as no longer treated as income but netted at source.</td>
</tr>
<tr>
<td>Schedule 2</td>
<td>Schedules 3 and 4</td>
<td>Schedule 2</td>
<td>Combines resource receipts for Direct Funded Bodies formerly in Schedule 4 with the capital receipts formerly in Schedule 3.</td>
</tr>
<tr>
<td>Schedule 3</td>
<td>Schedule 5</td>
<td>Schedule 3</td>
<td>Due to rationalisation of former schedules noted above.</td>
</tr>
</tbody>
</table>
Draft Budget (Scotland) (No. 4) Bill
[DRAFT 2 SEPTEMBER 2009]

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5 Borrowing by certain statutory bodies

PART 2
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PART 3
MISCELLANEOUS AND SUPPLEMENTARY

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7 Amendment of this Act

Supplementary

8 Repeal
9 Interpretation
10 Short title

Schedule 1 —The Scottish Administration
Schedule 2 —Direct-funded bodies
Schedule 3 —Borrowing by certain statutory bodies

ACCOMPANYING DOCUMENTS
Draft Budget (Scotland) (No. 4) Bill
[DRAFT 2 SEPTEMBER 2009]

An Act of the Scottish Parliament to make provision, for financial year 2010/11, for the use of resources by the Scottish Administration and certain bodies whose expenditure is payable out of the Scottish Consolidated Fund, for authorising the payment of sums out of the Fund and for the maximum amounts of borrowing by certain statutory bodies; to make provision, for financial year 2011/12, for authorising the payment of sums out of the Fund on a temporary basis; and for connected purposes.

PART 1
FINANCIAL YEAR 2010/11

Use of resources

1 The Scottish Administration

(1) The Scottish Administration may use resources [(including accruing resources)] in financial year 2010/11 for the purposes specified in column 1 of schedule 1—

(a) in the case of resources other than accruing resources, up to the amounts specified in the corresponding entries in column 2, and

(b) in the case of accruing resources, up to the amounts specified in the corresponding entries in column 3.

(2) Despite paragraphs (a) and (b) of subsection (1), the resources [(including accruing resources)] which may be used for a purpose specified in column 1 may exceed the amount specified in the corresponding entry in column 2 or, as the case may be, column 3, if—

(a) in the case of resources other than accruing resources, the first condition is met, or

(b) in the case of accruing resources, the second condition is met.

(3) The first condition is that the total resources other than accruing resources used [in financial year 2010/11] for all purposes specified in column 1 does not exceed the total of the amounts specified in column 2.

(4) The second condition is that the total accruing resources used [in that financial year] for all purposes specified in column 1 does not exceed the total of the amounts specified in column 3.

2 Direct-funded bodies

(1) The direct-funded bodies mentioned in column 1 of schedule 2 may use resources in financial year 2010/11 for the purposes specified in that column.

(2) Resources other than accruing resources may be used for those purposes up to the amounts specified in the corresponding entries in column 2 of that schedule.

(3) Accruing resources may be used for those purposes up to the amounts specified in column 3 of that schedule.
3 Overall cash authorisations

For the purposes of section 4(2) of the 2000 Act, the overall cash authorisations for financial year 2010/11 are—

(a) in relation to the Scottish Administration, £28,507,402,000,
(b) in relation to the Forestry Commissioners, £77,400,000,
(c) in relation to the Food Standards Agency, £10,900,000,
(d) in relation to the Scottish Parliamentary Corporate Body, £89,665,000,
(e) in relation to Audit Scotland, £6,577,000.

4 Contingencies: payments out of the Fund

(1) This section applies where, in financial year 2010/11, it is proposed to pay out of the Scottish Consolidated Fund under section 65(1)(c) of the Scotland Act 1998 (c.46), for or in connection with expenditure of the Scottish Administration or a direct-funded body, a sum which does not fall within the overall cash authorisation specified in section 3 in relation to the Scottish Administration or, as the case may be, that body.

(2) The sum may be paid out of the Fund only if its payment is authorised by the Scottish Ministers.

(3) The Scottish Ministers may authorise payment only if they consider that—

(a) the payment is necessarily required in the public interest to meet urgent expenditure for a purpose falling within section 65(2) of the Scotland Act 1998 (c.46), and

(b) it is not reasonably practicable, for reasons of urgency, to amend the overall cash authorisation by an order under section 7 of this Act.

(4) But the Scottish Ministers must not authorise payment of the sum if it would result in an excess of sums paid out of the Fund over sums paid into the Fund.

(5) The aggregate amount of the sums which the Scottish Ministers may authorise to be paid out of the Fund under this section must not exceed £50,000,000.

(6) Where the Scottish Ministers authorise a payment under this section they must, as soon as possible, lay before the Scottish Parliament a report setting out the circumstances of the authorisation and why they considered it to be necessary.

Borrowing by certain statutory bodies

5 Borrowing by certain statutory bodies

In schedule 3, the amounts set out in column 2 are the amounts specified for financial year 2010/11 for the purposes of the enactments listed in the corresponding entries in column 1 (which make provision as to the net borrowing of the bodies mentioned in that column).

PART 2

FINANCIAL YEAR 2011/12

6 Emergency arrangements: overall cash authorisations

(1) This section applies if, at the beginning of financial year 2011/12, there is no overall cash authorisation for that year for the purposes of section 4(2) of the 2000 Act.

(2) Until there is in force a Budget Act providing such authorisation, there is to be taken to be an overall cash authorisation for each calendar month of that year in relation to each of—
(a) the Scottish Administration, and
(b) the direct-funded bodies,
of an amount determined in accordance with subsection (3) of this section; and section 4 of the
2000 Act has effect accordingly.

(3) That amount is whichever is the greater of—
(a) one-twelfth of the amount specified in section 3 in relation to the Scottish Administration
or, as the case may be, the direct-funded body in question, and
(b) the amount paid out of the Scottish Consolidated Fund under section 65(1)(c) of the
Scotland Act 1998 (c.46) in the corresponding calendar month of financial year 2010/11 for
or in connection with expenditure of the Scottish Administration or that body.

(4) Subsection (2) is subject to any provision made by Budget Act for financial year 2011/12.

PART 3
MISCELLANEOUS AND SUPPLEMENTARY

Amendment of this Act

Budget revisions

(1) The Scottish Ministers may by order made by statutory instrument amend—
(a) the amounts specified in section 3,
(b) schedules 1 to 3.

(2) No order may be made under subsection (1) unless a draft of it has been laid before, and
approved by resolution of, the Scottish Parliament.

Supplementary

Repeal

Part 2 (financial year 2010/11) of the Budget (Scotland) Act 2009 (asp 2) is repealed.

Interpretation

(1) References in this Act to “the 2000 Act” are references to the Public Finance and Accountability
(Scotland) Act 2000 (asp 1).

(2) References in this Act to accruing resources in relation to the Scottish Administration or any
direct-funded body are to such resources accruing to the Scottish Administration or, as the case
may be, that body in financial year 2010/11.

(3) References in this Act to the direct-funded bodies are references to the bodies mentioned in
section 3(b) to (e) of this Act; and references to a direct-funded body are references to any of
those bodies.

(4) Except where otherwise expressly provided, expressions used in this Act and in the 2000 Act
have the same meanings in this Act as they have in that Act.

Short title

This Act may be cited as the Budget (Scotland) Act 2010.
### SCHEDULE 1
*(introduced by section 1)*

**The Scottish Administration**

<table>
<thead>
<tr>
<th>Purposes</th>
<th>Amount of resources (other than accruing resources)</th>
<th>Amount of accruing resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. For use by the Scottish Ministers (through the First Minister’s portfolio) on support for the cultural heritage of Scotland, including the Gaelic language; cultural organisations and cultural development; Historic Scotland; central government grants to non-departmental public bodies, local authorities and other bodies and organisations; international relations and development assistance; expenditure on corporate and central services; expenditure in relation to running costs of Her Majesty’s Chief Inspector of Prosecution in Scotland</td>
<td>265,145,000</td>
<td>26,600,000</td>
</tr>
<tr>
<td>2. For use by the Scottish Ministers (through their Finance and Sustainable Growth portfolio) on running and capital costs of the Scottish Public Pensions Agency; expenditure on committees, commissions and other portfolio services; expenditure and grant assistance in relation to public service reform and efficiency; data sharing and standards; support for the running costs of Scottish Futures Trust Limited; support for passenger rail services, rail infrastructure and associated rail services; support for the development and delivery of concessionary travel schemes; funding for major public transport projects; the running costs of Transport Scotland; funding for the Strategic Transport Projects Programme; funding for travel information services; the maintenance and enhancement of the trunk road infrastructure; support for ferry services, loans for vessel construction, grants for pier and other infrastructure and funding for a pilot of road equivalent tariff; support for Highlands and Islands Airports Limited, support for air services and funding for the Air Discount Scheme; support for the bus industry; support for the Forth Estuary Transport Authority and Tay Road Bridge Joint Board; support for the freight industry; support for British Waterways Scotland; funding to promote sustainable and active travel; contributing to the running costs of Regional Transport Partnerships and of other bodies associated with the transport sector; funding for road safety; costs in relation to funding the office of the Scottish Road Works Commissioner; loans to Scottish Water and Scottish Water Business Stream Holdings Limited; climate change activities; grants in respect of third sector development and the Scottish Investment Fund</td>
<td>3,394,657,000</td>
<td>256,900,000</td>
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</table>
planning; architecture; building standards; tourism; grant in aid for Scottish Enterprise and Highlands and Islands Enterprise; Regional Selective Assistance including Innovation and Investment grants; telecommunications infrastructure; European Structural Fund grants to public corporations, non-departmental public bodies, local authorities and other bodies and organisations and EU programme administration costs; energy related activities; central government grants to local authorities; sundry enterprise related activities

<table>
<thead>
<tr>
<th>3.</th>
<th>For use by the Scottish Ministers (through their Health and Wellbeing portfolio) on hospital and community health services; family health services; community care; central government grants to local authorities; social care; welfare food (Healthy Start); the Mental Health Tribunal for Scotland; payments to the Skipton Fund; other health services; sportscotland and the delivery of the 2014 Commonwealth Games; housing subsidies; Scottish Housing Regulator running costs; Energy Assistance Package; repayment of debt and any associated costs; other expenditure, contributions and grants relating to housing; activities relating to homelessness; research and publicity and other portfolio services; sites for gypsies and travellers; grants to housing associations; grants for the Fairer Scotland Fund and other services; community engagement; regeneration programmes; grants for Vacant and Derelict Land Fund; programmes promoting social inclusion; expenditure relating to equality issues</th>
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<tr>
<td>10,435,534,000</td>
<td>3,300,000,000</td>
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</tbody>
</table>

<table>
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<tr>
<th>4.</th>
<th>For use by the Scottish Ministers (through their Education and Lifelong Learning portfolio) on schools; training and development of teachers; educational research, development and promotion; international and other educational services; qualifications assessment and skills; funding of the Additional Support Needs tribunal and HM Inspectors of Education; Disclosure Scotland and Social Work Inspection Agency; childcare, including care for vulnerable children; youth work, including youth justice and associated social work services; central government grants to local authorities; grant in aid for the Scottish Further and Higher Education Funding Council, Skills Development Scotland Limited, Scottish Qualifications Authority, Learning and Teaching Scotland, Scottish Children's Reporter Administration and Scottish Social Services Council; funding for the Student Awards Agency for Scotland and related costs, including the Student Loan Scheme; Enterprise in Education; funding activities associated with young people Not in Education, Employment or Training; research related activities and science related programmes delivered by the Chief Scientific Adviser for Scotland, including the funding of fellowships (including those funded by the Royal Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,786,887,000</td>
<td>137,297,000</td>
</tr>
</tbody>
</table>
of Edinburgh); sundry lifelong learning activities including the provision of Education Maintenance Allowances and funding for International Students

5. For use by the Scottish Ministers (through their Justice portfolio) on legal aid (including the running costs of the Scottish Legal Aid Board); the Scottish Legal Complaints Commission; criminal injuries compensation (including administration); certain services relating to crime including the Parole Board for Scotland; the Scottish Prison Service; the Scottish Prisons Complaints Commission; the Scottish Criminal Cases Review Commission; the Risk Management Authority; the Police Complaints Commissioner for Scotland; the Scottish Police Services Authority and other police services and superannuation of police on secondment; police loan charges; Scottish Resilience; central government grants to local authorities; measures in relation to antisocial behaviour; measures in relation to drug abuse and treatment; miscellaneous services relating to administration of justice; community justice services; court services, including judicial pensions; the Accountant in Bankruptcy; certain legal services; costs and fees in connection with legal proceedings

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<td>1,844,703,000</td>
<td>59,700,000</td>
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</tbody>
</table>

6. For use by the Scottish Ministers (through their Rural Affairs and the Environment portfolio) on market support; support for agriculture in special areas including crofting communities; rural development, agri-environmental and farm woodland measures; compensation to sheep producers; animal health; agricultural education; advisory, research and development services; botanical and scientific services; assistance to production, marketing and processing; administration, land management and other agricultural services; assistance to the Scottish fisheries sector; fisheries protection; other services including fisheries research and development and special services; marine management; natural heritage; environment protection; rural affairs; other environmental expenditure; flood prevention; coastal protection; air quality monitoring; water grants (including the Drinking Water Quality Regulator for Scotland and Water Industry Commission for Scotland)

7. For use by the Scottish Ministers on administrative costs and operational costs; costs of providing continuing services to the Scottish Parliament; costs associated with the functions of the Queen's Printer for Scotland

<p>| | |</p>
<table>
<thead>
<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td>545,766,000</td>
<td>560,256,000</td>
</tr>
</tbody>
</table>

8. For use by the Lord Advocate (through the Crown Office, the Procurator Fiscal Service and the office of Queen's and Lord Treasurer's Remembrancer) on administrative costs, including costs relating to the office
of Queen's and Lord Treasurer's Remembrancer (including special payments made in relation to intestate estates which fall to the Crown as ultimate heir); fees paid to temporary procurators fiscal; witness expenses; victim expenses where applicable and other costs associated with Crown prosecutions and cases brought under the Proceeds of Crime Act 2002

9. For use by the Scottish Ministers (through their Local Government portfolio) on revenue support grants and payment to local authorities of non-domestic rates in Scotland; other local authority grants and special grants relating to council tax and spend-to-save scheme; housing support grant; other services including payments under the Bellwin scheme covering floods, storms and other emergencies

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Amount</th>
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<tbody>
<tr>
<td>9</td>
<td>273,177,000</td>
<td>18,235,000</td>
</tr>
</tbody>
</table>

10. For use by the Registrar General of Births, Deaths and Marriages for Scotland (through the General Register Office for Scotland) on administrative costs and operational costs

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>118,730,000</td>
<td>600,100</td>
</tr>
</tbody>
</table>

11. For use by the Scottish Ministers and the Keeper of the Records of Scotland (through the National Archives of Scotland) on administrative costs and operational costs (including costs associated with running the ScotlandsPeople Centre)

12. For use by the Scottish Ministers on pensions, allowances, gratuities etc. payable in respect of the teachers' and national health service pension schemes

13. For use by the Office of the Scottish Charity Regulator on administrative costs and operational costs

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>10,300,663,000</td>
<td>Nil</td>
</tr>
</tbody>
</table>

**Total of amounts of resources**

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15,697,000</td>
<td>5,600,000</td>
</tr>
<tr>
<td></td>
<td>10,300,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td></td>
<td>2,689,959,000</td>
<td>1,500,000,000</td>
</tr>
<tr>
<td>----------------</td>
<td>---------------</td>
<td>---------------</td>
</tr>
<tr>
<td>3,700,000</td>
<td></td>
<td>Nil</td>
</tr>
<tr>
<td>32,684,918,000</td>
<td></td>
<td>5,866,188,100</td>
</tr>
<tr>
<td>Purpose</td>
<td>Amount of resources other than accruing resources £</td>
<td>Amount of accruing resources £</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>-----------------------------------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>1. For use by the Forestry Commissioners in or as regards Scotland on the promotion of forestry in Scotland including, advising on the development and delivery of forestry policy, regulating and supporting, through grant in aid, the forestry sector, managing the national forest estate in Scotland; administrative costs</td>
<td>93,800,000</td>
<td>21,100,000</td>
</tr>
<tr>
<td>2. For use by the Food Standards Agency in or as regards Scotland on administrative and operational costs, including research, monitoring and surveillance and public information and awareness relating to food safety and standards; the Meat Hygiene Service</td>
<td>11,000,000</td>
<td>200</td>
</tr>
<tr>
<td>3. For use by the Scottish Parliamentary Corporate Body on ongoing costs associated with the administration and operation of the Scottish Parliament; payments in respect of the functions of the Scottish Parliamentary Standards Commissioner, the Commissioner for Public Appointments in Scotland, the Scottish Public Services Ombudsman, the Scottish Information Commissioner and the Commissioner for Children and Young People in Scotland; payments in respect of the functions or anticipated functions of the Scottish Commission for Human Rights; any other payments relating to the Scottish Parliament</td>
<td>103,548,000</td>
<td>800,100</td>
</tr>
<tr>
<td>4. For use by Audit Scotland, including assistance and support to the Auditor General for Scotland and the Accounts Commission for Scotland and other audit work for public bodies and for payment of pensions to former Local Government Ombudsmen and their staff</td>
<td>7,279,000</td>
<td>22,020,000</td>
</tr>
</tbody>
</table>
**SCHEDULE 3**  
*(introduced by section 5)*  

**BORROWING BY CERTAIN STATUTORY BODIES**

<table>
<thead>
<tr>
<th>Enactment</th>
<th>Amount  £</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Section 25 of the Enterprise and New Towns (Scotland) Act 1990 (c.35) (Scottish Enterprise)</td>
<td>10,000,000</td>
</tr>
<tr>
<td>2. Section 26 of that Act (Highlands and Islands Enterprise)</td>
<td>1,000,000</td>
</tr>
<tr>
<td>4. Section 42 of the Water Industry (Scotland) Act 2002 (asp 3) (Scottish Water)</td>
<td>215,300,000</td>
</tr>
<tr>
<td>5. Section 14 of the Water Services etc. (Scotland) Act 2005 (asp 3) (Scottish Water Business Stream Holdings Limited)</td>
<td>Nil</td>
</tr>
</tbody>
</table>