



Northern Ireland
Assembly

**COMMITTEE FOR
FINANCE AND PERSONNEL**

**OFFICIAL REPORT
(Hansard)**

Budget Scrutiny Inquiry: Stage 2

26 May 2010

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Ms Jennifer McCann (Chairperson)
Mr David McNarry (Deputy Chairperson)
Mr Jonathan Craig
Dr Stephen Farry
Mr Simon Hamilton
Mr Fra McCann
Mr Adrian McQuillan
Ms Dawn Purvis

Witnesses:

Professor David Bell) Scottish Parliament
Mr Simon Wakefield)

Mr Chris Shaw) House of Commons

The Chairperson (Ms J McCann):

I welcome Professor David Bell, Budget adviser to the Finance Committee in the Scottish Parliament, Mr Simon Wakefield from the Financial Scrutiny Unit in the Scottish Parliament, and Mr Chris Shaw from the Scrutiny Unit in the House of Commons. We appreciate your being here today, because we know that you have busy schedules.

I refer members to the suggested areas for discussion; the briefing paper from the Scottish Parliament's Financial Scrutiny Unit; other information; the terms of reference for the Committee's Budget scrutiny inquiry; the executive summary of the recent research paper, and

the resources for the Budget scrutiny inquiry.

I invite the witnesses to make some opening comments, after which I will open up the session to members' questions.

Mr Simon Wakefield (Scottish Parliament):

I am head of the Scottish Parliament's new Financial Scrutiny Unit. The unit was set up as a pilot in October 2009 in response to a demand from Members of the Scottish Parliament, and it has just been made permanent. We are a small team within the Scottish Parliament Information Centre (SPICe) research team, and we support Committees and Members with their inquiries.

Mr Chris Shaw (House of Commons):

Thank you very much for the invitation to provide evidence. It may be helpful if I first explain why the Scrutiny Unit in Westminster was established in 2002. It was set up in response to a general feeling in Parliament that Select Committees were not engaging in financial scrutiny in the best way possible and that they did not really have the resources to do so. Therefore, the Scrutiny Unit was established to provide Committees with the necessary financial expertise to improve their financial scrutiny. Our work is done through the Committees. Therefore, we do not have an independent voice on budgetary matters.

Professor David Bell (Scottish Parliament):

I am Budget adviser to the Finance Committee in the Scottish Parliament. I started that work in 2007 on a two-year contract, which was renewed in 2009. My task is to help the Finance Committee through the Budget process and to engage with it on any other inquiries in which it feels that my advice would be useful.

I write a report on the draft Budget when it is published. I also engage with advisers on other Committees who are hired on a more short-term basis than me and discuss the general strategy of the Budget. They take that information to their Committees, which report back to the Finance Committee, before an overall report is written just before the end of the year, which is discussed in Parliament. The Budget then goes through to the next legislative phase in January/February.

During my time as adviser, we have been involved in looking at the Budget process per se. As a result of that investigation, as Simon Wakefield said, we took the view that the Parliament's

financial scrutiny capabilities should be increased. As a result, the Financial Scrutiny Unit was set up.

We have also been concerned that what we describe as stage one of the Budget, which is where one takes a strategic overall view of the Budget, has not really happened in the way that was expected when Parliament was set up. Basically, minor amendments were being made to get Budgets through at stage two, which is where we have a draft Budget from the Scottish Government. It is necessary to have a majority in order to get that Budget through the Parliament, and small concessions may be made to one group or another. As a result, a majority is available to pass the Budget. However, those are changes that are being made at the margins, rather than taking a strategic overview of the Budget, and it is hoped that the Financial Scrutiny Unit will help in that process.

The Chairperson:

As you know, the Committee has been conducting its inquiry and is very keen to find out more about that particular unit.

Mr McNarry:

Good morning, you are very welcome. I hope that you enjoy your stay, if it is not all too brief. I have personal leanings towards something similar being established here. Was there any great resistance to establishing the unit?

Mr Wakefield:

As far as the Members were concerned, there was strong support from the Committees and from individual Members and finance spokespeople. One of the reasons for setting up the unit is that we are obviously in a very difficult financial situation. Parliament is affected by that, so we are trying to find additional capacity within Parliament. At the same time, we are being asked to look for cuts and potential savings across Parliament. Resistance comes in the form of resources and in trying to stretch resources as far as possible.

Mr McNarry:

Having piloted the unit and seen it working, is opinion still supportive?

Mr Wakefield:

Yes. We went back to the Committee Convenors Group, which supported the unit becoming permanent in the Parliament. Last week, the Parliament's corporate body approved the unit proceeding on a permanent basis. We have had support from across the board.

Mr McNarry:

I have three questions on the role of the respective Budget Finance Committees in the Budget process: are they responsible for providing costings or estimates for alternative spending proposals; do they have the remit to assess proposals from other Committees, and, if so, how would such work be supported by the scrutiny units and Budget advisers; and will you extend a wee bit on what a Budget adviser is?

Professor Bell:

It is important to draw one distinction, and Simon will correct me if I am wrong. A lot of the work of the Financial Scrutiny Unit involves helping members with issues such as the costs of different policies, outcomes and so on. Much of its work is about costings and is not so much about developing new strategies that are completely against what the Government are currently proposing. One might find that the Congressional Budget Office in the US does something similar, but that is not seen as the role of the Financial Scrutiny Unit in Scotland.

The question about other Committees is interesting. When it comes to Budget time, I speak to the other advisers and they will each have a draft budget for their respective Departments. They will take that budget and think about how it might be re-jigged. The implicit rule is that no Committee interferes with the work of any other. For example, the Committee dealing with schools would not recommend a reduction in the health budget. That issue is one of strategic overview and it does not come up at stage two, after the draft Budget has been published. The strategic view should happen before then.

Basically, the budget advisers are helping the Committees to look at their particular budgets and at how they might be realigned. They might be looking at efficiency savings or particular programmes within their remits. They might suggest that higher priority is given to one programme than that which it is being given in the budget. So, to clarify; budget advisers are mostly academics or retired civil servants who are hired on a short-term basis for a certain number of days, less than 20 or thereabouts, and so they are relatively cheap. However, they are

hired because they have an expertise in a particular area such as health, education and so on.

When budget advisers work well with the Committees, they are considered to be extremely useful because they understand the finances. Sometimes, Committees are not that focused on a regular basis on the finances of their particular Department. That is the key role that the advisers have: they clarify financial issues in relation to whatever Department or area they service. They are hired on a relatively short-term basis.

Mr Shaw:

There is a similar situation at Westminster, in that the Committees will not so much develop alternative proposals but will criticise and scrutinise the Government's forecasts and projected budgets for their particular Department. The Scrutiny Unit has the expertise to help with that. It is fair to say that only the Treasury Committee in the House of Commons has that sort of expertise on tap, whether it is through short-term appointees or long-term Committee specialists. We need to assist the Treasury Committee only when it finds itself particularly hard-pressed. Generally, the Committees will come to us for detailed scrutiny of the Budget.

Mr McNarry:

I understand why the Committees come to you for advice and I see how that works. Can you tell us specifically what the Finance Committee will ask you when it is dealing with the overall Budget?

Mr Shaw:

The Treasury Committee usually has those resources already. It has specialists who have a financial background, and it can also appoint short-term advisers. Therefore, generally speaking, it has those resources, because it is carrying out regular inquiries into the Budget and the pre-Budget report. It is worthwhile for the Committee to have that resource permanently, and we will assist them only if they are particularly busy.

Mr McNarry:

I do not expect you to know all about us, and I confess that I do not know all about you. That is why this is very interesting. We have a unit called the performance and efficiency delivery unit (PEDU), which is working on efficiencies. Recently, an official said openly that PEDU, which is part of the Department of Finance and Personnel, was viewed with a certain amount of fear and

trepidation by Departments, because it can only be invited to come and help them with efficiency reviews, etc. That is why I asked you whether there was resistance. Does anybody view your work as interference, or do they see it clearly as assistance?

Mr Shaw:

For the record, the Government have said that they have found the Scrutiny Unit's increased level of financial scrutiny helpful. I think that they would say privately that it is helpful to have departmental budgets scrutinised in a more thorough manner, because, historically, scrutinising expenditure has not been a strong point for the House of Commons. I think that the establishment of the Scrutiny Unit was welcomed. It was supported by all the Select Committees in the form of the Liaison Committee, and I am not aware of any resistance to it.

Mr McNarry:

Finally, does the unit play a role in plenary sessions? Would it, or the Committee to which it is attached, bring business to the Floor of the Parliament, or does it operate purely in the background?

Mr Shaw:

It operates in the background. It works through Committees, and the Committees might bring business, into which the Scrutiny Unit may have fed, to the Floor of the House, but it does not overtly bring business to the Floor of the Parliament.

Mr McNarry:

That is interesting. Thank you.

Ms Purvis:

You are very welcome. Thank you for taking time out of your busy schedule to help us with our inquiry. Effective scrutiny depends on the level of access to information coming from Departments. Recently, we had a review of spending plans for the year, and our report was quite critical of Northern Ireland Departments and the level of information that they had provided to Assembly Committees. How do you go about creating the greatest level of access for information? Do you have protocols or procedures in place? Do you have particular difficulty in gaining access to information? Are there particular sanctions that you can put in place with Departments?

Mr Wakefield:

The Financial Scrutiny Unit has a protocol with the Scottish Government, which says that they will be helpful to us, and we will not put in requests for information that we can easily find elsewhere and that are unnecessarily burdensome. Therefore, there is an agreement in principle to co-operation. One of the unit's priorities is to improve access to information, and we have made some progress in that regard. A lot of the Committees were interested in getting access to many of the detailed level-four Budget information because, for much of the time, Committees looked at the budgets, and many of the Committee proceedings have been about what the information actually means, as opposed to discussing the priorities.

We have made quite a bit of progress. For the next draft Budget, we hope that we will have much better information available for the Committees. Having one of our secondees coming from Audit Scotland has also helped us. It really helps to have someone on the team who knows exactly what questions to ask, what information is available and what is easy to access. Audit Scotland has a legal basis for being able to request any information that is reasonable. We do not quite have that currently, but there is pretty good co-operation generally.

Mr Shaw:

The Westminster unit works through Committees that have the power to send for persons, papers and records. So far, that power seems to have proved sufficient to get the information that is requested. The unit provides the right questions for the Committees to ask in order to get the information required.

On top of that, there is a lot of co-operation that goes on behind the scenes in respect of improving the presentation of financial information, which has not always been clear in the past. Technical work goes on behind the scenes, usually between the Treasury officials and the unit, to meet the Committees' requests and demands for better quality and clearer financial information.

Ms Purvis:

Therefore, the level of information can be improved. This Committee has similar powers, so if we ask the right questions, we will get the level of information that we require. Is the scrutiny unit open to lobbying from particular interest groups? How do you manage that situation?

Mr Shaw:

In our case, the lobby groups go directly to the Committee, rather than coming to the unit, because that is a source of influence. They are probably not terribly aware of what the unit does for Committees. It has not been an issue for us.

Mr Wakefield:

We are quite happy to talk to anyone. If somebody has information that is of interest and is relevant, we are quite happy for them to provide us with it or set out their points of view. However, we are the editors of any briefing that we provide. We decide what is relevant and what goes in. We are not seen as being important enough to be lobbied on a regular basis.

The Chairperson:

Does the unit have the power to assess departmental submissions for extra money? If, for example, during monitoring rounds, the Health Department or Education Department, submitted proposals for extra money for projects, does the unit have the power to assess those and make recommendations?

Mr Wakefield:

The Scottish Parliament's unit is part of the SPICe research team. We provide factual information straight down the line, so that is where the difference may come between what we do and what the advisers do. They can be a bit more controversial and provide an opinion a bit more.

Mr McNarry:

I do not think that we want any controversial advisers.

Professor Bell:

The advisers have to be quite careful to not be too controversial. As Mr Wakefield says, they can be a little bolder than the scrutiny unit. The Financial Scrutiny Unit can engage people for short-term contracts to look into particular pieces of research or to answer the kind of questions about which the Chairperson is thinking. It could commission somebody, probably from an academic background, to do some work on that specific question for a short period of time.

Dr Farry:

This discussion is very interesting, and it feeds in well to our thinking about what we need to do in Northern Ireland. Is there a tension in other jurisdictions concerning the direction in which parliamentary support is going? There is a wider debate about the architecture involved and whether the Treasury or a Finance or Budget Committee should skill up and have an overarching view of Budgets and assess competing priorities or invest in the skills and resources of Committees, which, by definition, look at a snapshot of a particular policy area. The issue is how to manage that tension. I appreciate that this feeds into a wider discussion, on a political level, about the architecture. How can those different strands of work be managed?

Professor Bell:

One of the things that the Scottish Parliament has been aware of since devolution was instituted is that it has not had an effective challenge function that is the equivalent of the Treasury in the UK. The Finance Minister, John Swinney, as well as controlling finances, is also a spending Minister; he is responsible for local government spending, which is a major component of our total spend. There is nothing separate in government; there has been discussion about that in the past, but it has never happened. To a certain extent, what we are discussing now is a response to that lack of a challenge function within government along Westminster lines.

The Finance Committee, perhaps, sees itself as the key to that challenge. It perhaps sees that it has allies, particularly in Audit Scotland, which provides another form of audit, albeit ex post facto. The Finance Committee is looking at what is happening at present, because it considers the proposed Budget. Perhaps the scrutiny unit and, possibly, some other arm of the Parliament, can look at where the Budgets are going in future. None of this is meant to step on the toes of other Committees, but there are broad areas, for example, in which the Finance Committee certainly sees itself as having a role. For instance, public sector pay is one area that is of interest to all Committees.

Another important area, which I thought about in response to a previous question, is the question of dealing with cross-cutting issues, such as drugs. I do not have an answer to that yet. It is not obvious that that subject sits within the remit of any one Committee. Therefore, perhaps it should be the role of the Finance Committee and Financial Scrutiny Unit to work together on such matters. I am not sure that we have solved that problem yet, but with more information, a scrutiny unit may be able to do something more than has been done so far, which, I must admit, is

not a great deal. Some cross-cutting issues are extremely important.

Mr Wakefield:

One of the things that helps us is that we are located within the wider SPICe research teams, and we have subject researchers. If something comes up on health or finance, we can make a joint effort, because we have the subject knowledge of the health experts and their finance counterparts. We have done work for other Committees. The European and External Relations Committee is looking at Scotland's overseas spend, so it has asked us to pull all that information together. The Finance Committee and the Economy, Energy and Tourism Committee are our number one customers.

Mr Shaw:

It is interesting that Professor Bell mentioned public sector pay. I am encouraging the unit to produce papers that are relevant to a number of Committees and which individual Committees would not necessarily commission. That is an issue, because we have economists in the unit as well as statisticians who can provide papers as long as they are going to be of use for Committees. That is a useful product for us. In general, we try to fill any gaps that exist for Committees, and we provide staff to Committees for a short- or longer-term basis. It is a pretty co-operative arrangement.

Dr Farry:

You anticipated one of my follow-up questions on cross-cutting working.

Another area that I want to explore briefly is whether you simply consider expenditure issues or whether issues of income generation are also considered. In our devolved context, we largely take decisions on the basis of overall allocations of money that are made from elsewhere. However, Westminster has full control over taxation and expenditure at a UK-wide level, and Scotland has limited tax-varying powers, and the Calman Commission's proposals are to be taken forward. Does either unit consider tax-raising issues as well as expenditure issues? Is that part of your terms of reference?

Mr Wakefield:

Not yet, but we will have to do that.

Mr Shaw:

The Treasury Committee does that routinely in its scrutiny of the Budget and the pre-Budget report. Otherwise, the Scrutiny Unit looks at all the Departments' publications, including their annual reports, autumn performance reports and supplementary estimates. Those are critically examined to ascertain each Department's income generation.

Professor Bell:

I was on the Calman Commission group that looked at changing the tax-raising powers in Scotland. The Finance Committee has been taking more of an interest in that topic since the election, and I expect there to be some sessions on that in the near term.

Scotland has council tax. That raises about £2 billion each year and brings up an interesting point of principle. The rates of council tax have been frozen for the past three years as a result of single outcome agreements between the Scottish Government and the local authorities. Those agreements are, basically, contracts that stipulate what the local authorities deliver and allow for no ring-fencing of their funding. There is a question about whether the Finance Committee has the power to interfere with those agreements by saying something about what the rates of council tax should be, because, as local government, local authorities clearly have democratic legitimacy.

Health is an area in which £10 billion is spent in Scotland each year. Effectively, there is no democratic element to that, and the Finance Committee feels that that is one area in which it should, perhaps, play more of a role. However, even in conjunction with the Health Committee, it is incredibly difficult to penetrate below the level of the health board budget and to figure out what is going on. In particular, it is difficult to figure out whether the outcomes being delivered by the Health Service in Scotland measure up to the increase in resources that it has been provided with in the past five or six years. A lot of the Finance Committee's time is spent asking why outcomes are not better measured in the different areas of the public service. We do not know whether we are really getting value for money.

Dr Farry:

On the issue of the value for money of the scrutiny units themselves, the documentation that we have seen about the Scottish unit suggests that outputs are based on volumes of work. I appreciate that it is very difficult to assess the impact that you make, but can you identify any early wins? Have you given any wider thought to the ways in which the units in both

jurisdictions can be seen to make a difference to the quality of debate and decisions?

Mr Wakefield:

It is very difficult to measure that. We have improved access to information. The intention is to publish that information on our web pages, which will make it more widely available. We have received very good feedback from Members on the information that we have provided to Committees and to Members individually. If our service was not useful, Members would not be asking us the questions. We have had an increasing demand for our service. It is difficult to say whether our service has improved the quality of scrutiny, but I hope that it has.

Dr Farry:

In the Scottish documentation, there is reference to work on the Barnett consequential and their transparency. I take it from that that the Barnett consequential are an issue in Scotland. There is a wider discussion, which we have a common interest in, about whether the Barnett formula should eventually be replaced by a more needs-based process. Do you see units such as yours taking on a much bigger role in that context? I ask that because, although it may be fairer for some people, any needs-based assessment will be inherently subjective. Therefore, a lot more discussion will be required on what is appropriate and what is not.

Mr Wakefield:

I cannot see us developing a model of what such an assessment should look like. However, that is the sort of issue that we could provide a briefing on, because it is significant and there is wider interest in it. The Finance Committee might be looking at the issues raised in such a briefing when it is scrutinising proposals.

Mr Shaw:

I could see the Scottish Affairs Committee at Westminster holding an inquiry on any proposals, in which case it would seek support from the unit. We would offer support on that basis, according to what the Committee wanted.

I go back to your question about easy wins. The unit can point to its support for the alignment project, which makes clearer the financial information that is provided and the way that the estimates relate to the budgets and the figures in the departmental spending reviews. A lot of technical work is going on, which the experts in the unit have supported. There have also been a

lot of positive comments about the work of the unit, but, as Simon said, it is difficult to be precise.

Dr Farry:

We are often very polite as representatives.

Professor Bell:

The Finance Committee in Scotland is aware of the changing scenario with public finances. The Scottish Government have appointed an independent Budget review team of three people, which is looking, effectively, to do the same kind of job as was done by Colm McCarthy in Ireland. The Finance Committee decided to conduct an inquiry, which has been running for the past six or seven weeks. We have visited the South of Ireland, held teleconferences with the Canadians and brought in a large array of witnesses to look at how different legislatures manage down budgets and what we can learn about doing that from elsewhere. The Finance Committee has done a fairly good job. The report is not yet ready, but I hope that it will be influential. I suspect that the Budget will be published in the late autumn. We will have the report ready before then, and I think that that will be helpful.

The Chairperson:

One of the frustrating aspects is that there is no method of measuring outcomes from money that is invested. You mentioned local government and central government. How do you see the process of measurement being moved forward? For instance, has the discussion about measurement been generated by the Financial Scrutiny Unit or the Finance Committee? Where did that discussion start? There is a difficulty with the measurement of outcomes against targets here, because it is hard to measure whether the money invested is making a difference to the quality of the lives of people in our communities.

Professor Bell:

The Office for National Statistics is carrying out quite a lot of work on measuring outcomes in the public sector. It is probably as good as anywhere in the world, but it still has a long way to go. As you said, it is important to measure quality as well as quantity, and that increases the complexity of what one is trying to pin down.

In the inquiry that has been taking place in the past few weeks, an issue that arose in a couple

of contexts was that of whether it was being ensured that the right outcomes were being considered. For example, the view was put that it may be worth spending a lot of money on children in their early years, the outcomes of which may not be observed until 10, 15 or 20 years later. Another view is that it may be useful to spend money on older people to prevent them from going into hospital or care homes. That might include spending money on doing shopping or gardening for them. Some of those issues are incredibly complex, and a great deal of thought must be given to know exactly what outcomes to measure. For example, in Scotland, we do not have a good gauge for measuring overall health outcomes for people who have been in hospital. We know about outcomes in areas such as cancer treatment, but we do not measure the generality of health outcomes very well.

Mr Shaw:

Westminster Departments are obliged to publish in their departmental annual reports their performance against the targets that they agree with the Treasury. One of the roles of the Scrutiny Unit is to try to improve the quality of those reports and, where they are vague, to nail down what the achievement is and to encourage realistic targets and objectives and accurate ways of measuring progress. That debate has been going on, and it has come quite a long way towards producing more meaningful annual reports than were produced previously. By and large, the reports are now fairly formulaic and are useful to Committees. That is not to say that there is not more work to be done, but the debate is ongoing, and Committees will usually have one session a year with the Secretary of State or the Minister on the annual report.

Professor Bell:

Everything that we have said about outcomes applies equally to efficiency savings. The National Audit Office has looked at a lot of those, and it is very difficult to pin them down. A previous Finance Minister in Scotland has admitted that it has been very difficult to figure out what the efficiency savings are and, if resource has been released, to figure out where it has gone and how it is now being used. That is an area in which there is great potential for improvement.

Mr Hamilton:

I find the evidence very interesting and of great help to our deliberations. You can correct me if I am wrong, but I have noticed a difference between the Scrutiny Unit in Westminster and the Financial Scrutiny Unit in Scotland. My understanding is that the Scrutiny Unit helps only Select Committees but the Financial Scrutiny Unit helps Committees and individual Members.

In Scotland, the unit's objective is to provide independent analysis, and I note that the evaluation of work to date includes a breakdown of substantive enquiries by party group. That shows that 49% of enquiries have come from Labour Members. That is either because Members from that party are assiduous in scrutinising finances and budgets or a mere coincidence that Labour is the major Opposition party. The unit sits within the Parliament but is independent. I can see that Committees would have to come to an agreement about what information and research they want from you. However, how do you ensure that you do not become a tool to be used and abused by Opposition Members?

Mr Wakefield:

It is my job to ensure that. We provide factual information, which we are happy to stand by, that is robust, accurate and balanced. It is up to Members whether they want to use and abuse that information or not, and we accept that there is nothing much we can do about that. The party breakdown of enquiries is quite positive, because one would expect the majority of our customers to be Opposition Members. Although we do not work directly for Government Ministers, quite a sizeable proportion of our enquiries are from the Government party.

Mr Hamilton:

A quarter of them are.

Mr Wakefield:

Some of our briefings have been used by the First Minister and quoted to support his arguments. The party balance looks OK. As long as we are upsetting everyone equally, we are probably doing OK.

Ms Purvis:

I want to ask about staffing levels. Obviously, there are fluctuations in the demands on your time. In your report, you refer to a call-off framework contract. I assume that that is put out to public procurement and individuals tender to get onto that framework. For how long is that framework in place and what is its cost to the unit?

Mr Wakefield:

That is one of those things which, depending on the level of resources available to us, can go up

or down. Last year, we envisaged having more money available to us than that which was given to us this year. We have eight experts on that contract including, for example, researchers from universities, but we will probably have to scale that down this year. During the pilot period, we carried out three projects at a cost of around £20,000. It is something that can be scaled up or down depending on how much money is available.

Ms Purvis:

Therefore, it is a year-by-year framework.

Mr Wakefield:

Yes, and we can extend the contract for the people who are already on it, which is useful. Once someone is on the framework, having gone through the procurement process and having got over the hurdle of submitting documentation, we can very quickly ask them to do a specific piece of work for us. For example, if we got a request for a costing on a particular area and did not have the capacity in the team to do it, we could go out and very quickly turn something around. If we had to put that out to procurement, it would take too long.

Ms Purvis:

Is it similar to having a database of consultants and researchers from which you can pick and choose, or is there a time frame for the framework, at the end of which it has to go out to public procurement again?

Mr Wakefield:

We can renew the framework fairly straightforwardly on a year-to-year basis. We work with whoever is on the contract to make sure that they understand exactly what is required of them, how the Parliament works and what the Members and Committees are looking for. Therefore, we do not want to have too many people on the contract.

In Scotland, there is a fairly small pool from which to draw expertise, and I presume that the situation in Northern Ireland is similar. Therefore, if a unit was set up here, there may be scope for co-operation with Scotland in order to draw from a wider pool. People from outside a jurisdiction do not have any potential conflict of interest and may be able to provide information that is more critical.

Mr McNarry:

This is a most interesting discussion. Our excellent research service in the Northern Ireland Assembly is limited in the research that it is able to supply on departmental business, matters regarding our budgets and so on. It concentrates on private Member's motions and Bills and certain Committee matters. When a Department was bringing forward business, particularly that relating to finance, was there a gap in the Scottish Parliament's research service before the Financial Scrutiny Unit was set up? Was it deemed necessary that the unit fill that gap?

Mr Wakefield:

There is certainly increasing demand for financial scrutiny and costings and that type of work.

Mr McNarry:

If your Finance Minister is bringing forward business in the Scottish Parliament, are you able to provide an impartial, factual briefing on what he is going to talk about?

Mr Wakefield:

Yes.

Mr McNarry:

Was that facility open to the Scottish Parliament prior to the existence of the Financial Scrutiny Unit?

Mr Wakefield:

We had a smaller team of two or three economy finance researchers who were, in theory, able to provide that type of briefing, but demand outstripped their ability to provide that service.

Mr McNarry:

So, it was demand that led to the situation that you have now. There are walking experts on finance. I used to call them bankers, but I will not go down that road at present. In servicing the needs of the legislature here, we have no sight of proposals or draft proposals coming from Departments at times. Dawn raised that point earlier. The work of Committees is valuable, and we have our own party political researchers, but there is an amazing gap in the provision of information here. If I understand you correctly — I do not want to put words into your mouth — the unit was demand-led in that people saw a need for such a facility because the service was not

satisfactory. Is it the case that you came up with the unit in order to up your game?

Mr Wakefield:

Yes. The number of enquiries from individual Members was increasing. Partly because of the minority Government situation, the Budget became a lot more interesting politically. The general economic downturn made public spending a much more interesting political issue, too. The Finance Committee had also recommended that additional capacity be put into financial scrutiny. Therefore, it was coming from a number of different angles.

Mr McNarry:

Chair, I do not know where we are going with this, but I would find it difficult to register the need here. I have acknowledged for some time that we require something additional, such as a unit similar to the one in the Scottish Parliament. However, the Scottish Parliament already had economic advisers in place. We do not even have that resource. If the Committee is agreeable, I think that it would be useful to note for further discussion how we would take forward consideration of such a unit for our Assembly. We really do not have anything except — one might say — our own party political prejudices at times.

Professor Bell:

There are two aspects. First, there are the requirements of individual Members. It is legitimate to help Members with individual enquiries. If they are not getting that help, it seems to me that there is a gap in the market. Aside from the generality, a particular issue is the Budget. In Scotland, the service really matters around Budget time, when a Committee may come up with an alternative proposal that would effectively mean a significant change to the draft Budget. At that time, it becomes very important.

The other set of issues is more difficult, because it may become more political. It relates to the role that the financial scrutiny unit should play in what we describe as stage one of the Budget process — the strategic overview. The unit might state that too much money is being allocated to health and international comparisons should be looked at or that far too much money is going into a certain area and more should be put into education. Obviously, that would be extremely controversial, and, therefore, the scrutiny unit might end up being in a difficult position. That is exactly what happened in Canada. Last year, the Canadian equivalent produced a paper that took a strong view on policy — I have forgotten the exact policy concerned — and was almost wound

up as a result. It should, perhaps, be the role of the Budget advisers to take a view on policy — I can be wound up. It is not a big deal if the Budget advisers take a view that is not necessarily political but would involve big movements of resources.

You would want any unit that you might set up to be able to continue to provide a service for Members. Therefore, there is a balance to be struck in respect of the kinds of tasks that you think it would be suitable for the unit to address and how far that goes towards strategic policy issues.

Mr McNarry:

I can see that point, and I find it very helpful. We need to consider further what you have said and to take it on board. In simple terms, we have a cake here, and we cut it up after a dogfight because we have so many parties involved in what is, allegedly, a four-party coalition.

Dr Farry:

Five.

Mr McNarry:

Allegedly, a five-party coalition. I apologise, Stephen.

Dr Farry:

You are quite all right; it is easily forgotten.

Mr McNarry:

I forgot about the amount of crawling that you did to get there.

Such information, provided on an impartial basis and, perhaps, even through not being controversial from an adviser's point of view but by playing the devil's advocate, could be extremely helpful in enabling decisions to be taken by common agreement at the end of the day. A lot of the party political stuff could be eroded, because the business would be coming down to practical decisions. I find what you said very valuable, thank you.

The Chairperson:

Thank you very much for coming along. I know that you have a busy schedule. I do not know how long you are staying, but I hope that you enjoy the rest of your stay. Thank you very much.

The session was very informative.