



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Public Audit and Post-legislative Scrutiny Committee

**Thursday 20 September 2018**

**Session 5**



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Pàrlamaid na h-Alba

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**Thursday 20 September 2018**

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**PUBLIC AUDIT AND POST-LEGISLATIVE SCRUTINY COMMITTEE**  
**20<sup>th</sup> Meeting 2018, Session 5**

**CONVENER**

\*Jenny Marra (North East Scotland) (Lab)

**DEPUTY CONVENER**

\*Liam Kerr (North East Scotland) (Con)

**COMMITTEE MEMBERS**

\*Colin Beattie (Midlothian North and Musselburgh) (SNP)

\*Bill Bowman (North East Scotland) (Con)

\*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

\*Iain Gray (East Lothian) (Lab)

\*Alex Neil (Airdrie and Shotts) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Anne Cairns (Audit Scotland)

Angela Canning (Audit Scotland)

Leah Franchetti (Educational Institute of Scotland-Further Education Lecturers Association)

Eileen Imlah (Educational Institute of Scotland-Further Education Lecturers Association)

Fiona Kordiak (Audit Scotland)

**CLERK TO THE COMMITTEE**

Lucy Scharbert

**LOCATION**

The Adam Smith Room (CR5)



## Scottish Parliament

### Public Audit and Post-legislative Scrutiny Committee

Thursday 20 September 2018

*[The Convener opened the meeting at 09:03]*

### Decision on Taking Business in Private

**The Convener (Jenny Marra):** Good morning and welcome to the 20th meeting in 2018 of the Public Audit and Post-legislative Scrutiny Committee. I ask everyone to switch off their electronic devices or turn them to silent.

Item 1 is a decision on taking business in private. Do members agree to take items 4 and 5 in private?

**Members indicated agreement.**

## Section 22 Report

### “The 2016/17 audit of New College Lanarkshire”

09:04

**The Convener:** Item 2 is “The 2016/17 audit of New College Lanarkshire”. I welcome our first witness, Eileen Imlah, the Educational Institute of Scotland-Further Education Lecturers Association branch secretary from New College Lanarkshire. Our second witness, Leah Franchetti, is delayed in traffic and will join us as soon as she can. I invite Eileen Imlah to make an opening statement to the committee.

**Eileen Imlah (Educational Institute of Scotland-Further Education Lecturers Association):** On behalf of the EIS-FELA branch at New College Lanarkshire, I would like to thank the committee for responding positively to our concern that the voice of staff via their trade unions has not been paid due regard. The EIS feels that it is the sole representative body for lecturing staff in Scotland. We believe that colleges are central to widening access to education and that they deliver high-quality learning and teaching, which enriches the lives of those attending and ensures that society benefits from a skilled workforce that is trained to meet the challenges of modern life.

We welcome the scrutiny of both the business planning process and the sustainability of the plan. We want to engage positively with the process and to work towards a resolution that meets the needs of the community that we serve for high-quality teaching and learning opportunities, has regard to the working conditions of our members, and relieves the pressures that financial concerns place on the staff at New College Lanarkshire.

The college sector is fortunate to have successful and proven national collective bargaining machinery in the national joint negotiating committee, which it can use as a means of delivering progressive outcomes for college staff in partnership with the recognised staff trade unions. Local EIS-FELA branches have an important role to fulfil in ensuring that those progressive outcomes are realised in practice. We negotiate locally on areas not covered by the NJNC and support our members with issues that arise on a daily basis. We endeavour to work collaboratively with New College Lanarkshire management and the board of management to ensure that we maintain and improve our educational standards and an appropriate working environment. It is our wish that an appropriately funded, sustainable financial plan be achieved to help to facilitate that.

**The Convener:** Alex Neil will open the questioning for the committee.

**Alex Neil (Airdrie and Shotts) (SNP):** I begin with a general question. It is clear from the evidence in the report itself, and from evidence that we heard at a previous meeting, that there are major problems in the college. Are those problems getting in the way of the college being able to meet its aims or objectives or to perform as well as it could or should? Are they inhibiting the college from achieving what we are aiming at?

**Eileen Imlah:** I believe that they are, and evidence from our members certainly suggests that their working life is difficult. Our working conditions are our students' learning conditions. If those conditions are interfered with because of all the pressures, it has an impact on the teaching process and on the learning process, so the problems are getting in the way.

**Alex Neil:** What are the root causes of the problems? We cannot get involved in elements of the dispute between management and the unions. That is not our remit. Our remit is to look at the report and the strategic issues coming out of it. From where I am sitting, one of the strategic issues appears to be a weak senior management team. Would you agree with that?

**Eileen Imlah:** Our members took a vote of no confidence in the management team recently. The root causes behind that were to do with business planning and with the organisation of our workloads and the lack of management acknowledgement of our workloads, as well as a lot of operational issues that are not the business of the committee but which we find difficult to resolve on a daily basis.

**Alex Neil:** Has any progress been made since the committee took an interest and the report was published?

**Eileen Imlah:** In terms of transparency and in terms of us being able to look at the proposed plan at last, there has been a marked change, in that much more information has been made available to us. The joint submission from Unison and Unite suggests that it might be too little, too late, but it is major progress in that management seems to accept that sharing the plan with us is a necessity if the plan is expected to work at all.

**Alex Neil:** The plan having been shared, do you feel that it is robust enough? Is it logical? Is it achievable?

**Eileen Imlah:** My answer to all of those questions is no. We do not feel that the plan—

**Alex Neil:** What are the weaknesses in the plan?

**Eileen Imlah:** The efficiency measures involve the lecturers working harder, which intensifies the workload. We recently negotiated nationally for a reduction from 24 hours maximum teaching to 23 hours. In order to bring in an efficiency measure, the management has proposed that we teach the same number of credits—24 credits—within those 23 hours, so we have less time with the students. That is an efficiency measure. We are told that management is implementing national bargaining, but it is doing so in a way that totally undermines national bargaining and adds to the workload, whereas the staff were anticipating some relief from the heavy workload. That is one of our major concerns with the plan.

The plan also speaks about bigger class sizes, and we have had some discussion about that. We have had assurances that big classes will not be made bigger and that the issue is about smaller classes that are not filled. That is a recruitment and marketing issue, and not something into which we can have a lot of input.

Lecturers cannot be expected to make up the shortfall when credits are reduced and less income comes into the college. There is no suggestion that we were not working hard enough. It is not the case that there have always been discussions about lecturers having a bit of slack; our discussions have acknowledged that the workloads are already too onerous. It is not a workable plan to add in an efficiency measure that will make the situation much worse.

**Alex Neil:** One of the concerns that I expressed at the meeting with the chair of the board, the principal and other members of the senior management team was that there appeared to be an imbalance in the resource allocation within the college. It was top heavy at senior and middle management levels and not heavy enough at curriculum leader and lecturer levels. Are you saying that that is the case and that the business plan makes the situation worse?

**Eileen Imlah:** The business plan makes the lecturers' workload worse. We have always been unhappy that there has not been proper consultation on structure, because there are issues within the academic structure. It is very difficult to say, "This position is too expensive," or "That position is too expensive," but we are happy to engage meaningfully in any discussions about structure.

We have been led to believe by management that it does not get enough money from the Scottish Further and Higher Education Funding Council and that that is the cause of the problem. Management says that, because it is not getting enough money from the funding council, its only option is to have what it calls efficiencies—in the long term, they could be inefficiencies because, if

there is an adverse impact on student teaching and learning and on withdrawal rates, they are not efficiency savings. However, management says that it has no other option to make those savings. We find that difficult to imagine.

**Alex Neil:** As one would expect with a weak senior management team, I get the impression—and you have reinforced this view—that in its view, the blame for everything lies elsewhere; it never lies with senior management. The key question is whether the senior management team is capable of taking the college forward, addressing the strategic options and delivering a robust business plan.

**Eileen Imlah:** As I said in our paper, and as our members are making clear via their vote of no confidence, we do not see things getting any better. The outlook seems very bleak. It is not our job to decide who is on the management team; it is for the management board to make that decision. However, morale is very low, and so is confidence that things will get any better. We will work positively with whoever is in management to address any issues on which we can work collaboratively.

**Colin Beattie (Midlothian North and Musselburgh) (SNP):** A lack of engagement in relation to consultation and planning is a theme that runs through this whole affair. You touched on the fact that some information is now being made available. I presume that there is now better engagement. Is that true?

**Eileen Imlah:** There is definitely an improvement in providing information. On engagement, we need to address the issue of what management understands by consultation and what we understand by consultation, the issues on which management should be negotiating with us and the issues on which management can consult. That is clear from our paper and the paper from management.

From our point of view, management does not seem to understand the position of the unions or understand when it needs to consult the unions, and how to consult them appropriately.

09:15

We were given an advance copy of the latest version of the business plan—it has not yet been finalised—late on Tuesday afternoon. We then had a meeting, and we asked a lot of questions and gave our views to Derek Smeall and Iain Clark. That was a constructive meeting, but we now have until the close of play tomorrow to put together our thoughts for the board of management, which is considering the matter via a committee. Apparently, they will get the papers on Tuesday. That is not sufficient consultation, as

we do not have time to speak to our members and address their concerns and issues.

Consultation with the unions, where they are recognised, should be done with a view to reaching agreement. Management seems to think that consultation involves giving us some information and allowing us to say what we want to say, but not necessarily taking our views on board. That comes across clearly in relation to the business plan, in that the version that seems to be acceptable to management is very unacceptable to us.

**The Convener:** Our second witness, Leah Franchetti, has arrived. Please indicate to me when you would like to comment, Leah.

**Colin Beattie:** I am interested that the written submission from the non-executive board members states that EIS-FELA was offered

“an opportunity to provide cost saving suggestions for the ... Business Scenario Plan in December”.

It adds:

“It was reported at the June 18th board meeting that EIS-FELA were engaged with senior management on further understanding the underlying cost pressures on the College.”

Will you tell us a bit more about that offer, how it was developed and what your participation was?

**Eileen Imlah:** We asked to meet the board of management when a voluntary severance scheme was announced, on which we had not had any prior consultation, in order to express our concerns. We felt that we needed investment in staff and that we could not afford to lose more staff in key positions—lecturers and support staff. We asked to meet the board of management to speak about that and the workload issues.

At the meeting, the management spoke about the financial pressures and, as we had done throughout the previous years, we asked to see the figures. We said, “Can we see the budget?” We were told that there was no budget. When we asked why, we were told, “Because the budget is in deficit.” We said, “Can we see it anyway?” They said, “No—the finance committee isn’t releasing the budget because it is in deficit.”

We said, “The budget is a plan. How can we be going through the year without a plan?” We were told, “We have a plan.” We said, “Can we see it?” They said, “No, you can’t see it, but if you can think of any cost savings, let us know.” Without any information on which to base that, I do not know what we were supposed to do. Were we supposed to say, “We can use fewer paper clips”? That is not proper consultation, and it did not give us anything that we could take to our members.

We said, “If it’s the case that the funding council isn’t giving us enough money to provide further education, let us see the figures and we’ll campaign with you, shoulder to shoulder,” but they would not let us see the plan. The board says that it gave us an opportunity to suggest cost savings. It did that at the meeting, but it was not a proper opportunity to engage with the plan.

**Colin Beattie:** That is a little bit at odds with what the non-executive board members have suggested. As I said, it was reported at the board meeting on 18 June that you were

“engaged with senior management”

in discussing the cost pressures.

**Eileen Imlah:** We were engaged because we were in dispute, and we were in dispute because the proposed solution to the cost pressures was to have all the lecturers teaching 24 credits in the time that is normally allocated for 23, which also cuts the time for the students.

When we asked at the meeting whether we could see the figures, the management were not sure whether they could let us see them, but then they agreed. We attended a presentation at which they told us, “We have no money,” and they showed us the graphs, many of which were later produced in the consultation, but not the business plan. The message that we got was that it was the funding council that was driving the efficiency measures.

We were very surprised that they made no mention of that when they turned up here. The story that we were told when we had dialogue with them did not seem to be the story that they told the committee when they came here—there was no mention of the funding council driving through efficiency savings that were not acceptable to us; they said that they were close to agreeing a plan. In fact, we were well into the plan, which had started the previous year without us being able to see it. What we had to look forward to—if I can use that expression—was more of the same: more cuts to teaching and more pressure on staff. That is the dialogue that we had.

**Colin Beattie:** At the moment, what is your engagement with the college on cost issues and so forth?

**Eileen Imlah:** We have looked at the business plan and have asked a lot of questions, but the answer that we always get is that there is no room to make any more savings. Alex Neil mentioned the structure. The college said that the funding council looked at the structure and said that it was in line with that of other colleges, so there was no scope for considering any structural change.

**Colin Beattie:** We have looked at the historical issue, and there are communication issues and so

on, too. Are we now in a position in which there is satisfactory open engagement to enable progress to be made?

**Leah Franchetti (Educational Institute of Scotland-Further Education Lecturers Association):** Following the committee’s previous session, the college has rushed to consult everyone and almost no one. I see that the college has supplied a timetable for the consultation, but it has gone in almost exactly the opposite direction when it comes to engagement with the trade unions. It put out a plan over the summer holidays when our members were on holiday, and it has had an extremely rushed full staff consultation.

As Eileen Imlah said, there is still not enough time for proper consultation. The college seems to be ignoring everything that the Advisory, Conciliation and Arbitration Service sets out as the basic building blocks when it comes to the provision of information and consultation with employees. As the committee has already heard, the college is on the second iteration of its business plan. As Eileen Imlah said, we have very few options: it is a case of X amount of cuts or X amount of cuts plus one.

We are not clear about where the college is trying to go. When the committee asked a straight question about whether the college needed more money, we were surprised that there was a lot of prevarication when, in the college, we are being told that it is not possible for the college to achieve what it wants to achieve because the funding council is stopping that, and that it cannot sustain what we want from national bargaining because there is not enough money.

**Iain Gray (East Lothian) (Lab):** Eileen Imlah and Leah Franchetti have confirmed what Unison and Unite say in their submission—that there has been a shift in the degree of consultation since our first evidence session. The consultation is about the business scenario planning, which is an iterative process. I cannot remember whether the college is on the second iteration of the plan, or an even later version than that. On the face of it, the fact that there is more consultation seems good.

However, the submission from Unison and Unite reflects some of the things that have been said about the consultation coming quite late in the process. Worryingly, the submission says:

“Some members as a consequence have taken the decision not to engage with the process which is seen as ticking a box and too little too late.”

Will EIS-FELA continue to take the opportunity that now appears to exist—even though it might be a difficult process—to work with the college management to develop the next iteration of the business scenario plan?



**Eileen Imlah:** Absolutely. We want to engage positively. There is nothing to be gained by dropping out of the process. I cannot put words in the mouths of other unions, but I think that Unison and Unite were referring to ordinary members, who rely on the unions to speak for them. That is why we have a recognised union.

When Leah Franchetti talked about there being two iterations, she meant that there were two iterations in the college within six weeks or so. The first iteration was presented to the staff as a worst-case scenario and as something that would not happen because it would scare the funding council. Staff did not appreciate that game playing and scaremongering, especially after all that was said about the sensitivity of staff to rumours. It was not helpful for us to be told that the first iteration was the plan that was not going to happen. We needed the plan that was going to happen. The college said that there were updates from the funding council and that that was the iteration.

In terms of consultation, our chance to look at it was from Tuesday afternoon to Thursday night. There was no chance to speak to the branch; although we will respond to that iteration.

The consultation is still not acceptable. In the initial consultation plan, the timetable did not include any time for consultation with the unions. I got the consultation plan at the same time as every other member of staff. In the past, with the voluntary severance scheme, the management thought that it was okay for me to get the information an hour or two early. They would say, "Could you pop up and see me?" to tell me that they were putting out a voluntary severance scheme and, an hour later, an email would go out to everyone. That is not right.

We will continue to engage, but we need the opportunity to engage properly with the college and with our members. We are a member-led union, so management should give us the information, allow us the time to discuss it with our members at a union meeting and, once we have a clear view, give us the chance to come back and say how our members feel. All-staff meetings can provide for good communication, but they do not give the opportunity to properly look through information, address any issues that arise and put forward proposals.

**Bill Bowman (North East Scotland) (Con):** A number of issues have been covered. For clarification, Eileen Imlah, are you a member of teaching staff?

**Eileen Imlah:** Yes.

**Bill Bowman:** What is the regulatory requirement to consult in a situation such as that? Is it just about good practice?

**Eileen Imlah:** There are the information and consultation of employees—ICE—regulations. Perhaps Leah Franchetti could help with that.

**Leah Franchetti:** As a new incorporated body, New College Lanarkshire has not sat down at the table and signed a recognition and procedure agreement with any trade union, and it is relying on the legacy RPAs from the pre-merger colleges. Those RPAs set out that the college should consult all its recognised trade unions, each of which is represented in either written or verbal evidence today, on matters such as appointments, business plans and finance. The ICE regulations that were referenced before are a tier below that. The college is a public body and has a duty to consult the trade unions.

**Bill Bowman:** Is it breaking a rule by not doing that?

**Leah Franchetti:** We feel that it is in breach of the recognition and procedure agreements by not sharing the proper information. Locally, our trade unions have asked for a long time for the proper financial information, and it is not good enough for the college to say that some of the information is in the public domain so the unions can find it.

**Bill Bowman:** If you believe that the college is not following a regulation or an agreement, what is your way of dealing with that? Have you pursued that?

**Leah Franchetti:** We could pursue it, but we are trying to engage with the employer and to bring it around the table. The meeting that took place just before the previous committee meeting on this issue was a sign from the employer that it might be time that it shared some financial information. However, as Eileen Imlah said, it is very late in the day and the college has already gone through at least one tranche of voluntary severances. It is asking the trade union to volunteer information about making cuts when the union feels that it is not in possession of the full picture.

**The Convener:** So you are trying to engage positively, rather than recourse to rules and regulations.

**Leah Franchetti:** Absolutely. The college is trying to say—I noticed that it said this in its written submission—that the deficit is not a concern of the trade unions. That is false, and we need to know the true financial picture. To suggest, as the college has done, that that would create stress and anxiety is wrong; it is the lack of that information that has created stress and anxiety because, in a vacuum, people make up the story.

The college could have done a lot more to engage earlier. Although it is engaging now, it is

using a scatter-gun approach and it is still not using the correct process.

**Bill Bowman:** The issue has been going on for quite a long period, so why not use the regulations to move things forward?

**Leah Franchetti:** We may be there.

**Bill Bowman:** So what is next, then?

09:30

**Leah Franchetti:** We could go through a formal process. I am heartened that the college has finally sat down to provide us with some financial information. As the full-time officer who represents our members in New College Lanarkshire, I have not yet seen the second iteration of the business plan that was presented to our members, such is the lack of time. I am not permitted to comment on the contents of what I have seen, but we are concerned about what is in it already.

**Bill Bowman:** Is there a staff member in the management structure or on the board?

**Eileen Imlah:** An EIS member was a member of the board, but she has recently resigned. I cannot put words into her mouth, but she resigned because she was unhappy with the board.

**The Convener:** Is she being replaced? I presume that the place still exists.

**Eileen Imlah:** It still exists.

**The Convener:** Have you put someone in it?

**Eileen Imlah:** Not as yet.

**The Convener:** I imagine that you will be considering that.

**Eileen Imlah:** Yes.

On the RPA, Bill Bowman is right that there is an argument that we maybe should go into dispute, but our policy has always been to try to avoid disputes. Disputes should be used only as a very last resort. However, as Leah Franchetti says, we could be there. We hope that the vote of no confidence will make the board of management take more of an interest in the issues. We have tried to negotiate an RPA with management, but it keeps being kicked into the long grass. The way forward is to negotiate that properly and ensure that it is maintained.

**Liam Kerr (North East Scotland) (Con):** I want to clarify a few points. Leah Franchetti said fairly clearly that the consultation had been woefully inadequate—those are my words not hers—but then she almost said that, over the summer, there was too much consultation, but the fact that it was done during holidays was not good enough either. What I am hearing is that management are almost in a no-win situation—either they do not do

enough, or they are trying to do it but you are not happy.

**Leah Franchetti:** No. I agree that, until July, the consultation was woefully inadequate—there is no doubt about that. It is now woefully inappropriate. An attempt to consult people during a period of summer holiday cannot be taken seriously as a meaningful consultation. In my view, there is an unholy rush to get things consulted on before an arbitrary deadline at the end of September. I understand that the college has to submit plans to the funding council, but the deadline has been known about for a long period. A meaningful consultation could have taken place over a number of months, with appropriate meetings for the trade unions. Given that the college recognises trade unions, I would expect it to sit down with those proper staff representative bodies first, before it goes to a wider consultation. The branch has been getting a plan on a Wednesday and has had to come back with a response within a number of days. No one would think that that was an adequate consultation.

**Liam Kerr:** There is a deadline in September, because of the funding council.

**Leah Franchetti:** Yes, but that has been known about for months.

**Liam Kerr:** Right. I will try to reflect back what you have said, so this may be wrong. In July, the management recognised that the consultation was inadequate and said that they needed to sort it out but, unfortunately, there was a deadline looming and that coincided with a period of holiday. Help me out, because I am not in the sector—how long is the holiday over the summer?

**Leah Franchetti:** It is about six weeks.

**Eileen Imlah:** The branch officials agreed to come in during the summer to discuss the dispute, because we were keen to settle it so that the start of term would not be disrupted. Management could have had a consultation meeting and shown us the business plan. We could then have arranged branch meetings and discussed the issue appropriately with the branch. However, management did not take that opportunity to consult the unions. Instead, they put out a consultation.

The business plan itself—or its current iteration—did not come out until later. The lecturers came back to this presentation, which said, “Everything’s terrible, and it’s going to get worse.” That did not help.

**Liam Kerr:** In response to an earlier question, you said that what you heard from the college was that it had no option but to take these steps, and you felt that that was not a credible response. In that case, what options are you putting forward to

the management? Are you saying, “This is what you can do to resolve the deficit”?

**Eileen Imlah:** The management is telling us that it cannot cut expenditure any further and that there is no scope for savings in the structure. We agreed with the management that what we needed was more money, but the difficulty was that when it was asked the direct question, “Would more money help?”, it did not say yes. Instead, it talked about having a sustainable budget, and what it showed us on the board was an apparently sustainable budget that would have a very detrimental effect on staff.

**Liam Kerr:** Just to be absolutely clear, your solution to the situation in which the college finds itself is that it needs more money. However, someone has to give it that money. Is that not the SFC?

**Eileen Imlah:** Yes. I cannot speak for the SFC either, but its argument seems to be that it funds us the same as every other college. The way in which budgets work is that if your expenditure exceeds your income, you have two choices: cut your expenditure or increase your income. If the college is saying that it cannot cut expenditure other than through inappropriate efficiency measures, it will have to focus on income. I do not know how, in deciding on income for colleges, the funding council decides whether income meets expenditure.

Obviously, if there are cuts to credits—and I have been led to believe that some of those future cuts are Government led—that will give us more difficulty in paying the necessary expenditure, but it will not mean that that expenditure is not necessary. We are publicly funded. It is not as if we are a business and can say, “Let’s go out and sell more education.” If the Government will not let us sell more education, we cannot meet the expenditure targets. I can see no solution other than more money or severe damage to education.

**Liam Kerr:** It sounds to me as though the college is saying to you, “Look, we haven’t got any more money. We can’t just create a pot of cash, so we’ll have to take some difficult decisions.” However, the response from EIS-FELA appears to be, “That’s not good enough.”

**Leah Franchetti:** When do difficult decisions become so bad that a business is not capable of fulfilling its fundamental purpose? That is where we feel we are. If courses get cut or if there are fewer lecturers, at what point does the business not run properly?

**Liam Kerr:** But what else are you proposing?

**Leah Franchetti:** We are not here to fix the college’s finances. The committee has heard lots of evidence about the problems with mergers. I

also see that the college has suggested that the deficit is not our concern. Our position is not that it is not our concern, but that it is not an issue for the trade unions to fix.

There is almost nothing left to cut. In our view, further education has been ravaged, and there is nowhere further to go. This should not come down to lecturing or support staff; I cannot speak for the other trade unions, but we feel that there is nowhere left to go. The system needs to be looked at.

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** I just want to go back to the previous point about representation on the board. We have a board paper from 10 days ago that says that there are four staff representatives on the board. Is that correct?

**Eileen Imlah:** That is the regional board. South Lanarkshire College has a staff rep, too.

**Willie Coffey:** It says that there are two from New College Lanarkshire—

**Eileen Imlah:** Yes. There are two from us and two from them, so that is four.

**Willie Coffey:** You said that there is an EIS member who is no longer there. Are there still four members, or are there only three?

**Eileen Imlah:** There are three at the moment, and a position to be filled.

**Willie Coffey:** So, there is staff representation on the board.

**Eileen Imlah:** Yes, but it is my understanding that the business plan did not get to the full board because it was stuck in the finance committee, because the budget was in deficit. That was the story that we were told, but you would need to speak to the board about that.

**Willie Coffey:** On the budget, the paper that we have from Audit Scotland that is dated April refers to future financial sustainability. It says that the college is forecasting a surplus in 2019-20 of £1 million, and successive surpluses—not deficits—in the years after that. Are you aware of that report from Audit Scotland? Have you seen the business plan that shows those forecasts?

**Eileen Imlah:** We have seen those forecasts, but they are predicated on cuts to the teaching budget and the time that we spend with students, bigger class sizes and having 24 credits within the time allocated for 23.

**Willie Coffey:** In your engagement with the board, have you asked why, if it is projecting budget surpluses, it is proposing to cut staff? There are cuts, cuts, cuts all the time, but the Audit Scotland report forecasts surpluses three years from now.

**Eileen Imlah:** The board says that it has to show that it is in surplus. It also says that the future years are not yet written, that things could change and that all sorts of positive things could come in. However, that would mean that we would shed staff that we do not need to shed, and would damage our organisation. That is based on information that seems to change frequently. We are now on iteration 7 or 8, and the information keeps changing. I do not understand that. Given that everything is a forecast, how can all the information keep changing? The only way that I could see things changing is if the funding council said that it was going to give more money or less money, but it says that it always funds at the same level. I do not understand the process.

**Willie Coffey:** Does the current draft business plan also project those surpluses?

**Eileen Imlah:** Yes. I believe that the goal is to get into a surplus situation.

**Willie Coffey:** But you are saying quite clearly hear that those surpluses will come about only because of reduced staffing levels.

**Eileen Imlah:** Yes—because of staff numbers being reduced and other members of staff doing the jobs that those people did. We have had several voluntary severances, so people are already doing a lot of what was done by support staff and people in administrative roles. As Leah Franchetti said, it is not that we have not been open to the difficulties arising out of financial pressures. Things have been automated, which gives us more work. We have said to the support staff that we do not want to take their jobs, and they have replied, “We are so busy, if you could do that task, that would help.” We have been proactive and we have helped as much as we can. However, we are now at a stage where we can do no more, and it would be irresponsible of us to try.

**Willie Coffey:** Basically, you are saying that, if those forecasts of £1 million surpluses are accurate, the college could, instead of having those surpluses, invest that money in retaining staff. Is that right?

**Eileen Imlah:** Obviously, we need investment in staff, not another voluntary severance scheme that reduces the number of staff who can do the job that the Government seems to want us to do.

**Willie Coffey:** That is something that we will need to come back to, convener.

**Alex Neil:** I started off by asking whether you can deliver for the students. However, I have information that suggests that the credits that were obtained in New College Lanarkshire are lower than the credits that were obtained in the combined colleges that it replaces. I also have information that suggests that the credits are

relatively low compared with those of similar-sized colleges elsewhere in Scotland. Further, I have information that suggests that, of all the new merged colleges of scale, New College Lanarkshire is in receipt of the second-highest funding per credit, outside the rural colleges. Are you aware of that information? If all of that is true, is that not worrying? At the end of the day, this is all about trying to get students through the credits that they deserve.

09:45

**Eileen Imlah:** It is indeed worrying. There is the concept of an unmet need, which we were speaking about yesterday. It seems to me that an unmet need is interpreted as “courses you haven’t managed to fill” as opposed to what you might imagine an unmet need being. If we have unmet needs, it means that Lanarkshire is very well educated and people there do not really need much more further education—that would be my interpretation of an unmet need. However, an unmet need seems to mean that we are not meeting needs, therefore we need our credit target cut. The more that you cut the credit target, the less income you have to meet expenditure, including the teaching budget, so the situation gets worse and worse. That is why we have no hope that it will get better.

**Alex Neil:** That goes back to the balance between the investment in lecturing versus the investment in senior and middle management.

**Eileen Imlah:** It is also about marketing, recruitment and strategic planning. It is about saying, “What is the job that we are trying to do here?” If there is genuinely no need for the level of further education in Lanarkshire that we have been providing in the past—I would doubt that—you would need to ask about the cost base, or you would need to look at the cost per credit.

**The Convener:** Thank you both for your evidence. I will suspend the meeting for a brief changeover of witnesses.

09:46

*Meeting suspended.*

09:49

*On resuming—*

## **“The National Fraud Initiative in Scotland”**

**The Convener:** Item 3 is evidence on Audit Scotland’s report “The National Fraud Initiative in Scotland”. I welcome our witnesses today from Audit Scotland: Fiona Kordiak, who is the director of audit services; Angela Canning, who is an audit director; and Anne Cairns, who is a manager who covers the technical side of benefits.

I invite Fiona Kordiak to make an opening statement.

**Fiona Kordiak (Audit Scotland):** Thank you for the opportunity to brief the committee today on our latest report on the national fraud initiative.

Public bodies spend billions of pounds of taxpayers’ money for the benefit of the Scottish population. Spending systems are complex, and mistakes can happen. Some people also try to fraudulently obtain services and benefits to which they are not entitled.

The national fraud initiative aims to help public bodies to minimise fraud and error in their organisations. The NFI exercise is undertaken across the United Kingdom public sector every two years, and is led by the Cabinet Office. Audit Scotland is responsible for co-ordinating the exercise in Scotland, and 113 Scottish public sector bodies participated in the previous exercise.

The NFI involves comparing large volumes of electronic data that are held by a public body about individuals, such as payroll or benefits records, against other records that are held by the same organisation and those that are held by other public bodies to see whether there is a match. Where a match is identified, that might indicate there is an inconsistency that needs to be investigated further.

All bodies that participate in the exercise receive a report on the matches that they may choose to investigate. They investigate to determine whether a match is down to fraud, error or a perfectly acceptable reason. The body can then take remedial action, which might involve correcting a benefit award or recovering any creditor duplicate overpayments. They would also update their records. Exhibit 2 on page 9 of our report illustrates how the NFI exercise works.

The outcomes from the NFI include amounts for fraud and error that are detected by the data-matching exercises and an estimate for those future losses that have been prevented. Our most recent NFI report highlights that outcomes valued at £18.6 million have been recorded since our

previous NFI report in June 2016. Exhibit 3 on page 12 of our report shows that eight areas generated about 95 per cent of those outcomes. Since 2006-07, the cumulative outcomes from the NFI in Scotland stand at £129.2 million. Those results highlight the value of data matching to Scotland’s public finances at a time when budgets are under pressure.

This committee carried out post-legislative scrutiny of the NFI last year and produced a report on its findings in September 2017. Your report noted that the NFI had helped to improve the transparency of public finances and clawed back millions of pounds to the Scottish public sector that would otherwise have been lost to fraud and error. The committee’s report made several recommendations for Audit Scotland, the Scottish Government and the Cabinet Office. All three bodies have been taking action against the recommendations over the past few months. We have provided a brief update on the actions in our report; we have also prepared a separate briefing paper for you for today’s meeting.

My colleagues and I are happy to answer any questions that you may have on our NFI report or the actions that we have been taking in response to the committee’s report.

**The Convener:** Thank you.

**Colin Beattie:** In 2016, the committee discussed a number of concerns that were taken on by Audit Scotland, not least of which was about the level of participation in the exercise by public bodies that receive public funding. The concerns mostly related to arm’s-length external organisation and housing associations; there was also concern that some councils were less than good at participating. What progress has been made in that regard?

**Fiona Kordiak:** Audit Scotland can mandate to participate in the NFI only those bodies that the Auditor General or the Accounts Commission appoints the auditors to. Other bodies can choose to volunteer to apply to be part of the exercise, and some have done so. We have a number of initiatives in place to encourage participation. Over the years since we started the NFI in 2006, we have seen a general increase and improvement in the level of participation of public bodies. That is a good thing.

**Colin Beattie:** Audit Scotland was going to engage with the Scottish Government on that very issue.

**Fiona Kordiak:** Yes.

**Colin Beattie:** What progress has been made on that?

**Fiona Kordiak:** I will ask Anne Cairns to go into detail on that question.

**Anne Cairns (Audit Scotland):** We have been engaging with the Scottish Government. It has been proactively engaging with the housing association sector. A number of housing associations have volunteered to come into the NFI. We are taking that forward with the Cabinet Office to get them trained so that they can participate, have access to the data and bring in their data during the next six months or so.

**Colin Beattie:** They will be included in the next exercise.

**Anne Cairns:** They will not be included so much in the batch matching every two years. They will be included in what is known as the AppCheck, whereby, if someone applies for a house in a council of housing association's area, it will be able to go into the NFI system and access the data to check that what the person says in their application is true, and verify that they do not have another house in another part of the country, for example.

**Colin Beattie:** That anticipated the question that I was going to ask about AppCheck. Has that now been rolled out to all the councils? I know that you were discussing who would pay for that with the Government, and I think that the cost was going to be £1,850 per local authority area.

**Anne Cairns:** A number of the councils have undertaken a free trial. The Cabinet Office offered free trials of AppCheck because it is a fairly new product. Next week, we are having an engagement session with the Cabinet Office and the information technology supplier of AppCheck and all the participants in the NFI to promote it and have live trials that they can see. As part of that, a couple of our participants are going to do presentations on how they use AppCheck, so that local authorities do not hear about it just from auditors or the Cabinet Office but hear about it from their peers in other local authorities who are using it to their advantage.

**Colin Beattie:** My concern is that we are two years on from when AppCheck was first raised and we seem to be just at the point of having a few trials. That does not seem to be very fast.

**Fiona Kordiak:** It is worth saying that, as auditors, we cannot mandate what a particular body might use as part of its internal control framework. We can only report and encourage, and we have been doing that through our engagement events.

**Colin Beattie:** You were going to engage with the Scottish Government to see whether it could apply a bit of pressure and, if necessary, make a change to legislation to make it mandatory. None of the participants has to follow up on anything, because there is no penalty.

**Fiona Kordiak:** Local auditors would report about any body that they did not think was following up its matches satisfactorily. It would be reported in the public audit report for that organisation.

**Colin Beattie:** It is not really a smack on the wrist, is it?

I am looking at the number of cases that were identified in 2016-17, and they have doubled since 2014-15. However, the value that is attached to that potential recovery has gone only from £16.8 million to £18.6 million. The next step on that is that we are trying to recover £4.8 million. Given the effort that has to go into investigating those cases, is that value for money? If auditors have 656,000 cases to investigate and the potential amount that might be recovered has gone up such a small amount, what is the cost of the exercise?

**Fiona Kordiak:** The definitive cost of the exercise is quite hard to estimate. Many public bodies do not differentiate between investigating the NFI and following up matches from some of their other counter-fraud activities, and nor would we necessarily expect them to isolate the cost of the NFI.

In, I think, paragraph 68, we try to give a broad estimate of the cost of undertaking the NFI exercise. We are clear that the cost is outweighed by the benefits that are received.

10:00

Year-on-year comparison between the 2016-17 exercise and the previous one is difficult, because new bodies have come along and were involved in the exercise and new data sets were used compared to the last time that we did the exercise.

The recovery rate of £4.8 million should not be compared against the £18.6 million, because that includes prevented potential overpayments as well as actual overpayments. The £4.8 million needs to be compared against the £5.5 million of actual overpayments that were detected through the exercise.

**Colin Beattie:** I just look at the figure of 656,000 matches and think that somebody has had to look at each of those. Is there not a cost?

**Fiona Kordiak:** It is worth stressing that bodies do not have to investigate every single match. They risk assess the matches to determine which areas are worth investigating and which are probably not worth their effort in investigating.

**Colin Beattie:** So, if it is a small amount of fraud, they do not bother.

**Fiona Kordiak:** That is not necessarily the case, because not every match is indicative of

fraud or error. Sometimes, there can be a perfectly reasonable explanation.

**Colin Beattie:** But somebody has to assess that, and there is a cost in that.

**Fiona Kordiak:** I will pass you over to Anne Cairns, who will mention some of the guidance that is available on the NFI process.

**The Convener:** We have spent a bit of time on this point. I ask Anne Cairns to summarise briefly, please. That would be helpful.

**Anne Cairns:** The Cabinet Office system has inbuilt risk scoring so, when the matches are released and councils or health boards receive them, some are shown as high risk—they are highlighted in red—and others are a sort of gold colour. Those are the ones that, from the IT analysis of previous exercises, the Cabinet Office thinks are most likely to indicate fraud and error. Some of the other matches might be for perfectly legitimate reasons or are perhaps because the data in the system is not as good as it could be. Especially when a match comes up for the first time, that might be because the data in the underlying systems is not as accurate as we would like.

**Iain Gray:** Case study 3, which is on page 15, mentions Moray Council's tell-us-once approach, under which, when a death is registered, the registrar informs the relevant council and Government departments so that the bereaved relative has to tell the authorities about it only once. I have personal experience of that system, and it was very effective, but that was not in Moray; it was in Edinburgh. Are not all councils doing that and, if not, why not?

**Fiona Kordiak:** More councils than Moray have the tell-us-once system, as you have found out. However, it is not happening everywhere. I will pass you over to Angela Canning to talk a bit more about that.

**Angela Canning (Audit Scotland):** I had a similar experience last year when, unfortunately, my mother died. However, I was fortunate that, when I contacted the registrar at one council, it had the tell-us-once approach and the registrar informed another council as well. I know from personal experience that the system is more widespread than just Moray Council. We highlighted that example because it has an important impact on a council's ability to manage its systems well, but it also has a positive impact for bereaved families, in that they need to tell the council only once for the various services that it provides. We were highlighting good practice.

**Iain Gray:** Are Audit Scotland and the Accounts Commission—I guess that it would be its responsibility—doing anything to encourage the

roll-out of the system everywhere, or is there anything that you could do?

**Angela Canning:** The very fact that the system is mentioned in the report highlights it as good practice. We are working with our communications team in Audit Scotland to develop a hub on our website where we capture the work that goes on across the piece on counter-fraud activity that Audit Scotland does, supported by our local external auditors.

It is an area that we are developing and in which we are hoping to highlight good practice and case studies as they come through and as auditors notify us of examples of fraud in councils and other bodies. That will allow us to highlight good practice in a more immediate way.

**Liam Kerr:** Sticking with the blue badges, can you clarify something for us? When the registrar informs Moray Council, say, that a death has been registered, do they—or can they—include information on council tax, benefits and pensions at the same time? Is it just blue badges that they provide information on?

**Anne Cairns:** When the tell-us-once system works well, it should typically cover a whole range of services provided by the council, including not only blue badges but social care, benefits and council tax. It should cover the piece. We have identified Moray as an example where the system works well; it is also working in other councils but, as we understand it, it is not working totally effectively in all areas. The ideal is that it should cover all council services.

**Liam Kerr:** In paragraph 26 on page 13, you conclude that

“council tax discount incorrectly awarded across Scottish councils totalled £4.4 million”.

That is lower than last year's figure by about £1.2 million, which sounds good. However, it is still a very significant amount. Is there more that councils can do to address that issue?

**Fiona Kordiak:** In general, there is always more that councils and bodies can do to help prevent error and overpayment.

**Liam Kerr:** Such as?

**Fiona Kordiak:** One of the recommendations in our report encourages councils to do more about the council tax single person discount.

**Liam Kerr:** Could you point me to that recommendation in the report?

**Fiona Kordiak:** It is on page 6. It says:

“Local authorities should ... investigate the council tax single person discount ... matches, in conjunction with other data-matching suppliers as they determine appropriate, to ensure that their awarded discounts are valid”.

**Liam Kerr:** Just for clarity on the £4.4 million of incorrectly awarded council tax discount, I know that the figure has come down from last year, but what I cannot see in the report is whether the same councils are still involved. Did the councils that incorrectly awarded the £5.6 million the previous year sort out the issue, so that what we are talking about here is a new set of councils?

**Fiona Kordiak:** Anne Cairns might know the detail of that.

**Anne Cairns:** I do not have with me the list that identifies particular amounts, but it is an issue that goes across the 32 councils. They have all worked on this area, and they have identified more incorrectly awarded discounts.

**Liam Kerr:** The problem sounds fairly endemic. Following on from Iain Gray's earlier question, do you get the sense that the councils are talking to one another to share best practice and ensure that they are doing as much as they can together instead of trying to find solutions individually?

**Fiona Kordiak:** An engagement event that we are having with NFI participants next week will provide us with an opportunity to facilitate some of that discussion on the sharing of best practice.

**Angela Canning:** Anne Cairns and I quite recently attended a meeting of fraud investigators who work in the 32 councils. We know that there are forums out there for staff who are involved in counter-fraud and looking at fraudulent activity to get together, and they very much share their learning and examples and hear from one another about how they have tackled things.

**Liam Kerr:** That is great. Thank you.

**The Convener:** That brings me on to the point that I would like to raise. We have touched on council tax and blue badges, and I think that Audit Scotland must possess the data for each council on those. Can you publish it?

**Fiona Kordiak:** Do you mean the details of overpayments for each council?

**The Convener:** The section on blue badges begins on page 14 of the report. Paragraph 32 states:

"Scottish councils have reported correcting 4,505 blue badge records ... Where the NFI helped them to identify that the holder had died."

In answer to Liam Kerr's question, Anne Cairns said that fraud is spread equally across all councils, but would there be any harm in Audit Scotland publishing the data, so that we might be able to identify whether Aberdeen, for example, has a particular problem with blue badge fraud? I am not suggesting that Aberdeen has such a problem, or that any council is particularly good at dealing with it, but if we have the data, is there any

reason why it cannot be in the public domain so that it can be scrutinised local authority by local authority?

**Fiona Kordiak:** That is something that we are considering for our next NFI report in two years. We are thinking about producing a shorter overall report but with more interrogative data sitting underneath it, so that anyone who is particularly interested in an area could drill down into some of the detail.

What currently happens for each individual body is that the external audit team will look at that particular body's arrangements for following up matches, and they report some of that information in the annual audit report for the body, so for each individual body's report you may get some of the detail about how many blue badge matches have been followed up. However, Scotland-wide data is something that we are looking at and will be reporting differently next time round, partly in order to freshen up our approach to the NFI.

**The Convener:** Do you agree that even the process of publishing the data is an incentive for each local authority to get a grip on that? If all the data is collated on one website to show how each of the 32 local authorities is doing on blue badge fraud, council tax discounts or whatever, surely that transparency in itself creates an incentive.

**Fiona Kordiak:** Yes, we think that that would be positive thing.

**The Convener:** Could Audit Scotland write to the committee providing all the data, local authority by local authority, so that we can publish it on our committee website.

**Fiona Kordiak:** I look to Anne Cairns to say how onerous that might be.

**Anne Cairns:** We have the data but, as Fiona Kordiak said, we have the actual outcomes and the overpayments that have been recovered, and we also have the estimates: those are collated and added together. We would need to provide a bit of explanation, but it would be possible to provide that.

**The Convener:** Perhaps the committee could write to the Auditor General to ask for that information and she will respond to say whether it is possible. Thank you.

**Bill Bowman:** In the paper that you gave us, there is an appendix with recommendations from the post-legislative scrutiny review of the national fraud initiative, which lists recommendations and actions that have been taken. The recommendations ask for the Scottish Government and Audit Scotland to do certain things, and under the list of actions there are loads of statements telling us that Audit Scotland delivered this and that or arranged this and that,



but when I look at the Scottish Government's actions I see that it uses phrases such as:

"The Scottish Government has advised that it will consider whether there is a need to ... The Scottish Government has advised that it will look to possibly fund ... The Scottish Government has advised that it is considering this."

"The Scottish Government" is a very broad term. Is it just embarrassed about what it has done and is summarising it in a few words, or has it really taken the recommendations on board, and is it delivering actions?

**Fiona Kordiak:** We have had on-going engagement with the Scottish Government on the issue, and Anne Cairns has been in active discussions with it.

**Anne Cairns:** As Fiona Kordiak says, we have been in regular discussion with the Scottish Government and I know that Mr Mackay wrote to the committee around last Christmas about the actions that the Government was going to undertake. It has been engaging with housing associations, a number of which have volunteered to participate in the NFI.

More recently, it has worked on business rates and has looked to see whether there is more that the NFI can do in respect to getting a new data set and getting new bodies in to look at fraud and error in business rates. At the events that Angela Canning mentioned, there was engagement with local authorities, and it looks as though the activity will be undertaken towards the end of this year.

10:15

The Government has also been looking at legislation. For example, a bit of clarity was required on electoral roll and council tax legislation, because there had been questions from some councils that were uncertain of whether they had the powers to release electoral roll information. The Government recently clarified that their doing so is fine. It has been undertaking various activities.

**Bill Bowman:** Are you reasonably confident that there is action underlying those very general terms?

**Anne Cairns:** Yes.

**Liam Kerr:** The biggest outcome involves pensions—there have been overpayments of pensions, and payments that have not been stopped after people have died. Where the NFI has identified cases in which a pension has been overpaid, or continued to be paid when it should have been stopped, is the Scottish Public Pensions Agency able to claim those sums back?

**Fiona Kordiak:** The decision about whether it is worth recovering overpayments comes down to the individual public body and the pensions agency. The SPPA can recover some of the payments, but not all of them.

**Liam Kerr:** Why not all of them? Can you help me with the distinction?

**Fiona Kordiak:** In any recovery decision, a body considers the likelihood and cost of recovery, and whether the cost of recovery outweighs what can be claimed back. Hence, of the total £5.5 million of overpayments that were detected, recovery action has been taken only on £4.8 million.

**Liam Kerr:** Right. So, somebody has taken a decision that it would be inefficient use of public funds to recover the balance.

**Fiona Kordiak:** Yes. The situation is no different from that of any other overpayment.

**The Convener:** Ms Kordiak, do you describe what is happening in the national health service with general practitioners who have retired going back to work on a locum or out-of-hours basis as being a problem, too?

**Fiona Kordiak:** I am not sure that we have any information on that issue. I will pass that over to Anne Cairns.

**Anne Cairns:** No information on that has come through any of the NFI matches. That is not to say that there is no issue, but nothing has come on to our radar through the NFI.

**Willie Coffey:** I do not want to ask you to divulge your secrets about scanning and checking, but if a retired person starts working again, it must surely be flagged up fairly early in the systems of Her Majesty's Revenue and Customs that the person is earning and is also in receipt of a pension.

**Fiona Kordiak:** It is worth noting that some pension rules have changed, particularly for some occupational pensions. With flexible retirement, it is now perfectly possible to receive an occupational pension and work.

**Willie Coffey:** Surely one cannot receive the same amount as was previously enjoyed; otherwise, why would we be looking at this £6 million overpayment of pensions?

**Fiona Kordiak:** Anne—do you have any detail on that?

**Anne Cairns:** When the committee undertook a review of the NFI, one of the issues that was raised—I think that it was in one of the evidence sessions—was that HMRC is not in the NFI. Over the past year or so, we have been working really hard with the Cabinet Office to get access to

HMRC data to allow us to do some data matching. In the report, we reflected some early success in that we now use HMRC data to verify some student awards in Scotland. That is under way, as we speak.

However, it is an issue and, with the engagement that we now have with HMRC, and with the Digital Economy Act 2017, we hope that HMRC will be more amenable to allowing us to access its information in the future.

**Willie Coffey:** It is fundamental that the initiative can have access to up-to-date data from HMRC.

How often do you get the data? Is it every week or every six months? How does the process for getting access to current data work?

**Anne Cairns:** The data match happens every two years. The data would be collected at a point in time and the individual bodies would follow it up. As part of the pilot activity and our work on future developments, we are speaking to the Cabinet Office and the information technology suppliers that do the data matching for us, with a view to getting the data much more frequently. They have increased the frequency of some matches—for example, we are getting matches on immigration and deceased persons much more frequently—but in some other areas we get the data only on a two-year cycle.

All the bodies can use the application checker tool, and they do so as and when they need to. All the councils have access to HMRC real-time information data on the benefits side of things—they have daily access to that.

**Willie Coffey:** When I was on the committee previously, I asked whether the data matches that were obtained in a particular year were checked again in subsequent years. I think that they were not, and that different areas were moved on to. Can you update me on that? If you get 1,000 matches this year that yield £5 million, will you check that people do not attempt to repeat their behaviour?

**Fiona Kordiak:** The decision about which matches to investigate is down to the individual bodies. At the moment, the NFI exercise does not focus on individuals.

**Anne Cairns:** When a body such as a council or a national health service board gets matches—as part of the current exercise, the next batch of matches are due in January—the IT system behind the NFI will highlight matches that have come up previously. If there was a match on me, for example, it would be colour coded to say that the same match had come up previously.

**Willie Coffey:** So, habitual offenders are flagged up for further investigation.

**Anne Cairns:** Yes—if the same match had come up previously.

**The Convener:** I refer you to exhibit 6 on page 23. Note 1 says:

“Only two colleges took part in the 2014/15 NFI.”

That explains why there is no information in the graph for colleges in 2014-15. Did all the colleges take part in the 2016-17 exercise?

**Anne Cairns:** Nine colleges took part in the 2016-17 exercise, but all colleges will participate in the exercise that we are about to start. In 2016-17, the nine largest colleges took part. Under the legislation, we have to prove that, when we request data for data matching, it is worth while and that outcomes will be identified. That is why we requested the data for the nine largest colleges, and we got outcomes.

**The Convener:** Can you remind me how many colleges we have in Scotland?

**Anne Cairns:** There are about 20 colleges.

**The Convener:** I think that there are about 23.

**Alex Neil:** Is the figure not 26?

**The Convener:** It is in the 20s. The graph shows that, in 2016-17, the NFI arrangements were mainly satisfactory, and there is a yellow bit at the top that indicates “Mostly adequate”. If only a third of the colleges participated, surely that is unsatisfactory. Why is there no representation of that?

**Fiona Kordiak:** That is because the graph represents only the results for the colleges that we asked to participate.

**The Convener:** You asked only nine colleges to participate. Why did you not ask all colleges to participate?

**Fiona Kordiak:** That was because, as Anne Cairns said, the process was new and we wanted to make sure that it was worth while before mandating it for all the colleges.

**The Convener:** Okay. How many NHS boards participated in the 2016-17 audit?

**Angela Canning:** All the NHS boards participated, except the Mental Welfare Commission for Scotland.

**The Convener:** Right. In local government, did all 32 local authorities take part?

**Fiona Kordiak:** Yes.

**The Convener:** I am sorry, but why were only nine colleges asked to take part?

**Fiona Kordiak:** That was because their participation was a new area for the NFI and we

wanted to prove that it was worth while before we mandated it for all the colleges.

10:25

*Meeting continued in private until 10:39.*

**The Convener:** I see—I understand.

I thank all three of our witnesses very much for their evidence.



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