

Procedure Committee

Oral evidence: Should there be a Commons Budget Committee? HC 1482

Wednesday 9 Jan 2019

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Members present: Bob Blackman (Chair); Bambos Charalambous; Sir David Evennett; Helen Goodman; Sir Edward Leigh; David Linden; Alison Thewliss.

Questions 15-43

Witnesses

I: Edwin Lau, Head, Budgeting and Public Expenditure Division, Organisation for Economic Co-operation and Development (OECD), and Scherie Nicol, Policy Analyst, Directorate for Public Governance and Territorial Development, Organisation for Economic Co-operation and Development.

Written evidence from witnesses:

- [OECD](#)

Examination of witnesses

Witnesses: Edwin Lau and Scherie Nicol.

- Q15 Chair:** Welcome to the meeting of the Procedure Committee, which is considering the proposition of a Budget Committee for the UK Parliament. I welcome our witnesses, Edwin Lau and Scherie Nicol, via videolink. I would ask you to speak clearly and slowly because of the videolink, and we will try to do the same thing. Members of the Committee have some questions to ask of you. Do you wish to make an opening statement before we commence the questions?

Edwin Lau: Briefly, dear Chair and dear Members, thank you for giving us the opportunity to provide testimony to the Committee. The OECD budgeting and public expenditure division is very pleased to share with you the experience of going on for 11 years of work with Parliamentary Budget Offices and, even further back, almost 30 years of work with our senior budget officials network, which provides us with both the practices as well as the international network of what we consider to be good, international practice in public budgeting. We think Parliament has a critical role to play as part of the overall budgeting process, in terms of maintaining the accountability and credibility of budgetary decision making. We are very pleased to answer any questions that you may have with regard to the testimony that we have provided you, or other questions on creating a Budget Committee.

- Q16 Chair:** Thank you for that opening statement. I should mention that the usual Chair of the Committee has had to attend a funeral today and so is not able to be with us. I am chairing in his absence, but I am a Committee Member, like all others here.

Can I kick off then with what weaknesses in the UK system of governance you believe a Budget Committee would address?

Scherie Nicol: The UK Parliament has a very strong ex post budget oversight tradition and that is evidenced by the strong role of the Public Accounts Committee of Parliament, and there is also an effective Treasury Committee, but when it comes to the scrutiny of estimates, I think it is fair to say that, at best, it is patchy. While the departmental Select Committees do engage in estimates scrutiny, there is a lack of consistency in that area. I think that there is an opportunity for a Budget Committee to be established, to provide a greater consistency in that regard, to encourage Departments' Select Committees to look at the estimates in their areas in more detail and to provide some sort of overarching parliamentary view to Government on the Budget proposal, specifically on the estimate side.

- Q17 Chair:** Thank you for your written evidence, which is very helpful in informing the inquiry of the Committee. In the written evidence you



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mention an informed dialogue between the Budget Committee and Government Departments. Can you point us to some good examples, in your understanding, of where that takes place already in the world?

Scherie Nicol: Some good examples to draw on would actually be from other countries where there is a Westminster tradition. For example, in Canada there is an Estimates Committee, which starts with a pre-Budget consultation exercise. Through that exercise, they canvass the ideas and views of citizens on what should be in the Government's Budget proposal. Then they provide a series of recommendations to Government, which the Government can take on board when it presents its Budget proposal to Parliament later. The Committee then has an opportunity to reflect again on the Budget proposal and the extent to which it meets the needs of the people that it represents democratically. Through that dialogue, wherein the Committee has a role at different stages of the Budget process, there is able to be a conversation between the Parliament and the Government about the extent to which the Budget is actually fit for purpose.

Another good example is provided closer to home, in Scotland, where a similar process was recently introduced. I think it is the first year that the Finance Committee in Scotland is producing a pre-Budget report as well. That pre-Budget report presented its recommendations on what the Parliament would like to see in the Budget proposal. The Scottish Government, as part of its draft Budget, responded to the parliamentary pre-Budget report and wrote letters to the Committees about how they were addressing their recommendations. I think it is that sort of dialogue that really creates a Budget that is for everybody.

Q18 Chair: The other area in your written evidence that I want to explore a bit further is that you relate this to a series of interconnected actions between the Budget Committee and the Departments, which you have just described. Are there any other activities that you envisage in a Budget process taking place to enhance the role of scrutiny in the way that Parliament operates?

Scherie Nicol: One of the other aspects that has become increasingly important in the Budget process is spending review. In the UK in particular, it is the spending review where some of the key spending decisions are taken, rather than in the annual Budget process. There is also the potential for parliamentary Committees to have a greater role in something like a spending review. It would mean that it was an exercise that had greater accountability. That is potentially another aspect that could be looked at for Budget Committee involvement.

Q19 Sir David Evennett: You highlighted some examples where there is a Budget Committee. I was interested in the remit of those Budget Committees. Are they all the same? Are they very similar or are they different from each other?

Scherie Nicol: I would say they are very different. The way that they are set up is also very different. For example, in some countries the Public Accounts Committee may be a sub-committee of the Budget Committee. In other countries the focus on, for example, fiscal aggregates may also be



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merged with a focus on estimates. In other countries, tax and estimates are looked at by the same Committee. There is a series of tasks that have to be undertaken, such as the review on estimates and the review on tax, which are both ex ante. There is also the ex post review. I would say that the extent to which these are undertaken by different and separate Committees differs across the OECD; there is no one-size-fits-all model. The most important thing is that those gaps are filled.

- Q20 **Sir David Evennett:** Which is very important. Is there one country with a democratic parliamentary system like our own that we should perhaps look at more closely than others to get some ideas, because it would fit more with our system?

Scherie Nicol: The Irish system is still very new. I'm sure you are aware of our OECD review on parliamentary budget oversight in Ireland. What we found was essentially quite similar to what you have in the UK, because there is a very strong Public Accounts Committee. They have a Finance Committee, which looks at estimates for the Finance Department and fiscal aggregates, but they did not have a Committee that looks at estimates. Part of our OECD review of parliamentary Budget oversight in Ireland recommended that the Committee was instituted. Since it has been instituted, the Committee now undertakes things such as pre-Budget statements to Government and scrutinising cost-cutting expenditure items, as well as budgeting tools such as gender budgeting. Ireland provides a good model of how you can fill the gaps in the UK context. Of course, it is still very early days for Ireland, because their Committee was established only recently.

- Q21 **Sir Edward Leigh:** On that point, your report is excellent, but would you like to explain to us—perhaps in writing—how you came to the conclusion? I think I am right in saying that we are virtually unique in not having a Budget Committee. You have done this report on the Irish Parliament, which is very similar to ours. If you were to suggest to us a model of how it would work, what would you suggest? If you were doing a review on us in the same way that you did on the Irish Parliament, what would be your recommendation?

Scherie Nicol: The first thing I would say is that I would love for the OECD to do a review on UK parliamentary budget oversight. The most important thing about the Irish review was understanding that fixing the weakness in ex ante budgetary oversight was not about setting up one structure or an institution such as a Parliamentary Budget Office; it is about an interconnected series of actions that will mutually reinforce each other towards better budget oversight. In the Irish example, a lot of focus has been on enacting our recommendations on setting up the Budget Committee and the Parliamentary Budget Office, but we also made some very important recommendations that are to support those developments. Those related to earlier publication of the estimates as well as Parliament having a vote on the estimates in advance of the start of the fiscal year. There was also a series of recommendations on improved information for the Irish Parliament. It is great that the Irish have taken forward a number of our recommendations, but unless some broader

recommendations on the estimates process are also taken forward, it will be very difficult to effect meaningful Budget oversight.

- Q22 **Sir Edward Leigh:** On that point on the estimates, you know that we have a very constrained estimates cycle over little time. Would that affect the possibility of having an effective Budget Committee in our system? That does not mean that one could not extend the estimate period, but we do have this problem. Traditionally, as you might know, we have had estimates days in the House of Commons. Until the recent work of the Committee, the one thing you were not allowed to discuss on estimates days was estimates; you were ruled out of order if you talked money. Do you want to give us any advice about how we can deal with the estimates process—perhaps lengthening it or making it more effective, or how a Budget Committee could marry up with our estimates process?

Scherie Nicol: It is quite difficult, because to make real and meaningful improvements to budgetary oversight you need meaningful changes to the estimates process. In particular, estimates should be published at the same time as the Budget itself, and there should be an opportunity for Parliament to scrutinise them in advance of the start of the fiscal year and to vote on them.

The UK Parliament is an outlier in that estimates are not voted on by the start of the fiscal year. The UK Parliament is also somewhat of an outlier in its amendment powers in respect of estimates. A series of changes to the estimates process that address these weaknesses would definitely bring about a more meaningful role for parliamentarians in the Budget process.

Obviously, at the same time, I recognise that the incremental changes that have been made so far are all steps in a positive direction. I think that the recent developments in estimates day debates have been great. We have to recognise that there is momentum for change in the UK Parliament, albeit that that momentum is piece by piece. However, we have to recognise that we need a larger set of interconnected actions for there to be more meaningful Budget oversight.

- Q23 **Sir Edward Leigh:** You mentioned our spending review system. Could you give us some advice about what other countries do on the spending review process or whether they have system like ours, and what impact a Budget Committee would have on it? As you said earlier, and as has been mentioned by my colleague, the spending review is a very important part of our process. In fact, a previous witness said that we should concentrate on the spending reviews, not on the estimates.

Scherie Nicol: I read the evidence from David Heald in that regard. I think that, looking at the estimates process as it is today, if changes, which I feel are merited, are not made to the estimates process, realistically speaking the spending review is probably Parliament's best opportunity to input into how spending decisions are made by the UK Government.

It is important to recognise that spending reviews are different in different countries. There is not necessarily a long legacy of Parliaments having a



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role in spending reviews. One reason for that is that spending reviews are still a relatively new tool of public financial management. We have seen incredible growth in spending reviews since the global financial crisis, and I think that we are yet to see how the budgetary system will evolve to keep pace with this change that we see.

The UK Parliament has an opportunity to be a leader in that regard, and to show how a Parliament can have a role in spending reviews that other countries could then emulate. It would be an opportunity to make a leapfrog development within the UK system. You asked for some examples, so I will briefly give the example of the Netherlands.

The Netherlands is renowned for its work on spending reviews—it has a long history in that area. To provide a brief description of spending reviews in the Netherlands, there is a very big separation between the technical exercise and the political exercise. The spending reviews are written independently; obviously they are produced with the input of the Ministry of Finance, but they are very independent and analytical reports that are sent to Parliament, and they occur at a different time from in the UK, where spending reviews can happen at the start of a parliamentary term. In the Netherlands, spending reviews are usually done before an election, and they play a large role in determining what the different parties put in their election manifestos.

On the spending review front, it is quite difficult to draw from international examples, because they are quite different in different countries, but I definitely think that in the UK there are a lot of opportunities for Parliament to lead the way in showing how scrutiny can be done.

Q24 Sir Edward Leigh: How effective, in your view, is the House of Commons in scrutinising the Chancellor's annual Budget? You can be as frank as you like.

Scherie Nicol: It has a very weak ex ante Budget oversight tradition. When you look at indices such as Dr Joachim Wehner's index of legislative Budget oversight, you see that the UK is very low on the scale—I think it might even be the lowest, now that Ireland has set up its Budget Committee and has a Parliamentary Budget Office. Westminster countries tend to have the weakest traditions—the weakest Budget oversight among OECD countries—but it is fair to say that most Westminster countries have now made developments beyond the UK system that put them ahead in an index like Dr Wehner's, which looks at the strength of legislative Budget oversight. While it is a very historic and traditional system of oversight, it has perhaps not been modernised in the way that other Parliaments of the Westminster system have, to bring it towards better OECD standards.

Q25 Sir Edward Leigh: I agree with that. The only ones who so far seem to question the need for a Budget Committee are the Treasury, presumably for obvious reasons—it is quite useful for them, isn't it, to have this lack of scrutiny? That was just a comment, not a question.

What about the pre-Budget report that you mentioned in your written evidence? What would you hope to change with a pre-Budget report?



Scherie Nicol: I mentioned the Scottish example earlier. I think it is a really positive example of how a pre-Budget report is supposed to operate. The idea would be that the Committee would consult and take evidence from the public, citizens and institutions on what they would like to see in the Budget proposal—both tax and spend. These views are gathered and a consensus view from Parliament is sent to the Government. That creates a dialogue and means that the Budget is more likely to represent the needs of the people when it takes on board views gathered from the democratic institution of the country. The pre-Budget report can inform the Government's budget deliberations, and when it comes back to Parliament, Parliament then has something to compare. It can say, "Look at this Budget—we have been told that more spending on health is needed, but you have presented us with a Budget with cuts to health." You therefore have a baseline that you can use as evidence to assess the Budget proposal that is put before you, so it provides a very useful tool for Budget scrutiny.

Edwin Lau: If I can add on this point, with regard to international budget partnership, there is growing pressure for budgetary participation mechanisms. At the OECD we look at both parliamentary as well as Executive processes for citizen participation in the budgetary process. One of the main reasons civil society in particular puts pressure on Governments to do more consultation of citizens is because of a lack of parliamentary procedures. In a way, there is a general desire for greater participation. It is up to the Parliament to decide whether it wants to continue to represent the voice of the people, or whether it wants to cede that role to the Executive.

Scherie Nicol: Edwin just reminded that we have just undertaken a survey of parliamentary practices—our 2018 survey—and the key finding I would say is that Parliaments are increasingly taking a role in the ex ante pre-Budget phase of the Budget cycle. This is the biggest development in recent times in terms of parliamentary Budget oversight.

Q26 **Helen Goodman:** What do you think the impact will be if we get this right? Some of the countries that appear to have very good systems do not seem to have very good public spending control. They do not necessarily appear to be the countries that have met their fiscal targets. I am not a member of the Conservative Government, but they have been quite successful at controlling public spending. What would parliamentary scrutiny add to the outcomes?

Scherie Nicol: There is a number of things. First of all, a more effective role for the legislature is really important. It provides checks and balances. Those checks and balances might not always be necessary, but there might be certain occasions where having a parliamentary check and balance becomes very important. If you do not put these checks and balances in place in the good times, they will certainly not be very useful to you when you really need them.

At the moment, the UK does have a strong history in terms of the accountability of public spending through its strong Public Accounts



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Committee, but those checks and balances are all after the money is spent. It is not implausible to say that there might be somebody who comes in—a new Government—and decides that they want to spend money completely differently, in a way that is very different from the existing systems.

If you do not have a Committee in place that is undertaking scrutiny of that, and the only scrutiny can be done after the money is spent, you have a system that is very at risk of exposure. I think the institutions in the UK are very strong, but you never know what sort of political changes might create a situation wherein not having the right checks and balances in place exposes you to these risks.

Edwin Lau: It is important to differentiate between the control of aggregate expenditures and the quality of those decisions within the overall envelope. If you look at the German system, the German debt brake has ensured that there are strong budgetary controls. Now the German Government are looking at how they can improve the performance within those envelopes. Making that distinction—that hearings on the Budget are not about the overall expenditure level but what happens within those envelopes—may be a useful way of thinking about how to shape those discussions.

Q27 Helen Goodman: As you probably know, we delegate responsibility for that part of the scrutiny, about individual departmental spending, to departmental Select Committees and they do the ex ante work. How do you feel they are performing on that front at the moment?

Scherie Nicol: I think it's very inconsistent, in terms of the performance of the departmental Select Committees in that regard. I would like to see greater consistency in that system. One of the ways in which that could be achieved could be through a central Budget Committee that co-ordinates that oversight among the departmental Select Committees. One of the other challenges at the moment and probably one of the reasons why spending oversight by Select Committees is patchy is that it happens after the start of the fiscal year, so it is a very meaningless role for the parliamentarians and for the Committees. As long as they are approving or overseeing the spend after it has started to be dispensed, there is going to be a lack of motivation to undertake that sort of activity. That is why I feel that more meaningful change could be brought about through changes to the timing of the estimates process as well as through the establishment of a Budget Committee.

Q28 Helen Goodman: I agree with you. There is something about timetabling, and I'll come on to that in a minute. Just let me ask you this. What do you think the boundary should be as between the budgetary committee and the Select Committee? What do you think the respective roles should be, and how do you think the two kinds of Committee can best interrelate?

Scherie Nicol: We have some very good examples from both Sweden and Germany in this regard. Perhaps I'll just go through what those are. In



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Germany, the budget is legally referred to the Budget Committee, but the sectoral committees review the sectoral sections of the budget and they submit their findings to the Budget Committee, which then has a central report that it sends to the Government on the budget. The German system would be described as emerging best practice in the OECD, in terms of the Budget Committee having a central co-ordinating role on budget scrutiny but with sectoral committees still undertaking their individual scrutiny across their own areas.

Q29 Helen Goodman: Do you think that the role of the rapporteurs that are an intrinsic part of the German and Italian systems works well in the committees?

Scherie Nicol: I would say, in particular, I know the rapporteur system in Germany is very effective. In Germany, there is a rapporteur that has responsibility for overseeing budget oversight in a particular area of spend. That creates a really effective link between the sectoral committee and the Budget Committee. It's not so important whether that link is through a rapporteur or another mechanism. The most important thing is that there is some sort of link between these important committees. I think that, not just for the Select Committees but for the Public Accounts Committee and the Treasury Committee, it is important to think about how there could be links between the existing mechanisms in the UK Parliament and any new Budget Committee.

Q30 Helen Goodman: It opens up scope for Parliament, as opposed to the Finance Ministry—in our case, the Treasury—arbitrating between Departments, doesn't it? Supposing you wanted to do something about infrastructure in your country, you could say, "Well, what kind of infrastructure do we want more of? Do we want more railways, more roads or more broadband?" That is a very simple example. You could say that the committee could then challenge the division in spend between those Departments, but isn't the committee, then, taking from the Finance Ministry the responsibility that rightly belongs to the Government?

Scherie Nicol: The example you provide is very interesting, because that is exactly what we see in Germany. The Budget Committee mirrors the Treasury function, in the sense that it takes a decision about the budget priorities between the sectoral committees. It is very important that there is a structure in Parliament to do that, because it is very rare for sectoral committees to suggest that spending should be reduced in that area. If you only have sectoral committees looking at the Budget, you are only ever going to see fiscal profligacy and people suggesting that there should be more spending.

For parliamentary oversight to be taken seriously, and for there to be a meaningful dialogue between Parliament and Government, the Budget Committee has an important role in saying, "Look, you have said that the three priorities of Government are health, international development and education, but the Budget before us doesn't have any increase in education. We suggest that you reduce spending here and increase



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spending here." A very important part of having more meaningful dialogue with the Government on this is having a central body that mirrors that Treasury function.

- Q31 **Helen Goodman:** A few minutes ago, you said something about timetabling and the fact that we are not looking at things in a timely way. At the moment, we have a spending review every three years and then annual estimates. How do you think we could make the transition from where we are, without a Budget Committee, to having a system that works effectively? Should it work round the current timetable, or should we be looking at changing the timetable?

Scherie Nicol: More meaningful change could be effected through also changing the timetable. I know that there has been a lot of resistance to that in the past. It is difficult to effect large-scale, meaningful change, because the Treasury probably has a fear of losing control of spending. If there was a political appetite for change, I would definitely recommend that the estimates timing is also changed in order to support a new Budget Committee.

In terms of timescales, things can happen as fast or as slow as you want. It is just about whether or not there is the political appetite and the leadership for driving the change. Over recent years in the UK, we have seen that it is very difficult to make big strides forward in this area, but we have seen that there have been small chips away at making the Budget process more meaningful. The extent to which this is prioritised as an important development and how quickly it happens is really up to you.

- Q32 **David Linden:** Why do you think the Treasury Committee work on the Budget is best left to the Treasury Committee, rather than a Budget Committee?

Scherie Nicol: That was something I was reflecting on before we came to this meeting. There are other countries where budget aggregates are dealt with by the same committee that deals with estimates. Personally, I do not have a strong view, in the model that is taken forward, on which committee does what. What is most important is that the existing gaps are filled and that, in filling those gaps, there is not duplication of existing effort. The most important thing is that if the new committee is going to have responsibility for looking at fiscal aggregates, the Treasury Committee is clear that that is not their role. From the OECD perspective, it is not important which Committee has which role, but that all the functions are filled and there is not duplication.

- Q33 **David Linden:** The paper that you submitted to us talks about the linkage between the Public Accounts Committee and Budget Committee scrutiny, and the possibility for the Public Accounts Committee to work to effect the budget aggregates through close working. Can you give us some examples of where that has worked to achieve value for money in the past?

Scherie Nicol: You want examples of where effective Budget scrutiny has achieved value for money? Is that the question?



Q34 **David Linden:** Yes, through working with a Public Accounts Committee.

Scherie Nicol: Oh, I see what you are saying. I think the example I provided in the written evidence was Germany—let me just check. My memory is that it is Germany where the Budget Committee is a sub-committee of—which way round is it? The Public Accounts Committee is a sub-committee of the Budget Committee and so, effectively, findings from the work of one committee very closely inform the work of the other committee because there is shared membership between the two committees. Having some sort of shared membership between the two committees can be very effective in making sure that the lessons that have been learned from spending money are taken forward into how money is spent again in the future. I will clarify which country it was in writing afterwards.

Q35 **Sir David Evennett:** We are looking at wider changes to the process, and in your written evidence, you certainly gave a lot of the factors. Of those factors that you feel could have the greatest influence on the effectiveness of the committee, what do you think would make the biggest difference?

Scherie Nicol: In terms of the effectiveness of a new Budget Committee?

Q36 **Sir David Evennett:** Yes.

Scherie Nicol: Good question. The greatest effectiveness would be for changes to the Budget timetable—it would be for estimates scrutiny to take place in advance of the start of the fiscal year. I think that to have the committee meaningfully engaged in scrutiny, it would have to believe that it had a meaningful role to play in undertaking that scrutiny. In the current system, that is what I would say is the greatest change that is needed.

Q37 **Sir David Evennett:** That is helpful. Obviously, what you are saying is that if they had better and more timely information to look at, they could do a really good job.

Scherie Nicol: Yes. I know that there are improvements under way, such as the Clear Line of Sight project on improving the way information is presented to Parliament, but obviously there is still some way to go on that. Related to that is also this issue of a Parliamentary Budget Office, which would be very helpful in ensuring that the committee has the information and analysis it needs to undertake its scrutiny. In terms of having the information it needs, some sort of Parliamentary Budget Office or, in the UK's case, perhaps a strengthened Scrutiny Unit, could provide a very helpful service in that regard.

Sir David Evennett: Thank you. That is very helpful.

Q38 **Chair:** That leads on to one of the considerations that we have from your written evidence, which is that there are widely different numbers of people involved in servicing Budget Committees across the brief. Given that that is the case, what tasks do you think a Budget Committee could undertake with the existing staffing that the House of Commons has?



Scherie Nicol: It is interesting, because the OECD's understanding is that the Scrutiny Unit already produces some very good material that could be very helpful for any Budget Committee that was set up. In the first regard, the question should almost be turned on its head. It is not, "How many staff are needed?", but, "How can we better use the existing material that the Scrutiny Unit is publishing at the moment?" It is dealing with the demand for the information and then, once you have created the demand and you have parliamentarians interested in the Budget oversight and interested in scrutiny, and effectively using the material that the Scrutiny Unit is currently producing—that would be the most important priority—you can think about how to strengthen the Scrutiny Unit. At the moment it has five staff who are dealing with its finance function. If we look at Ireland, for example, Ireland is a much smaller country than the UK but it already has 12 or 13 staff in its new Parliamentary Budget Office, so we see that there is not really parity in terms of the level of support provided to parliamentarians in other countries. The biggest issue is just creating demand in the first place for that information.

Q39 Chair: You mentioned the Canadian model in an earlier answer. Canada at the moment has, I think, 27 staff looking at this particular area. Are there particular lessons that they have learned from setting up their office that we could learn in the UK?

Scherie Nicol: Yes, there are definitely very important lessons. I would refer you to the OECD principles for independent fiscal institutions. The design of an institution really impacts how effectively it delivers its function. One of the things that has been most important for Canada is having the legal right to access information in order to fulfil its function. Having legislative access to information and a legal right to access information is one of the OECD principles for independent fiscal institutions. I would highlight that as very important for any forthcoming unit or office that were to be set up in the UK to serve the UK Parliament. Independence is also an important element. We have seen in Canada that the Parliamentary Budget Office was initially set up linked to the Library before it became a full office of Parliament. Certainly, having that full independence enables it to function much more effectively in terms of being free from political influence in the information it provides to parliamentarians.

Q40 Chair: At the moment we have the Office for Budget Responsibility, which is independent. How do you see their role interacting with a parliamentary Scrutiny Unit such as you have described?

Scherie Nicol: It would be important that there be minimal overlap in function between the two institutions. We have a network of parliamentary budget officials and independent fiscal institutions, which brings together all those actors from different countries. We already know that those actors talk to each other very regularly and we have a number of countries, for example Portugal, Ireland, Greece, Austria and Scotland, where there is an independent fiscal institution as well as a Scrutiny Unit or a Parliamentary Budget Office, and where those two institutions work very together because they talk closely, there is minimal overlap in

function and they serve very different customers. The Parliamentary Budget Office or Scrutiny Unit has a much closer link to the Parliament and their products are much more closely linked to the needs of committees and of parliamentarians. We see that having the two institutions can function effectively across different OECD countries.

- Q41 **Sir Edward Leigh:** By way of comment, our post hoc system is very powerful. Take the Public Accounts Committee. There are 800 people working for the National Audit Office, of which 400 service the Public Accounts Committee. We do not have a Budget Committee, but we have a Scrutiny Unit of five people. I am interested in the relative numbers that work for these various budget offices. There does not seem to be a figure for Germany and France, which are comparative countries. Do you have that, or can you send it to us?

Scherie Nicol: They do not have parliamentary support units, but they have larger clerking staff.

- Q42 **Sir Edward Leigh:** They have what?

Scherie Nicol: They have larger clerking staff teams that serve the needs of committees, but they do not necessarily centralise that analytical support in a unit or office. That is why they are not on the list.

- Q43 **Sir Edward Leigh:** That is quite interesting. If you want to send us a note on that, that might be quite interesting by way of background. What goes on in Germany and France might be quite interesting. We have dealt with this, but I just want to go back to Ireland for a moment. You obviously did this oversight study. The Irish system is so very close to ours. Just by way perhaps of summing up, can you say what aspects of the Irish model have worked best? What difficulties remain? What lessons can we learn from them? I know that Ireland is a much smaller country than ours, but it is a very similar system, which of course grew out of our system.

Scherie Nicol: With Ireland, what worked best was that there was a political opportunity for change. When you have a political opportunity for change, you can really make great strides forward. We did our review of parliamentary budget oversight in Ireland, and there was an election shortly afterwards. With the new coalition Government that was formed, part of the agreement was to take forward the recommendations of the OECD review. That helped Ireland in that the change would have been difficult otherwise. That is one of the reasons why we saw these great strides with Ireland setting up a Budget Oversight Committee and a Parliamentary Budget Office.

The difficulties that remain for them are that the estimates process has not been revised in the same way. It has not been moved forward in the same way that the structures have. You are left with a Budget Committee that is still dealing with estimates that they do not approve until March during the fiscal year. It is not ideal, in the sense that the Budget Committee does not have meaningful oversight of the estimates. That is why the focus of the Budget Committee in Ireland has been on the pre-



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budget role. It has enabled it to have a meaningful role, despite the fact that the estimates process has not changed. The lessons for the UK would be to try to make those changes together. If you are changing and building a Budget Committee, you should use that opportunity to change the estimates process at the same time so that the Budget Committee has a meaningful role and the parliamentarians on that Committee are motivated to undertake that role.

Chair: On behalf of the Committee, I thank Scherie and Edwin for answering our questions. I think we have kept you going for about an hour. Thank you for answering fully. If you could write to us with the specifics that you have mentioned, that would be terribly helpful in informing our Committee. Once again, thank you very much.