



The Scottish Parliament
Pàrlamaid na h-Alba

Published 30 April 2018
SP Paper 308
1st Report (Session 5)

Standards, Procedures and Public Appointments Committee

Comataidh Inbhean, Dòighean-obrach is Cur-an-dreuchd Poblach

Budget Process - Standing Order rule changes



Published in Scotland by the Scottish Parliamentary Corporate Body.

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Contents

Introduction	1
Background	2
Review of the budget process	3
Proposed Standing Order rule changes	4
Financial Resolutions / Financial Memorandums	4
Recommendation	5
Annexe A: Proposed Standing Order rule changes	6

Standards, Procedures and Public Appointments Committee

The remit of the Standards, Procedures and Public Appointments Committee is to consider and report on—

- (a) the practice and procedures of the Parliament in relation to its business;
- (b) whether a member's conduct is in accordance with these Rules and any Code of Conduct for members, matters relating to members interests, and any other matters relating to the conduct of members in carrying out their Parliamentary duties;
- (c) the adoption, amendment and application of any Code of Conduct for members; and
- (d) matters relating to public appointments in Scotland; and
- (e) matters relating to the regulation of lobbying.



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Introduction

1. On 22 February 2018, the Finance and Constitution Committee wrote to the SPPA Committee to ask us to consider how recent changes to the Scottish Parliament's budget scrutiny process should be translated into Standing Orders.
2. This letter can be found on the [Finance and Constitution Committee's website](#).

Background

3. The budget process in the Parliament is governed both by the relevant rules in Standing Orders and by a Written Agreement between the Finance and Constitution Committee and the Scottish Government.
4. Standing Orders sets out the high level rules governing the budget process, with the specific details of the process being covered in the Written Agreement.

Review of the budget process

5. A fundamental review of the budget process was recently undertaken by the Budget Process Review Group. The Budget Process Review Group consisted of a range of external experts as well as Scottish Parliament and Scottish Government officials. It published its final report on 30 June 2017.
6. The Review Group concluded that there should be a new emphasis on continuous scrutiny in the budget, and developing an understanding of the impact of budgetary decisions over a number of years including budgetary trends. In addition, committees should have the flexibility to incorporate budget scrutiny into their work prior to the publication of firm and detailed spending proposals.
7. Both the Finance and Constitution Committee and the Scottish Government welcomed the recommendations of the Review Group and agreed to implement them.
8. At its meeting on 21 February 2018, the Finance and Constitution Committee agreed a revised Written Agreement with the Scottish Government. The revised Written Agreement is based on the recommendations of the Review Group and sets out the agreed new arrangements for the budget process.

Proposed Standing Order rule changes

9. Following the update to the Written Agreement, the Finance and Constitution Committee was of the view that some consequential changes would be required to Standing Orders.
10. The letter from the Finance and Constitution Committee identified the changes which it considers may be needed, and provided an explanation for each proposed change.
11. The SPPA Committee proposes some changes to Standing Orders which reflect the changes requested by the Finance and Constitution Committee. They can be found at Annexe A to this report. A short explanation accompanies each rule.
12. The proposed changes would require parliamentary time to be set aside for a committee debate prior to the stage 1 debate on the Budget Bill, which is a feature of the new budget process. The proposed changes also update the rules on the timing of Budget Bills to reflect the fact that the Budget Bill will now normally be published prior to Christmas recess.
13. The draft rules propose a revision to the deadlines for lodging amendments to the Budget Bills. Currently, as there is no requirement for a minimum period between the various stages of the Budget Bill process, the Parliament is normally asked to vary the Standing Orders to extend the deadline for amendments to the Budget Bill. The proposed new rules set out more realistic lodging deadlines.
14. Additionally, the draft rules remove a requirement to lay certain reports and financial documents which are no longer required under the new budget process. Finally, there are some minor consequential changes to other Standing Orders rules as required to ensure that they reflect the new budget process.

Financial Resolutions / Financial Memorandums

15. The Budget Process Review Group also recommended that the Finance and Constitution Committee should consider examining further the rules on Financial Memorandums and Financial Resolutions to ensure that they reflect the new taxation powers.
16. The Committee notes that once this work has been undertaken, the Finance and Constitution Committee may write to the SPPA Committee requesting further rule changes.

Recommendation

17. The Committee believes it is important that Standing Orders should accurately reflect how the new budget scrutiny arrangements in the Scottish Parliament will work in practice.
18. The Committee therefore recommends to the Parliament the proposed rule changes set out at Annexe A.

Annexe A: Proposed Standing Order rule changes

CHAPTER 5 – THE PARLIAMENTARY BUREAU AND MANAGEMENT OF BUSINESS

Rule 5.8 Financial business

For Rule 5.8, substitute—

“Rule 5.8 Financial business

1. In proposing the business programme, the Parliamentary Bureau shall ensure that sufficient time is set aside—

(a) prior to the Stage 1 debate on the general principles of a Budget Bill, for committee pre budget reports to be debated; and

(b) for the Stages of a Budget Bill.

2. None of the 12 half sitting days referred to in Rule 5.6.1(a) shall form any part of the time to be set aside under this Rule.”

Points in relation to drafting

- *This revised version of Rule 5.8, which replaces the present Rule 5.8, reflects the revised budget process, under which there is no longer a focus on consideration of financial proposals and draft budgets. It requires the Bureau to provide time for a committee debate prior to the Budget Bill Stage 1 debate.*
- *It reflects that the timings of the Budget Bill are already addressed in Rule 9.16.*
- *The new paragraph 2 ensures that the time set aside for the committee debate which is to precede the Stage 1 debate on the general principles of a Budget Bill does not use up any of the existing 12 half sitting days that are protected for committee business in each Parliamentary year.*

CHAPTER 9 PUBLIC BILL PROCEDURES

Rule 9.16 Budget Bills

In Rule 9.16.3, delete “immediately”

Points in relation to drafting

- *This change, which removes reference to a Budget Bill being ‘immediately’ referred to the Parliament, reflects the new Budget Bill procedure under which there is likely to be a gap between the introduction of the Budget Bill and the beginning of the Stage 1 process. This is in line with the Written Agreement, according to which the Scottish Budget will normally be published the week before the introduction of the Budget Bill and no more than three working weeks after publication of the UK Budget. While these timings are not fixed it is expected that both the Scottish Budget document and the Budget Bill will normally be published prior to Christmas recess.*

For Rule 9.16.5, substitute—

“Stage 3 shall normally begin no earlier than 60 days after introduction of the Bill. If Stage 3 is not completed before the expiry of 70 days after introduction of the Bill (whether because of the operation of paragraph 7 or otherwise), the Bill falls.”

Points in relation to drafting

- *This revised version of Rule 9.16.5 increases the number of days after introduction of the Bill within which Stage 3 has to begin and be completed, reflecting that the Budget Bill will be introduced earlier under the new budget process. The addition of the word “normally” is necessary as, under the new budget process, the publication of the Scottish Budget and Budget Bill are linked to the UK Budget, therefore timings might vary. Its insertion is intended therefore to allow for some flexibility, if required. The process for varying the standing order is set out in Rule 17.2.*

In Rule 9.16.6, after “Minister.” insert “The lodging deadlines specified in Rules 9.10.2 and 2A shall not apply. Notice of any amendment at Stage 2 or 3 shall be given by lodging it with the Clerk no later than 16:30 on the Friday immediately preceding the week in which the Stage is due to start.”

After Rule 9.16.6 insert—

“6A. For the purposes of paragraph 6, if the Friday immediately preceding the week in which the stage is due to start falls during a period when the Parliament is in recess, then the lodging deadline will be no later than 16:30 on the Friday which immediately precedes commencement of any such period of recess.”

Points in relation to drafting

- *Rules 9.10.2 and 2A provide the deadlines for lodging amendments to Bills at Stages 2 and 3. These Rules also apply to Budget Bills. However, as there is no requirement for a minimum period between the various stages of the Budget Bill process, the Parliament normally decides, on a motion of the Parliamentary Bureau, to vary the Standing Orders to extend the deadline for amendments in the Budget Bill. The proposed addition to Rule 9.16.6, inserted at the end of the present text, is intended to formally address that point. Rule 9.16.6A has been added to address circumstances in which the lodging deadline would otherwise fall during a period when the Parliament is in recess.*

CHAPTER 14 – LAYING AND PUBLICATION OF DOCUMENTS

Rule 14.2 Laying of financial reports and documents

Rule 14.2 is deleted.

Points in relation to drafting

- *Rule 14.2 is deleted given that under the new process there is no requirement for financial reports and documents relevant to this Rule to be laid before the Parliament.*

CONSEQUENTIAL CHANGES

CHAPTER 6 – COMMITTEES

Rule 6.2 Functions of all committees

In Rule 6.2.2(f), for “financial proposals” substitute “proposals for public revenue or expenditure”

Points in relation to drafting

- *The present wording is specific to the existing budget process which is now being replaced. The proposed wording takes account of the intention that subject committees will have a role in scrutinising all the financial, performance and budget related information provided by the Scottish Government throughout the new budget scrutiny process.*

Rule 6.6 Finance

For Rule 6.6.1(a), substitute—

“(a) any report or other document containing proposals for, or budgets of, public revenue or expenditure or proposals for the making of a Scottish rate resolution, taking into account any report or recommendations concerning such documents made by any other committee with power to consider such documents or any part of them;”

Points in relation to drafting

- *The substituted provision deletes the reference to the laying of reports or other documents by members of the Scottish Government in line with the proposed deletion of Rule 14.2.*
- *It also deletes the words “to them” to reflect the Budget Process Review Group’s recommendation (Recommendation 38) that “there should be no requirement for the subject committees to report to the Finance and Constitution Committee”. The subject committees currently report to the Finance and Constitution Committee with their views on the draft budget process including alternative spending proposals. However, it was found that in practice it is difficult for the Finance and Constitution Committee to provide a view on the findings of the subject committees who have built up particular expertise in their area.*

