The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

PUBLIC AUDIT COMMITTEE

Wednesday 23 September 2015

Session 4

Wednesday 23 September 2015

CONTENTS

PUBLIC AUDIT COMMITTEE
14th Meeting 2015, Session 4

CONVENER

*Paul Martin (Glasgow Provan) (Lab)

DEPUTY CONVENER

*Mary Scanlon (Highlands and Islands) (Con)

COMMITTEE MEMBERS

*Colin Beattie (Midlothian North and Musselburgh) (SNP)
*Nigel Don (Angus North and Mearns) (SNP)
*Colin Keir (Edinburgh Western) (SNP)
*Stuart McMillan (West Scotland) (SNP)
*Tavish Scott (Shetland Islands) (LD)
*Dr Richard Simpson (Mid Scotland and Fife) (Lab)
*David Torrance (Kirkcaldy) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

David Barnes (Scottish Government)
Sarah Davidson (Scottish Government)
Graeme Dickson (Scottish Government)
Mike Neilson (Scottish Government)
Jonathan Pryce (Scottish Government)

CLERK TO THE COMMITTEE

Anne Peat

LOCATION

The Sir Alexander Fleming Room (CR3)

Scottish Parliament

Public Audit Committee

Wednesday 23 September 2015

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Paul Martin): Good morning. I welcome members of the press and public to the 14th meeting in 2015 of the Public Audit Committee. I ask all present to ensure that their electronic items are switched to flight mode so that they do not affect the work of the committee.

Agenda item 1 is a decision on taking business in private. Does the committee agree to take items 5 and 6 in private?

Members *indicated agreement.*

Section 23 Report

"Managing ICT contracts in central government: an update"

09:30

The Convener: Item 2 is evidence taking on the section 23 report "Managing ICT contracts in central government: an update." I welcome our panel of witnesses from the Scottish Government: Sarah Davidson, director general, communities; Mike Neilson, director of digital; and Maxine Reid, head of office of chief information officer. Sarah Davidson would like to make an opening statement.

Sarah Davidson (Scottish Government): Thank you. I welcome the opportunity to give evidence on this Audit Scotland report. The convener has already introduced my colleagues, and we hope to be able to assist the committee this morning in its consideration of the Auditor General for Scotland's findings.

I should say at the outset that the Scottish Government welcomes the report, and accepts the recommendations that are addressed to us. I am here today to talk about those that relate to the Scottish Government and not about the specifics of individual cases, where there is a separate line of accountability. My comments will therefore relate primarily to the first two sections of the report, on strategic oversight and skills.

The issues are complex and interrelated and, as the report indicates, our approach to each has been to put in place new arrangements, and then to review and improve upon them in light of experience. Indeed, in the five months since the audit work was completed, we have made more progress with the process of continuous improvement. I will update the committee on that in my brief remarks.

Dealing first with the strategic oversight, it is important to be clear about what the assurance framework is intended to achieve and, crucially, what it cannot achieve. Clearly, the central Government sector is taking forward a wide range of information technology-dependent business change projects, and the IT assurance framework cannot provide specific assurance on each project; rather, it is intended to ensure that appropriate assurance arrangements are in place and being used for each project. The crucial point is that responsibility for the effective governance and delivery of individual projects lies with the senior responsible owner and accountable officer, and it is essential that the oversight arrangements do not cut across the clarity of that responsibility. Nonetheless, we absolutely accept the leadership

and support role of central Government, and wish to ensure that it adds the maximum possible value to our sector colleagues in their planning and delivery of programmes and projects.

As the report confirms, we responded directly to the recommendations of the original report in 2012 to introduce new assurance and oversight arrangements and we have already made significant improvements to them in light of experience, including creating the office of the chief information officer, which reflects the need to devote more resources to the implementation of the framework. At the heart of that development is a more proactive, relationship-based approach, and feedback from colleagues suggests that, along with the simplification of guidance, structured sharing of lessons learned and investment in networks, that has been welcomed.

It is important, however, that we continue to monitor the effectiveness of the enhanced arrangements. As chair of the strategic corporate services board, I have asked the chief information officer to provide the board with an update report in the spring that includes an assessment of the quality of relationships across the sector. That will be informed and supplemented by some random checking of individual projects that have not otherwise come to our attention via gateway reviews. We will also conduct a gateway review of the assurance framework itself during the next year.

Part 2 of the report deals with digital skills, which, as the committee knows, is a big and complex issue that involves a range of players across all sectors. We know that a lack of relevant skills is a recurring and major issue for public bodies and for Scotland's businesses, and the market for those scarce skills is highly competitive. The digital skills investment plan produced by Skills Development Scotland is tackling that for Scotland as a whole. Key priorities include the establishment of a digital skills academy called CodeClan to rapidly increase available skills and a multichannel marketing campaign to target school pupils, among others, to create a more positive perception of technology as a career choice.

Our work on public sector skills sits in that Scotland-wide context and we are taking a number of actions, including more creative approaches to recruitment, to meet our own skills needs.

In light of our work on a public sector skills bank and the intelligence gleaned from our skills gap survey, we have established the central Government digital transformation service. It was formally launched last month to provide a source of digital skills to support information and communications technology and digital projects, particularly in the crucial scoping phase. Good progress has been made in establishing that team,

with 13 of 25 posts already filled and a pipeline of work identified, and we are just about to invoice for our first chargeable item of work. We agree with the Auditor General that it is an ambitious bit of work, but we are not deterred by that. The central Government sector has strongly welcomed the development, and we will keep a close eye on the extent to which it meets need as it grows.

Bringing those two strategic issues back together, we have revised our governance arrangements since the Auditor General's report was published, and the central Government digital transformation and assurance board is now responsible for strategic oversight of central Government ICT programmes and for the digital transformation service. That brings together responsibility for assurance and support. In other words, the assurance role of the information systems investment board—ISIB, which is referred to in the report—has now been vested in the new body.

I hope that my comments serve to underscore the extent to which we are actively committed to the process of continuous improvement. I assure the committee that we will continue to iterate in light of feedback, including any advice that comes out of our discussions today.

The Convener: Thank you. The committee will now ask questions.

David Torrance (Kirkcaldy) (SNP): Good morning. My question is about skills shortages. I know that the public and private sectors are struggling to get people into IT. What progress has the digital transformation service made?

Sarah Davidson: The digital transformation service is intended to address the skills gaps that we identified in the central Government sector. In particular, it identifies the need for people who have skills to support central Government bodies in the initial scoping phase of projects—people who are able to help to analyse business plans and people who able to ensure that the right skills are being put in place at an early stage in a project.

As I said a moment ago, we have already filled 13 posts, and we are talking to bodies about 35 projects that might present opportunities for our support. Along with that, we are developing case studies of the ways in which we have supported bodies that we can use to explain the value that we think the service can add.

We are also developing the range of services that the service can offer. Initially, we will review and develop an organisation's whole digital strategy as well as business cases for services. Critically, there will be access to actual bodies that can go into organisations and help them to develop an individual project in either the short

term or the longer term. That will sometimes involve in-house staff and sometimes the digital transformation service will be able to source contractors with particular skills that can be applied to projects and programmes.

It is early days, and it is key that we help the service to prioritise where it puts its resources. However, so far, we believe that it is the best possible answer to the skills gaps that have been identified and the difficulties that smaller bodies, in particular, have in skilling up to deliver programmes and projects that may be outside their normal flow of work.

The Convener: Can we have more succinct answers to our questions, please?

Sarah Davidson: Of course; I am sorry.

David Torrance: How many public bodies are you supporting just now?

Sarah Davidson: We are initially having discussions about 35 opportunities but I am not certain whether they are within 35 bodies or whether some bodies have more than one project.

Mike Neilson (Scottish Government): It is between 20 and 25 bodies.

David Torrance: Thank you.

Mary Scanlon (Highlands and Islands) (Con): I am quite shocked at the pitch that you have given today. I wonder whether you have read a different Audit Scotland report from the one that I have read.

In October 2012, Paul Gray promised:

"We are working towards an action plan for the Central Government ICT Workforce to be available for consultation across the sector by March 2013."

That was to look at the skills gap survey.

The Auditor General's report from this year says:

"The Information Systems Investment Board's (ISIB) role was to oversee the implementation of the framework but it did not have sufficient information or capacity to perform this role effectively. It did not receive all the ICT investment and assurance information required from central government".

You have come along and given us a pitch as if nothing is wrong. The skills gap survey was promised to the committee in October 2012 but you did not get round to it until August 2014. Why did you encounter difficulties? Why did you not perform the survey until 2014 when it was promised in 2012?

Sarah Davidson: There are two separate issues in your comments: one is about skills and the other is about assurance and oversight. As Mr Gray indicated when he came to the committee in 2012, we were already putting in place

arrangements to examine both issues in the spirit of learning as we go.

As we acknowledged, we did not get the oversight and assurance perfect first time. Indeed, when he was before the committee, Mr Gray said that we would have to keep revisiting the matter and learning from feedback. Although we put new oversight arrangements in place, including learning from the Audit Scotland checklist that was included in the 2012 report, from the outset we gathered feedback from bodies about the extent to which those arrangements delivered what they needed and were clear and comprehensible to them. On the basis of that experience, after allowing a year or so to learn from those arrangements being deployed in practice, we revisited and improved the framework.

I do not want to create the impression that nothing happened during that time, because it did. We absolutely acknowledge that the framework was not perfect first time and we had to improve on it.

Mary Scanlon: It was far from perfect. You took two years to perform a skills gap survey.

Sarah Davidson: I was just going to come on to pick up the point about skills.

Mary Scanlon: You need the skills to do everything. If the skills are not there, it cannot happen.

Sarah Davidson: Absolutely, and we accepted the Auditor General's finding in 2012 that skills were critical.

Mary Scanlon: You did nothing for two years.

Sarah Davidson: In its 2012 recommendations, Audit Scotland recommended that we undertake a strategic review of current ICT skills availability. When he came to the committee in 2012, Mr Gray said that we had already started work on that by building on the benchmarking work that we had been doing in the context of shared services.

Again, that was an iterative process. We looked at what information that gave us about existing skills, put it together with the information that we had gained through continuous professional development for the IT profession and concluded that, although the information that we had told us quite a lot about our current skills, it did not tell us everything.

Ultimately, through that work and the assessment of the feasibility of a skills bank, we concluded that assessing our existing skills would not give us all the information that we required. That was when Skills Development Scotland commissioned the public sector-wide skills survey.

Mary Scanlon: You have had three years to assess your skills. It is not true that you responded

directly to the 2012 report. In your incredibly confident opening pitch, you mentioned a positive perception of technology. Yesterday, we on the Education and Culture Committee took evidence that, in the past two years there has been a 29 per cent drop in presentations for computing courses at national 4 and national 5. You talk about doing a skills survey and having a positive perception of technology but, if pupils do not get their national 4s and national 5s, they will not get their highers, higher national diplomas or degrees.

You sit here with a big, confident pitch, but we are getting almost a third fewer presentations for computing courses. Do you understand why I am a bit aghast and shocked at that confident pitch? As if a 29 per cent fall in national 4s and national 5s in the past two years was not bad enough—that evidence came from the learned societies, and I would certainly not question them—there are also 24,000 fewer places in further education colleges. That is not degree courses at FE colleges; it is just higher national certificates and HNDs.

I find it difficult to believe anything that you have said. If you are doing a skills gap survey and have had three years to develop a positive perception of technology, why has there been such a fall in the number of computing teachers and ICT teachers, why has there been a 29 per cent fall in national 4s and 5s and why are there 24,000 fewer college places? I could go on; that is just a little snapshot. Why is all that happening if you have a positive perception?

Sarah Davidson: You are, of course, absolutely correct—

Mary Scanlon: I am correct. I would not say it if I was not correct.

Sarah Davidson: —about the complex, interlinked nature of the issue. The education components are an illustration that we have to look at skills as a whole and cannot consider the public sector skills separately from the need to get the whole system right.

Mary Scanlon: You have had three years.

09:45

Sarah Davidson: Colleagues in Education Scotland and the Scottish Further and Higher Education Funding Council are doing a lot of work at the moment to address the issues that the Education and Culture Committee was considering. Education Scotland has a plan for digital education that considers learning and teaching computer science, the curriculum and qualifications in computer science, and teaching opportunities in relation to it.

I made the point about the perception of technology to show that we recognise that there is

a problem with young people's perception of careers and courses in information technology and computer science. One of the early actions that is being taken under the national skills improvement programme is a multichannel marketing campaign that is aimed at young people who are thinking about career choices to change their perception of computer science as a school choice and, ultimately, a career choice.

All those things are part of the mix in the thinking about skills for Scotland and public sector skills within that.

Dr Richard Simpson (Mid Scotland and Fife) (Lab): I know that the area is difficult and that finding solutions is not easy, but there has been an undue delay in establishing the superstructure—we have already considered the skills gap—between the original report in August 2012 and now. You said that that structure did not work and that you will now change it. Is the information services investment board now to be dissolved? We heard that you were just trying to sort out the roles of the office of the chief information officer, who was to support the ISIB, but we read in the update report that

"the split of roles and responsibilities"

had not yet been finalised. That relates to paragraph 35 and exhibit 5 on page 15 of the report. Now you tell us that you will change the structure completely again.

I understand why the system that you set up was not given the information—Mary Scanlon has already alluded to that—but it still will not work if you do not have the skills. I do not understand why you have come before us and said, "Well, that didn't work. We're going to have a completely new set-up." That does not seem to be a solution.

At the end of the day, the proof of the pudding will be in what happens in the projects, because the oversight and supervision of that at the highest level tell us whether the problems are picked up; Tavish Scott will refer to that in detail. If we go through the NHS 24 programme, the common agricultural policy futures programme and the police programme—there are also 200 programmes of between £1 million and £5 million, but we do not know anything about them—we find that the whole sector seems to be filled with time overruns. Talking about the medical side, it is also, to be frank, filled with IT that comes out the other end not fit for purpose. The national health service clinicians on the front line tell me that it is important.

The Convener: Could you ask a question, please?

Dr Simpson: Will you tell us why the oversight arrangements have been changed? What

happened to the original arrangements? Why did the ISIB not work?

Sarah Davidson: I do not want to overstate the changes in governance. The ISIB will continue to operate but it will focus on the management of programmes in central Government that it has commissioned and funded. The creation of the central Government digital transformation assurance board was partly intended to address the issue that the Auditor General identified of the importance of getting the balance right between the scrutiny function and the support function by bringing them together in one place.

Dr Simpson: Is it intended to deal with non-governmental programmes?

Sarah Davidson: No. It will deal with central Government sector programmes—in other words, not Scottish Government core programmes, although the Scottish Government core will report on that.

Dr Simpson: Health boards, for example.

Sarah Davidson: No, not health.

Dr Simpson: The Scottish Prison Service.

Sarah Davidson: Yes, non-departmental public bodies and associated bodies. Part of the value of bringing them together in that new form of governance is so that there can be a close and symbiotic relationship between the oversight and the digital transformation service. They will be governed together because we will expect the digital transformation service to provide support to bodies that might be less experienced in taking on projects or are taking on bigger and more complex projects.

By bringing together the assurance mechanism and a bit of work that supports individual bodies to deliver programmes and projects, we hope to get a far better governance process. It is also more efficient, because otherwise you would have two separate bodies asking for exactly the same information from the same projects.

That is the thinking behind the plans. Again, we will keep it under review, but it reflects the establishment of the digital transformation service, which did not exist previously.

Dr Simpson: Is the new role going to be able to direct health boards, for example? To give a specific example, the contract for the most important patient services in Glasgow allows for the system to go down for up to 24 hours in order to have a routine update. Six other health boards have not gone through with it.

That sort of issue is a matter of principle. The health service requires that its clinical IT services should be up 24/7, 365 days a year. I am assured by IT advisers that it is perfectly possible to have

contracts that make sure that that happens. The banks' systems would not go down for 24 hours without receiving a major fine, but clinicians are faced with not having their services for up to 24 hours, for a routine upgrade. Convener, it staggers me that we are 12 or 15 years into the digital revolution and we cannot get the basics of contracts right in the way that the banks have done for 10 years, including imposing fines when things go wrong.

Will those principles be directed to the digital transformation and assurance board? Can your new body direct the health boards and penalise them if they get contracts wrong?

Sarah Davidson: I should be clear that the health sector is governed completely separately from the arrangements that I am talking about. Having said that, the principles that Dr Simpson set out are absolutely the principles that I would expect the board to apply to the central Government sector.

The public sector IT service as a whole is one in which bodies learn lessons from one another. We expect to learn from good practice and also from poor practice. There is a wider information exchange, but the arrangements that I am talking about apply specifically to the central Government sector.

Dr Simpson: Will you then supply us with a list of the bodies that will be overseen by the new body and those that will not? You have just told us that health will not be.

Presumably, convener, we will have to get the equivalent health body in front of us to explain why NHS 24 has doubled its costs and is still not available two years after it was supposed to come in. I appreciate that that was for patient safety reasons but nevertheless the contract has gone wrong. We will now have to think who in central Government is going to supervise every contract, and it will be a different unit.

Sarah Davidson: We can of course supply the information about the bodies.

The Convener: Before I bring Colin Beattie in, I want to go back to skills shortages and some of the challenges faced. The report mentions some of the challenges in competing with the private sector. Will we ever be able to resolve that?

As long as the private sector is willing to pay a large amount and we are only able to pay much less, can it ever be resolved, no matter how many strategies we put in place? Are we training individuals to go off into the private sector? Where can we go with this?

Sarah Davidson: You are right that the public sector is almost certainly never going to be able to compete on money with the private sector but we

do think that the public sector can compete on some things. People who have joined us recently speak very favourably about the offer that we can make. For example, they say that they are motivated by what they see as the ability to make a difference.

The Convener: Why do we have a shortage, then, if all these people are keen to join the public sector, despite the private sector offering much more money? It is not happening, is it?

Sarah Davidson: There are not yet enough people who are motivated by the offer. We have to use marketing and the word of mouth of those who are working for us to communicate the message that there is a great job here.

The Convener: Could we take another approach of looking at the strategies and devising a way of letting the private sector deliver some of the projects? The private sector might see you as the middle man in this and ask what the point is in having all those frameworks and civil servants. Why do we not just contract direct?

That is happening already, anyway. What is the point in having boards, strategies and development strategies if the private sector is clearly picking off the cream of the crop to ensure that they have the right individuals to deliver services? They spend a lot of money on this.

Sarah Davidson: You are right. There are a lot of skills and activities for which we would expect to go on using private sector resources, either because it does not make economic sense for us to keep those people on our books or because we do not need them very often.

Whatever the private sector does for us, we are still accountable for delivery of the project in good order; we can never completely absolve ourselves of that. There will always be a spectrum of private sector involvement; it is a question of getting the balance right. There are very good arguments for developing skills in house, because people who understand the nature of our business and what we are trying to achieve, and the inherent public value of that, will always be useful to the scoping and delivery of projects.

The Convener: So why do you not just take a strategic overview and let the private sector train people and pay to put students through college? Do civil servants want to do that regularly? Let us consider how we could manage these projects. Why do we not say to the private sector, "Why don't you do this?"? The private sector could provide the training, but you could have a strategic overview. You appear to want to manage projects and to provide all the training, but it is clear that you cannot do that. You have already proved that.

Sarah Davidson: In the current market, the cost of what you are describing would be prohibitive, given the gap between what we pay to bring in contractors or consultants and what we pay to grow and train our own staff. Although, ultimately, they might go and work in another part of Scotland, that is a double-edged sword, because there is value in our offering skills that we have developed to business in Scotland. At the moment, that is what makes more economic sense. It is a balance.

Colin Beattie (Midlothian North and Musselburgh) (SNP): I am a wee bit confused. In my previous life, I had high-level oversight of the IT divisions of the company that I worked for. There seems to be a lot of complexity in the way in which the arrangements have been set up. Perhaps you can clarify the relationships for me. We have the digital transformation service, which I presume is overseen by the digital transformation board. How does that relate to the gateway review, the ICT assurance framework, ICT technical assurance, the office of the chief information officer and the information systems investment board? It seems to be a very complex structure, and complexity usually slows everything down. How is it going to work efficiently? How is it going to deliver better?

Sarah Davidson: I will ask Mike Neilson to deal with some of the detail, but I make the point that we recognise that communication and engagement with bodies about their respective roles in the different parts of oversight is absolutely fundamental. There is clear reasoning behind the different parts of the architecture of governance and the support roles, whether it is the office of the chief information officer or the digital transformation service. It is critical that the various bodies understand clearly what their roles are and that the people whom they support understand that, too.

Mike might want to add something on the theory behind the governance changes.

Mike Neilson: There are three core tasks. The first relates to the digital transformation service, the second is oversight of the whole central Government sector and the third is effective management of projects within the Scottish Government. We have decided that rather than have the ISIB cover the Scottish Government's core programmes and central Government sector programmes, we should restrict its role to what it was historically, which is oversight and management of Scottish Government projects, and have the digital transformation and assurance board covering the digital transformation service and the overall assurance process.

Below that board, we have the assurance framework for the central Government sector,

which is managed by the office of the chief information officer. There are many acronyms, but I think that there is a clear line whereby the chief information officer's office is managing the assurance framework and is reporting to the digital transformation service and assurance board.

Colin Beattie: This is just a back-of-an-envelope calculation, but I have counted eight different bodies within the Government that are dealing with various aspects. In the private sector, if someone came to me with such a structure, they would soon be told where to go. That system cannot be efficient. I look forward with interest to seeing how it develops, but I just do not see how it can work.

To come back to the constraints on public sector pay, are we still largely plugging gaps with short-term contracts?

10:00

Sarah Davidson: Partly we are trying, through the digital transformation service, to move away from doing that. There are still skills that we do not immediately have in-house, so we are using short-term contracts there, but we are increasingly trying to shift the balance through knowledge transfer and growing our own so that we have stronger and more robust in-house skills.

Colin Beattie: What are the percentages of short-term contracts and agency staff who are filling gaps? It is probably difficult to say.

Mike Neilson: It is hard to make a generalisation about that, but it is fair to say that we have a smaller proportion of permanent staff than we would wish. The figure will tend to be between a third and two thirds permanent or fixed-term staff. We would have to give you that information later.

Colin Beattie: That is quite a wide margin.

The Convener: Can you clarify that and provide follow-up information to the committee?

Mike Neilson: Yes.

Colin Beattie: What I am trying to get at is that there is a premium for bringing in people for the short term and from agencies. As my colleague Dr Simpson knows, it is quite expensive to bring agency nurses and so on into the health service, for example—the NHS pays way over the odds. Are you paying way over the odds? Is it the case that the public sector pay scales may be constraining, but we are paying more out the back door by bringing people in on contracts and agency work?

Sarah Davidson: You are absolutely right in identifying the balance that we are trying to strike. Wherever possible, we go to the market quickly to find people whom we can bring in on our own terms and conditions. Sometimes that is not successful, and sometimes it is not as successful as we would like it to be. We are trying to strike a balance between providing the resources to a programme and project in a timely way, which is important, and not paying more than we have to in order to do that. We are trying to shift the balance in the way that I have described, over time. However, you are absolutely correct that there will still be times when we will have to plug gaps at greater cost.

Colin Beattie: Let us put aside the public sector pay scales and simply look at the costs. Which of the bundled costs would be cheaper—the payment of private sector salaries or the costs of short-term contracts and agencies?

Sarah Davidson: You are right that one thing that constrains us is that there are frameworks that we have to operate within for what we can pay through the civil service.

Colin Beattie: Put the frameworks aside. Which approach is cheaper?

Mike Neilson: I will come at the issue from the point of view of what we are trying to do, which is to get the best overall value for money. We need to operate within a consistent framework of civil service pay, and the approach that we have taken with the digital transformation service is an example of trying to provide an overall offer to potential employees in a way that is enough to bring them in. We are having some success in that. There are some areas in which we are having more difficulty recruiting, and we are looking at what more we can do in them.

To go back to what the convener said, we recognise that we will never want to have everybody in-house, partly because having a lot of specialists is not good value for money, so there will always be a balance involving permanent staff, contractors and contracts with external companies.

Colin Beattie: That is perfectly understood, but the question is very simple. Is it cheaper to pay private sector salaries or to pay for short-term contracts and agency staff?

Sarah Davidson: Do you mean paying the equivalent of private sector salaries?

Colin Beattie: Yes. I am not saying that you can do that; I am just asking whether it would be cheaper.

Sarah Davidson: I do not know the answer to that.

Mike Neilson: We would like to pay for a higher proportion of permanent staff because we need a stronger core, but we need to look at the extent to

which we would use a number of them for the long term. We want to have a number of people in for three months, six months or whatever. It depends on the role.

Colin Beattie: If you looked at your budget for short-term contracts and agency staff, you would know how much they are costing you, and you know how much the private sector salaries are. Leaving aside the fact that, as you have said, there will always be a proportion of people whom you will bring in for specialist contracts and so on—although that should be a relatively small proportion—would the cost be less of paying the equivalent of private sector salaries rather than paying agency fees and short-term contracts?

Sarah Davidson: Sitting here, I do not know the answer to your question, but I know that that is not an avenue that is open to us. In looking at the responses that we get to the recruitment exercises that we have done, one of the things that we are always testing is the extent to which we can push the boundaries on the existing civil service pay scales to take account of the market and the particular skills that are out there. However, we are limited in our ability to do that.

Colin Beattie: I would have thought that you would have all the figures and that you would have made proposals that could save the Government money.

Sarah Davidson: We have discussions in Government about, for example, supplements that can be paid, and we pay supplements to existing civil service rates in order to bring people in. That starts to address the balance between what we pay in add-ons to agencies and contractors and what we pay in-house. Again, we are doing that within a framework that is not particularly flexible.

Colin Beattie: Could we ask for more information on that?

The Convener: That would be helpful. Could you follow that up with the clerk?

Sarah Davidson: Of course.

Tavish Scott (Shetland Islands) (LD): In the current financial year, how many contracts have there been with external ICT companies?

Sarah Davidson: Do you mean across the central Government sector?

Tavish Scott: Yes.

Sarah Davidson: I do not have that figure to hand, but we can certainly follow up on that.

Tavish Scott: Do you have any idea of the value of the contracts as a proportion of the total spend on ICT?

Sarah Davidson: I do not know that off the top of my head, but we are happy to follow up on that.

Tavish Scott: My example is the common agricultural policy futures programme. The Auditor General points out that an IT delivery partner is being used for that. Is that common practice?

Sarah Davidson: Yes.

Tavish Scott: I am trying to get some idea of the numbers that are involved. This is the Public Audit Committee, so we are quite big on numbers—we need numbers to understand what is going on. Can you provide us with the number of contracts that are being provided by an IT delivery partner?

Sarah Davidson: Absolutely.

Tavish Scott: Are those IT delivery partners on a list of providers that are used regularly?

Mike Neilson: We have a number of Scottish and UK frameworks that are used, some of which have those lists. We can send you that information.

Tavish Scott: Would we get all the numbers for that, and numbers that would show the trends around how much it has gone up or down over, say, the past three years?

Sarah Davidson: In terms of the use of those companies over—

Tavish Scott: I want to try and understand the numbers in the context of the questions that my colleagues have been asking about skills. If you are using more and more IT delivery partners, that rather obviates the need to worry about skills, because you are hiring in external help to deliver the contracts. That is my presumption. Am I right or wrong?

Sarah Davidson: As Mike Neilson was saying a moment ago, we want to strike a balance with regard to bringing in at greater cost the skills that either we cannot source in core Government staff or which it would not make economic sense for us to hold permanently. We want to reduce that as far as possible and have that process sitting alongside a bank of core skills that we use all the time and deploy in different places across the central Government sector, while we build up our own knowledge and experience.

We hope that, as the digital transformation service and the core staff of individual bodies become more expert, the need to bring in that external resource will reduce. However, there will always be a balance.

Tavish Scott: I understand. That is fair.

In the current financial year, is the Government on budget or over budget in spend on ICT?

Sarah Davidson: Again, do you mean the whole of the core central Government sector?

Tavish Scott: Yes.

Sarah Davidson: Do we hold those figures, Mike?

Mike Neilson: For the Scottish Government, we are on budget. We do not look at the budget from the point of view of IT spend in individual organisations, aggregated. We look at it from the point of view of the total spend of an organisation being managed effectively.

Tavish Scott: Do you mean the total spend in general, and not just the spend on ICT?

Mike Neilson: Yes.

Sarah Davidson: With regard to the accountability of individual bodies, that would be an issue for them.

Mike Neilson: Your core staff do not routinely monitor IT spend across all the NDPBs and other agencies that are part of Government in the round.

Sarah Davidson: We do not do so in flight, as it were, during the year—not in such a way that we can answer, at any point in time, whether IT spend is on budget.

Tavish Scott: You are able to do that at the end of the year.

Sarah Davidson: We will be able to look across the spend at the end of the year.

Tavish Scott: I am sorry; I am not being very clear in my questions. As a routine matter of policy and of financial assessment, at the end of the year, does the Government assess what has happened in terms of IT spend across the whole public sector for which, ultimately, we are all responsible?

Mike Neilson: We collect data on the trends in public sector IT spend, which we can provide.

Tavish Scott: Does that mean that you look at whether spending is over budget? For example, if NHS Shetland spends £10 million on a new computer system and it is 50 per cent over budget, does that ping up in your system? Do you have any way of assessing what is going on across the whole public sector? You are not just responsible for core Scottish Government IT spend, are you? We are talking about the whole public sector here. Am I right?

Sarah Davidson: No, I do not think so. Well, it depends on the angle. The Auditor General's report is talking about central Government, so it does not pick up, for example, the NHS. My accountability is for core Scottish Government IT spend.

Tavish Scott: I take the point that you are looking at trends. We have an idea of what is being spent, but as a routine matter of financial assessment across the whole public sector, is no one looking at how much money is being spent and whether it is over or under budget?

Sarah Davidson: That is not being done from the particular perspective that you describe, although of course sponsorship teams that are responsible for, and have a relationship with, individual public bodies would take an interest in their spend, in the same way as colleagues in the health service would take an interest in the spend of individual health bodies.

Tavish Scott: Okay. That is fine.

The Convener: Richard Simpson has a short supplementary question.

Dr Simpson: My question follows on from what Tavish Scott was just talking about and concerns projects that are not core Government projects. Can we get a list of those? Does anyone compile such a list? There are 200 projects of between £1 million and £5 million, according to the Auditor General. I would like to know where they are, what the original cost was, what the outturn was and whether they were over budget, and who from the Government scrutinised that as opposed to who from an individual board looked at it. For example, NHS 24 has been brokeraged and given extra money that it will have to repay; it is its responsibility to manage that within its overall budget, but we know that it has doubled costs. It would be helpful to look at such matters.

You might want to look at the City of Edinburgh Council model. It is a Scottish National Party-Labour council, which had real problems with its ICT that were not dissimilar to those that we are talking about today. However, the council brought in a consultant on a contract over three or four years and in the past three months it announced that it would save £35 million—or perhaps it was £45 million—over the next few years, so it has been very successful. You might want to talk to the council about how it did that. There was clearly councillor oversight and the process has worked extremely well in making sure that the contracts for the council are cost effective, which is saving the council a lot of money. Something happened there that is worth looking at.

Sarah Davidson: Thank you. We will certainly follow up on that.

Dr Simpson: I hope, convener, that the council will agree to provide information on all the projects.

Stuart McMillan (West Scotland) (SNP): How widely do you advertise and promote vacancies?

Sarah Davidson: As part of our increasingly thoughtful approach to recruitment, we are advertising our posts in the places where we think people will be looking for them. We have therefore been using social media a lot and advertising in IT journals and so on. That is something that we continually review. I do not know whether Mike Neilson wants to add anything about how we did that in our most recent advertising campaign. If you follow @digiscot on Twitter, you will see our advertising popping up quite a lot. We have done video case studies and so on in order to try to convey to people what is involved in working in the Government. We are trying to get better all the time at doing that.

Stuart McMillan: I posed the question because when the economy crashed many people were laid off by companies, including many who had IT positions. The economy has obviously improved somewhat since then and I am sure that a number of people with IT qualifications who managed to get back into employment are not doing what they did previously and might therefore be underemployed. I cannot understand why such people would not see vacancies within the Scottish Government as opportunities. The money that is offered might not be as good as what they currently earn, but other elements in addition to salary might be better than what they currently get.

10:15

Sarah Davidson: You are right to point to the broader package of benefits. We have been trying to explain that in more detail in our most recent recruitment approaches. We identify the type of work that people will be doing in Government from a technical point of view and from the public service point of view. We also identify the benefits of working for the Scottish Government as an organisation and an employer.

As well as formal advertising, it is important to recognise how influential our existing staff can be as advocates for working in the Government. In the past few months, I have been really struck when meeting people who, as you describe, have exited private sector jobs either by choice or not by choice, who have come to work in the Government and who say, unprompted, that they are getting better technical skills than they had access to elsewhere and are involved at scale in projects. People are involved in things Scotland-wide in a way that they would not often be in the private sector.

We need to understand the motivating factors and keep building on them, and to learn from the people who come to work for us about why they came. If members of the committee or anyone else has suggestions about how we can do that better, we would be delighted to hear them.

Stuart McMillan: I suggest that it is probably not just a matter of understanding better; it is also about promoting better and telling the wider world about the opportunities that exist.

Sarah Davidson: Absolutely—there must be understanding with a purpose.

Stuart McMillan: Hundreds of people graduate every year from universities in Scotland and elsewhere in the United Kingdom and many people might want to come to Scotland to work and get involved in the opportunities. There is certainly a role for better promotion of what is going on.

Sarah Davidson: Within Government, we have been developing our own ICT modern apprenticeship stream. To attract people into that, we have been working with the modern apprenticeship promotion programmes, which is proving to be very successful. I agree that we need to use all such opportunities to identify our target interest groups and to persuade them to come and work for us.

Stuart McMillan: After today's discussion, I assume that you and your colleagues will review what has been discussed. After that, will you provide the committee with points on further action that you will take so that we understand a bit more about what you intend to do to promote the vacancies more widely?

Sarah Davidson: I am very happy to do that.

Nigel Don (Angus North and Mearns) (SNP): Earlier, you spoke a lot about assurance. Colin Beattie asked about the structure, and I tend to share his concern about that management tree. In the context of individual projects, assurance means a lot of things, but at the very least it must mean your knowing who is responsible for a project, whether the project is properly defined, whether it is being properly managed and whether the money is being paid to the right people at the right time for the right work. If I go to the top of my list, the person who is responsible for the project will, in your terms, be the accountable officer. I suspect that that causes no problem. At the very bottom of my list, the issue of whether the money goes to the right place is essentially to do with auditing, and I am not worried about that at the moment. In the context of ICT projects, I suspect that knowing whether a project is properly defined is one of the things that you spoke about in the context of scoping.

The issue that I would like to pursue is that of whether a project is being properly managed. I have a background in engineering, and one of the things that we learned a long time ago but occasionally forget is that, if you want to build a building, it is straightforward as long as you put together a decent set of drawings and then never

change them. We are sitting in a building where people forgot that. It seems to me that most of the issues with ICT projects overrunning probably arise because people change things as they go along. Is that perception correct? In the run of projects that have been done in Government for the past while, many of them have overrun and been late. Generally speaking, is that because people have changed the scope of the project, which inevitably changes the costs, or are there other factors?

Sarah Davidson: I do not feel confident to generalise in response to that. I know that, later, the committee will speak to my colleagues who have been involved in the CAP futures programme. Clearly, changes that were outwith their control were a significant factor in the experience of the project.

As the Audit Scotland report notes, increasingly, agile project management techniques are being applied to projects. Agile is an approach that is designed to be iterative and therefore to enable a project to be taken forward while the requirements are still being identified, but to do so in a way that is managed and controlled. One of the things that we have identified, and which the Auditor General has identified in both reports on the issue, is the need to ensure that people who adopt an agile form of project management understand how that works and have the necessary skills to do it properly and in a controlled manner. Therefore, whether something is being done with the traditional PRINCE 2—projects in controlled environments—methodology or with an agile methodology, the correct cost and time controls are applied.

Nigel Don: I am guessing what you mean by the term "agile", but I can see the concept. Is it possible to cost those projects honestly? In the development of anything, if you really do not know where you are going to finish but you know what you are trying to do, is it possible to cost it from the beginning in any reasonable way?

Sarah Davidson: Particularly in the digital transformation service and in my wider team, we are building up, through our knowledge of projects that work through agile, the expertise to make as good an estimate of costs of those projects as needs to be made at the outset. It will never be sensible or appropriate for the public sector to embark on projects when it has no idea of what the cost envelope is. We have to be able to make sensible predictions of cost so that we can plan for projects and have them signed off properly. However, the process is clearly different from the traditional one.

Nigel Don: Forgive me, but you have just used the word "envelope", which we never hear. I entirely understand what you are saying, but that is like saying, "The costs are somewhere between two points and I honestly do not know where, although of course I hope that it is at the low end." Do we ever say that in public? I do not think that we do. We come up with a number, which might be the mean or the median. If what you say is the case—I understand that it might be the reality in pretty much every project—would it not be wiser if we quoted a spread of figures rather than a single figure, as that might save us all a lot of grief?

Sarah Davidson: I am certainly all in favour of transparency and realism about the nature of projects.

The Convener: I will make an observation and ask a question at the same time. Obviously, our three witnesses have significant experience in the civil service. I know that Sarah Davidson worked in the Parliament at one point, as she was a clerk in the first Audit Committee in 1999 when I was a member. The three of you come with significant civil service experience and are respected in that area. However, that raises the issue of whether Google, Apple or Microsoft would employ civil servants. I say that with respect for the role that you are looking to carry out. Is that one of the challenges that we face here? I ask you to detach yourselves from your current roles. Is that not what we should be looking at and how ambitious we should be? If the Government wants to run an ambitious ICT project, does it not just have to pay for the Apple and Microsoft people of the world— the people who have done nothing else from the age of 16?

I say that with respect, and I hope that you will take it in that way.

Sarah Davidson: Absolutely. To run any Government project or programme, particularly the really big-value ones that are of huge importance to the reputation of the organisation and the quality of service delivery to the public, which of course is what it is all about, we would hope to have the very best people that we can find. Sometimes, that will be in-house people such as Maxine Reid who have the skills and who have chosen to make their IT development career in Government for all sorts of reasons. Sometimes, that will mean sourcing the very best people from the Googles, the Apples and other places. They might want to come to the Government for a while for personal reasons and to do that type of work or, to get their skills, we might have to pay what the market demands. We are certainly ambitious and aspirational in this context. We want to be a world-class digital nation, which means having world-class skills.

As we have identified today, we constantly manage the tension between our financial accountabilities and our delivery accountabilities to try to get the balance right. We need to recognise

that there are times when we need a technical specialist and, when that is needed, that is what we have to apply.

The Convener: Do you recognise that if we were running a commercial enterprise such as Google or whatever, the people who are at the very top and who are managing would be IT specialists? That is the case in Microsoft and all those companies. The Government is making a significant investment. I am not saying that we are in the same league as Apple, but we are spending significant sums of money, so we could attract people who are significant players in the IT market.

Sarah Davidson: It would be interesting to know how much time the most senior managers of Google, Microsoft and other organisations actually spend on IT solutions. I suspect that the leadership and governance role predominantly preoccupies them. In the same way, I do not personally deal with IT solutions. There is clearly a leadership and management role in relation to all this, but I take seriously my responsibility for ensuring that those who are in technical positions have the skills that they need.

The Convener: I thank our three witnesses for their time.

I suspend the meeting for five minutes.

10:25

Meeting suspended.

10:28

On resuming—

Section 22 Report

"The 2013/14 audit of the Scottish Government Consolidated Accounts: Common Agricultural Policy Futures programme"

The Convener: Agenda item 3 is oral evidence on the Auditor General for Scotland report, "The 2013/14 audit of the Scottish Government Consolidated Accounts: Common Agricultural Policy Futures programme". The committee has received written submissions from the Scottish Government and the European Commission in connection with the report, and they are contained in the papers for the meeting.

I welcome our panel of witnesses from the Scottish Government. Graeme Dickson is director general for enterprise, environment and innovation, Jonathan Pryce is director for agriculture, food and rural communities, and David Barnes is the chief agricultural officer. I understand that Mr Dickson wants to make a short opening statement.

Graeme Dickson (Scottish Government): Thank you, convener. I will be brief.

I am grateful for the committee's invitation to give evidence today. Because of the complexity of the CAP programme and the fact that it is moving very quickly, it is helpful to give you an oral update on progress rather than a written one. I am conscious of the fact that the committee's membership is quite different from when we gave oral evidence last November. We will try to be concise but, because there is a lot of European jargon involved, it may take a bit of time to explain everything.

I remind the committee that the new common agricultural policy that we are implementing is radically different from the existing policy. The European Union promised to simplify the CAP, but this will be the most complex CAP ever. As well as introducing a new IT system, it will involve a new way of calculating subsidies, a range of new schemes, and complex new rules on greening. All those things are new to our farm businesses that are applying under the schemes and to all our staff who are implementing them, and we have had to make all those changes within a very tight and fixed timetable.

I heard the evidence that was given previously, and I assure you that our information systems investment board considered the programme at an early stage. It has been subject to gateway reviews and it has its own simple and, I believe,

good governance structure now running it. Given its scale, it has also been fully within the sight of our ministerial team and senior management since its early stages.

Since we last gave evidence, we have made good progress. We have met our deadlines and, as I reported in June, we received almost 21,000 applications for the single payment on time. We have had excellent support from NFU Scotland and from our farmers and agents, who were patient despite the teething problems that we encountered in the application window. We have a clear plan in place for the remainder of the programme and it is being followed. We also have an excellent and highly experienced team in place, both in our IT side and in our business, which David Barnes runs, as well as a very good contractor with which we are working collaboratively.

The programme is an absolute priority for me, as the accountable officer, and it will remain so until it is completed.

The Convener: Thank you. The committee members will now ask questions.

Tavish Scott: I take all your points about the complexity of the new programme, Mr Dickson, but will the futures programme deliver farm payments in the first two weeks of December, as we all hope?

Graeme Dickson: As I mentioned, we have a detailed plan to start payments, as planned, from December. The schedule is very tight and depends on everything being delivered one thing after another. It should be borne in mind that we kept the application process open for a month longer and that this is the first time that we are doing it. We have a lot of complex business processes to complete in the coming three months. We have to calculate both the new payments and payments under the old system as it tapers out. However, we have a dedicated and highly motivated staff team who are doing their utmost to deliver the programme.

Tavish Scott: I was one of the people who were calling for the applications process to be extended by a month, on behalf of all the farmers I represent, so I totally take that point.

Can you tell us about the costs? The Auditor General reported to the committee that the original business case for the futures programme was £102.5 million but that the figure had increased to £178 million as of March 2015. The Auditor General's figures will be based on the audit of your programme. What is the latest figure?

Graeme Dickson: The latest figure that we are working to, for the business case, is £178 million. Echoing what was said in the previous evidence

session, I point out that that contains an element of optimism bias—it is the outside of the envelope, and there is contingency or optimism built into the figure.

Tavish Scott: You expect that the system will be delivered within that budget of £178 million.

Graeme Dickson: I very much hope so.

Tavish Scott: When is the closing date for that, as it were? When will it be judged that the system has been delivered? Will it be when all the automated bank payments have gone to the 22,000 farmers throughout Scotland? Or will it roll on from year to year, as the annual payments are made?

Jonathan Pryce (Scottish Government): The business case is for a five-year period up to the end of March 2017. At the moment, we are focused on getting the farm payments out, starting in December, but more functionality will be required both in relation to some of the pillar 2 schemes and in relation to the livestock schemes that are required for this year.

We also have further mandatory requirements from Europe around the new land parcel information system, and the scheme accounting and customer account management system. There are also things to be done around business efficiency that we would hope to implement in the period up to March 2017. We will come to that once we have covered all the mandatory elements.

Tavish Scott: Thank you—it is helpful to understand the date. Included in the £178 million cost was the figure that Audit Scotland put on the IT delivery partner, which at March 2015 was £60.4 million, having gone up from £28.8 million. Who is the IT delivery partner and what has changed to increase the cost from £28.8 million to £60.4 million?

Graeme Dickson: The principal IT delivery partner is CGI, which is the company that Dr Simpson referred to earlier—it has just won the contract for the City of Edinburgh Council and is also the Parliament's IT supplier.

Tavish Scott: You were doing very well until you mentioned that.

Graeme Dickson: If you can bear with me, I will take you back to the Auditor General's original report. At the time that the initial business case was done, we did not know what we were going to deliver and were unable to scope it. As the Auditor General says, it is practically impossible in those circumstances to get a contract that has a fixed price at the outset—costs increase as the work develops and the scope becomes clearer.

As I said when I gave evidence last November, we got it wrong at the initial stage. We took advice from procurement and others who looked at similar systems, but at that point—a couple of years away from knowing what the new scheme would be—we radically underestimated what the IT would cost.

In our next business case, which we brought in last March, we had a clearer idea. Since then we have met a number of different cost pressures and additional elements that we need to build, such as the land parcel information system, which is an enormous database of 500,000 fields. That is what has taken the cost up to the current figure.

Tavish Scott: In your assessment of that IT delivery partner, would you say that it has not overloaded the costs and can satisfy you—and therefore the Public Audit Committee—that those costs are justifiable?

Graeme Dickson: Yes. As I said, we are paying it on the basis of the work that it delivers. We agree work orders with the contractor, and we challenge anything about gold plating.

There have been a number of factors that have impacted on us. As I said, complexity was a major issue, and changed market conditions have also come into play. There are pay rates in the contract, and we are now paying a rate for developers that is about 32 per cent above the rate envisaged in the original contract. We have also put in a surge capacity at various points, first to meet the opening of the new portal in January and then to meet the opening of the payment window on 15 March—we had to pay a lot of overtime and bring in additional staff. We will do the same thing in the run-up to making payments.

Tavish Scott: That is fair. Jonathan Pryce mentioned 2017 as the period of the overall programme. Your letter to the committee of 22 June said that 35 per cent of submissions of the single application form to the Government were made on paper rather than online. I am not remotely surprised by that, and I am sure that you are not surprised either. Having seen this stuff, I know that the complexity is scary—although it is perhaps not the word that the NFUS would use to describe it.

Do you envisage, or does your business case envisage, a significant drop in the percentage of paper applications? If so, given that there is no broadband in many areas, such as mine, how do you expect crofters to apply online?

Graeme Dickson: I will let Jonathan Pryce and David Barnes brief you on some of the arrangements that we have put in place for remote areas.

The approach that we took was to digital by encouraging people to apply online. It is a complex new form for anyone to fill in, but the online system has certain advantages for farmers and agents because what they see is now pre-populated and carries out checks as they go through. Therefore, by the time they come to submit the form, it will say that the application is compliant.

Tavish Scott: To have those checks, though, people need to have superfast broadband, because otherwise the system is so slow it grinds to a stop. That was the problem right at the outset. It is a chicken-and-egg situation.

Graeme Dickson: The question is how to build in the incentives so that people apply online. Down south, they took a digital by default route. We did not do that.

Tavish Scott: Indeed, and we have seen the problems with that strategy.

Graeme Dickson: We put measures in place to help farmers in remote areas. You want to hear from Jonathan Pryce and David Barnes about that.

Tavish Scott: I know about that. What I am really after is the future policy and whether it is reasonable to expect the number of online applications to rise compared with those on paper. I know that people can go into their local department office and so on, but that is not really the perfect scenario.

Jonathan Pryce: I can answer your question about the business case and what it assumes. The business case benefits are not dependent upon a significant increase in online applications—that is not a huge part of the financial elements of the programme.

We achieved almost exactly the same percentage of online applications this year as we did last year—there was a small increase. That was in the face of the teething issues that we had with the online system during the application window. We have some very detailed data. For example, agents normally—almost exclusively—apply using the online system, with very few paper applications. A significant chunk of agents used paper this year, but we are pretty confident that we will get them back to online application next year.

That does not answer your point about the availability of broadband. In general, the agents will make sure that they are covered.

Tavish Scott: My final question is on your thoughts on the paper that we got from the European Commission, which is, even by the standards of the European Commission, incomprehensible.

In the section titled "Financial sanctions", which is obviously very important to you and to individual crofters and farmers, it says that

"additional complexity is added by Member States' own supplementary rules and conditions which are added in order to tailor and target aid (notably in rural development programmes)."

I appreciate what it is trying to suggest there, but do you think that that is fair? Is it the case that the Scottish Government has added additional complexity, as the European Commission would appear to be suggesting, given that it wrote this letter to us as opposed to an audit committee in some other part of Europe?

Graeme Dickson: The industry asked us for more complexity. It asked us to have three payment regions, so we pay a different fixed price per hectare in three different parts of the country, and three different livestock schemes, so we have a sheep scheme, a beef scheme and an island beef scheme. Those arrangements make it more difficult, but they are targeted toward helping Scottish farmers.

That is the difficult balance: we could have a one-size-fits-all policy, but what fits in France would not fit in Scotland.

Tavish Scott: So the Commission has a point.

Graeme Dickson: We have tried to make things as simple as possible, but we are doing that within the constraints of trying to target best the £400 million or £500 million going to our farming communities.

The Convener: Nigel Don has a brief supplementary.

Nigel Don: It is absolutely on this point, and I hope that you are simply going to say "yes". Once the scheme is set up, presumably the pre-population of the application form fields will come back next year. The scheme does not change so, unless a farmer makes a material change to their farm, they will not have to do anything other than press the return key next year. Is that essentially where we are going?

Jonathan Pryce: More or less.

Graeme Dickson: I would hope so. It should be, provided that the European Commission does not change the rules.

Jonathan Pryce: We know from experience that there are some changes from the Commission every year. Commissioner Hogan's focus is very much on simplification, which is intended to mean that we should not have significant changes. However, sometimes even simplification is a change, so we may see changes to make the system simpler.

There are some additional requirements for us. We have to make sure that we are clear that we will have a geospatial application in place for all farmers by 2018. Again, that is intended to make it as easy as possible for farmers rather than making it harder for them, but it certainly increases the complexity for us.

10:45

Colin Beattie: I am looking at paragraphs 14, 15 and 16 on page 7 of the Audit Scotland report. As far as I can see, a budget of £178 million will not deliver the whole project. Certain items have been taken out in order to enable the core—or most urgent—piece to be put in place. Is there a plan for the rest of the project to be implemented at some point? If so, can you give us a guesstimate of the cost?

Jonathan Pryce: Are you referring to the section 22 report from autumn 2014?

Colin Beattie: That is correct.

Jonathan Pryce: We essentially deferred some things rather than taking them out altogether. The specific elements that the report mentions include SMS text messages for alerting farmers to a change or to something that they might need to do.

Colin Beattie: The big thing to which the report refers is the mapping of registered land.

Jonathan Pryce: Sorry—do you mean the mechanism by which farmers are able to submit their own updates?

Colin Beattie: That is one of the main components.

Jonathan Pryce: The mechanism by which farmers can submit updates on their land online is in the scope of the current business case. It has not yet been delivered, but it will be part of the new land parcel information system.

Colin Beattie: Which of the items that were deferred are not covered by the £178 million?

Jonathan Pryce: We have ruled out more or less nothing from the scope. We have deferred certain things because we have been working hard to meet the statutory and regulatory deadlines to ensure that we get the main bulk of the payments out as early as we can. We have not ruled anything out as a result of changing the order in which we are bringing functionality in.

Colin Beattie: When you say that you have not ruled anything out, does that mean that it is all within the scope of the budget of £178 million?

Jonathan Pryce: The £178 million budget was drawn up to enable that kind of scope to be covered, but I cannot give you a guarantee today

that the £178 million will pay for all that functionality. That is why we are saying that we know what we absolutely have to do, and that there are other things that will improve our business efficiency in terms of the operation of the paying agency and the agricultural staff. Whether we can get all that delivered within the £178 million budget is unclear at this point in time, because we are working to get the most important elements in. With regard to making further improvements, we will most likely have a future decision to take as to exactly what is most cost effective and what represents a good use of public money.

As I said, the business case runs to March 2017, but there will be continuing investment in the systems beyond that date, and some things may be deferred beyond the existing five-year programme.

Graeme Dickson: The biggest part of it—the online mapping—is currently part of the procurement for a new land parcel information system. The other two elements, which came up in our previous committee evidence session, are SMS messaging, which would be nice to have, and the ability for our in-field inspectors to do livestock inspections on their laptops. We will look at the latter element to see whether the business benefits from it would meet the costs.

Colin Beattie: When will you know whether there is any additional cost to the programme? When do you anticipate having that information?

Jonathan Pryce: At present we are working to the £178 million business case, and we are not intending to exceed that amount. It may be that we choose not to deliver certain elements if they do not provide a sufficient individual cost benefit ratio.

Colin Beattie: But there is a possibility that a further business case will be brought forward to bring other elements into the programme, so the £178 million is not necessarily the end of the road.

Jonathan Pryce: We will take a cost benefit view of all the things that we intended to deliver within the £178 million if it turns out that £178 million will not be enough to do all that.

As I said, we have within the business case things that are not absolutely essential to meet the European regulatory requirements and our compliance duties. Those are things that we thought it would be good to have in order to improve our efficiency. We have been so focused on dealing with the regulatory requirements that we are not yet at the stage of doing a further analysis of whether, for example, we would want to spend an extra £3 million on a particular piece of business efficiency and what the cost benefit of that might be. We will come to that in time. I am

pretty confident that we can do everything that we have to do within the current business case price.

Colin Beattie: You are talking about cost benefit. I am looking at the Audit Scotland report again. Paragraph 5 on page 4 states:

"The Scottish Government has estimated that it could incur costs of up to £50 million per year if the IT system failed to deliver".

The cost is £178 million, which means that there is a three-and-a-half year payback period. To put it crudely, is that a good investment? I am not suggesting that we do not take the European money, but the cost seems disproportionate, does it not?

Jonathan Pryce: The fact of the matter is that we have no choice: we have to have a compliant system, even if we still suffer disallowance. Obviously we intend to ensure that we do not suffer disallowance.

Mary Scanlon: It is refreshing when someone comes before the committee and says honestly—as I think the witnesses said about the initial stage of the programme—that they got it wrong. I thank you for that—it is unique to hear that rather than the jargonistic speeches that we often get.

My first question is a supplementary to the response that you gave Tavish Scott. You said that you will start the payments to farmers in December. I am concerned about the word "start". Will all farmers be paid in December this year?

Graeme Dickson: We have a pretty good record of getting payments out. Last year, we got just over 90 per cent of payments out in the first couple of days in December.

There are various complex rules. We cannot begin to pay farmers until inspections are through, so that the people who are not being paid do not know that they are to be inspected and therefore cannot do things to get out of the inspection. We are never in the position of getting 100 per cent of the payments out, but we endeavour to get out the payments to those who are inspected and all the other payments as soon as possible after that.

Mary Scanlon: I am not a farmer like Tavish Scott, so I am not sure about the inspections. What percentage of farmers can look forward to receiving payments in December? If they do not receive payments in December, for whatever reason, what is the delay likely to be? Will it be one month, two months or three months?

Graeme Dickson: Our plan is to get as many payments out as we can in December, and to deal with a high percentage of payments. The cabinet secretary has already announced that we are likely to split payments, as we have done in the

first year of previous schemes. That is happening generally across Europe—

Mary Scanlon: Do you mean that farmers will get their payments in instalments?

Graeme Dickson: Yes. We will try to get the highest possible instalment to the highest number of people in December, and then get payments out as quickly as possible thereafter in the new year.

Mary Scanlon: I am not familiar with rural issues. What would be the highest payment to the highest number? Given that we are the Public Audit Committee, can you give us an idea of that?

When I met Allan Bowie of NFU Scotland at the weekend, he said that farmers are worried. They are looking to the Parliament to find out when the payments on which they depend so much will come in. Can you be a bit more precise?

Graeme Dickson: I am afraid that I cannot give you a precise figure today, because David Barnes and his team will be working through that as we get closer to December and as we know how many people's forms we have processed and how many people we are safe to pay. To reclaim the money from Europe, we cannot just make payments; we have to do that in a way that complies with all the rules and ticks all the boxes.

Mary Scanlon: I appreciate that. However, we represent constituents who are looking to us for certainty. Over the past year, they have faced a huge amount of risk and uncertainty. I am doing my best to elicit an assurance, but I do not think that I am getting it.

Graeme Dickson: I appreciate that. I do not know whether David Barnes wishes to say more about when we will get there.

David Barnes (Scottish Government): As Graeme Dickson said, we must abide by European rules to ensure that we do not risk overpaying people. We are not in a position to give numbers at this stage, because every farmer's payment is different. When we get to the end of the present policy, after the transition period to 2019 that we will go through, all farmers will get the same amount of money per hectare, and the arithmetic will be relatively straightforward.

In 2015, however, every farmer will get a combination of some money on a flat-rate basis and quite a lot of money that is based on their individual track record. That means that, having processed X per cent of claims, we might not have a fixed amount of assurance about how we are running up against the budget, because each farmer's payment is different. Having treated a claim from one 100-hectare farm does not give us the same amount of budget certainty for a claim from another 100-hectare farm, unfortunately.

Mary Scanlon: Let me put it this way. Will all farmers get a payment in December, whether that is the first instalment or the full payment? Will all farmers get something?

Graeme Dickson: As I said, we will try to get as much money to as many people as we can. The cabinet secretary and the Deputy First Minister are meeting us regularly to talk about progress. We want to have some certainty and to know what we can do with a reasonable amount of risk, and we are keeping the farming industry as up to date as we can on progress.

Mary Scanlon: I have gone as far as I can with that.

I have an additional question. You spoke to Tavish Scott and to my colleague Colin Beattie about the complexity of the programme and the changes that have been made. I appreciate that you have three different schemes. In 29 countries in Europe and in the four countries in the United Kingdom, the complexity will be fairly similar.

Graeme Dickson: Yes.

Mary Scanlon: This is a question in two parts. Why were 50 changes made to the official guidance in Scotland between the opening and the closing of the application window? Did the other countries in the United Kingdom also have a 74 per cent increase in their budget? Yours is going from £102 million to £178 million. Did the other countries in the UK have the same number of changes and the same hike in the budget?

Graeme Dickson: I will ask David Barnes to address the question about the changes in the scheme guidance. We do not have, and we have not seen, any official reporting of other schemes in the UK. It is in the public domain that the—

Mary Scanlon: If there had been an increase of 74 per cent, we might have known about it.

Graeme Dickson: As I said, when people started on this, nobody knew what they would be delivering. I think that the Rural Payments Agency has spent about £154 million on its IT system.

Mary Scanlon: Is that in England?

Graeme Dickson: That is in England.

Mary Scanlon: So its figure is £154 million and yours is £178 million.

Graeme Dickson: We believe that that amount is for that agency's IT component alone. It took a completely different approach from the one that we took. The Welsh have adopted a more incremental approach across a number of years. I am not sure where the authorities in Northern Ireland have got to.

Jonathan Pryce meets representatives of the European paying agencies. Delivering something new and so complex has been a challenge in every EU member state.

Mary Scanlon: Have all budgets gone up by an average of 74 per cent?

Graeme Dickson: We do not have the figures from other countries and we do not know where they started. As I said, in our case, we were overoptimistic—

11:00

Mary Scanlon: So the cost of the system in England, which has nearly 10 times Scotland's population, is similar to the cost of the Scottish system. Is that correct?

Graeme Dickson: England might have 10 times the population, but the system has to cover however many people apply for the scheme. England has four times the number of claimants that we do.

Mary Scanlon: What about the 50 changes between the opening and the closing of the application window?

David Barnes: It is important to emphasise that that does not mean that the rules that farmers have to comply with were changed 50 times in flight, as it were. In January, we changed the way in which the guidance was presented to farmers—

Mary Scanlon: But there were 50 changes.

David Barnes: There were a number of changes to clarify the position, in response to feedback from customers on the previous version of our guidance, which told us that the guidance was too disparate and that it was not helpful that guidance on different schemes was in different places and in different formats. From January this year, we put a lot of effort into ensuring that the guidance was in one place on the new portal and was available in a consistent format.

Of course, we got feedback all the time. A lot of it was positive, but we were told about spelling mistakes, about things that were not in the right place and about things that were expressed in a way that the writer thought was clear but which the audience felt needed clarifying. You should see the changes as part of a continuing process of improvement of the guidance.

Stuart McMillan: Mr Dickson mentioned the complexity of the new scheme and said that, in terms of IT, there were—from memory—5,000 fields.

Jonathan Pryce: The figure was 500,000—half a million.

Stuart McMillan: Okay. A few years ago, the Parliament passed the Land Registration etc (Scotland) Act 2012. With regard to the complexity of land registration and the system that we are working with, has that had an effect on what you are trying to implement?

Graeme Dickson: No, I am afraid that there has to be a completely different system. For the European Commission, we have to maintain a record of every field and piece of land that our farmers and agents claim for or have responsibility for, and that might be different from the cadastral map that the Registers of Scotland holds, which shows the holdings of a farmer or a business. The legislation has not helped to simplify the process. There is a complication that arises from the fact that, as well as recording every field boundary down to a precise limit, we will be required—from 2018, I think—to bring in a number of layers on top of that to the show biological features that farmers will need to maintain. It is horrendously complex.

Stuart McMillan: Will the roll-out of the new land registration process make things easier for you in future, bearing in mind that there might be amendments from the Commission on an annual basis?

Jonathan Pryce: The land registration is predominantly about title to the land, and the system that we hold is all about the features that are actually on the land—the eligibility of the area within that field and how much of it can be claimed against. If the land cannot be foraged by livestock, that cannot be claimed for. We have to do detailed mapping of individual features—sometimes down to individual trees, but certainly down to hedges, boundaries and relatively small water features, which will, under most circumstances, not be eligible. It is quite a different system from that which is used by Registers of Scotland.

Dr Simpson: I am interested in that particular area, as it is about land mapping and the precise use of the land and not just about saying that something is a field and is so big, what the trees and water features are and what wildlife protection is being put in place. It is all about outcomes and use, which is fascinating.

I am interested in the disallowance side and the inspections. Do you have the necessary system in place to do the inspections—the verification visits and checks—before the payments can be made? The timescale for that seems pretty tight.

Graeme Dickson: The first set of inspections that we had to do was under the new greening requirement. Clearly, they had to be done while there was still evidence in the ground for inspectors to see. I think that David Barnes's inspectors were out until 15 July. Members probably do not want to know the details of what

they inspected, but that worked. The next set of inspections to do with the other parts of eligibility is coming up. The inspection software has now been deployed and is being used by the inspectors.

Dr Simpson: Colin Beattie asked about that earlier. That is in place. Can the inspectors go out with information on their laptop, personal computer, tablet or whatever and check it quite easily against what they see on the ground?

David Barnes: Yes. They have a downloadable system. They go out with a global positioning system kit. They download in the office the relevant set of data for the farm that they are inspecting and go out and do the work. They are not in real-time connection with the system—that may be a future thing—but they do an upload when they are back in the office. That system is in place and that is happening.

Dr Simpson: So that will not cause any delay in the payments in the interim. Will you be able to complete those?

David Barnes: We have a plan to ensure that the system does not cause any delay in payments. That plan includes going to a farm if necessary, doing the initial stages of the inspection, taking that to a certain point of completion and, if necessary, going away to do the same on other farms and coming back to finish the first inspection at a later date. It is clear that that is not the most efficient way to operate, and that is not our normal approach. If it is possible for us to avoid that inefficiency, we will do so, but if necessary we will do things in the first way in order to ensure that inspections are not an obstacle to payments being made.

Dr Simpson: So you are fairly confident that the Government will not be targeted for significant disallowance. The system is not perfect.

David Barnes: Disallowance covers many different things, of course. The specific disallowance that was linked to inspections relates to the greening inspections that Graeme Dickson mentioned. For example, there is a new greening rule that says that some farmers have to grow three different crops. If someone inspects too late, sees a ploughed field and cannot prove what crop was there, the European Commission would say that that inspection was inadequate and that there will be some disallowance. That is why it was important to get the greening inspections done by the July date.

As it happened, Europe said in a spirit of helpfulness quite late in the day that it would change the guidance on what evidence could be taken into account. Initially, we thought that our inspectors had to see a field of barley to be able to say that it was a field of barley, but the European Commission said late on that crop residue would suffice. It said that, if there was barley stubble and bits of odd barley ear that had dropped off the trailer around the field, that would suffice as evidence that the field was a barley field. That is an example of the moving goalposts that we have had to deal with all the way through.

Dr Simpson: I can see people having photographs with the day's newspaper in them. I will not go on.

Nigel Don: I want to ask a couple of questions, if I may. I want to go back to the basic idea of ICT systems. I think that you mentioned earlier wage elasticity of 32 per cent. Is that right? I have in front of me a note of rises in wages and costs of 32 per cent. Forgive me, perhaps you did not mention that: it may have been the previous panel. That shows what happens over a long meeting.

The question is relevant to you nonetheless. How on earth do you account for that kind of thing? When you are managing such programmes, is there any possibility of getting the numbers right? Are we asking you to do the impossible?

Graeme Dickson: I will clarify what I said for Mr Don's benefit. The example that we got from our principal contractor is that software developers are now commanding 32 per cent higher rates than we had envisaged in the contract. It is very difficult to allow for that in the management of a programme.

Skills have been an issue in the context of the rates that we are paying through our principal contract with CGI for its staff and the people that it takes on. As the previous evidence that we gave to the committee showed, it was challenging to take on the very senior people whom we need to lead the programme. It took us time more than money. It is a hot market and it is difficult to deal with that.

Nigel Don: Okay. It is difficult.

May I return to the point about December payments? I still do not understand why it is not possible to make a payment to every farmer. Is there not some minimum defensible payment that could be made? Mr Pryce is shaking his head. I am not disputing it, but I would love to understand why it is the case that there is a farmer whose entitlement is so uncertain that it might be zero. That is the only circumstance under which you could not pay him.

Jonathan Pryce: The EC regulations are very clear about what we have to have done before we can make a payment to an individual farmer. For a payment to an individual farmer, we need to have completed all the application processing and all our administrative checks, as well as the on-the-spot field inspections. There is no relaxation to enable us to make a payment to any farmer who is going to get a field inspection. We cannot pay that

farmer until all those inspections have been done and all the processes have been completed.

You are quite right that there is a number that we have to try to calculate once we have done all the inspections and before we know what the final payment to a farmer will be. We are looking at a two-part payment system, so that we can make a partial payment as early as we can.

Ultimately, we need to have completed all our administrative checks and all the inspections in order to be able to make a payment to each individual farmer.

Graeme Dickson: Coming back to the point of disallowance, my worry is that, as Jonathan Pryce said, if we do not comply with the rules, we will get a blanket correction put on us.

Nigel Don: At the end of the day everybody pays for that; we have to pay for it on a national basis.

Graeme Dickson: Yes.

Nigel Don: So it is not in our collective interest to fiddle the figures for any individual, however much we might like to.

Graeme Dickson: We have a pretty good record. In the current programme, our disallowance has been about 1 per cent, which puts us in a good position in the league table in Europe and is about half of the rate for the rest of the UK.

As the accountable officer, I need to balance getting that number as low as possible with trying to get money out to people as quickly as possible. That is the judgment that we make with ministers when we have an idea of what the risk is.

Nigel Don: Forgive me, I used the term "fiddle the figures" merely as a way of saying that we do not stick to the rules. It is jargon.

The Convener: I thank the panel for their time.

I remind colleagues that we will discuss this evidence in private under agenda item 6.

I will allow a brief suspension to let the witnesses leave the table.

11:14

Meeting suspended.

11:15

On resuming—

Section 23 Report

"Superfast broadband for Scotland: A progress report"

The Convener: Agenda item 4 is consideration of a response from the Scottish Government to a letter from the committee regarding the AGS report on broadband. Do members have any comments? [*Interruption.*] Can I have some order, colleagues? We are on agenda item 4, and I have invited comments on the letter that we have received from the Government. If colleagues want to hold conversations, can they do so outside, please?

Colin Beattie: I have had a look through the response. Superfast broadband is obviously a very important issue that is not going to go away, but we have probably achieved as much as we can at this point. The committee has done some good work on the subject. I think that we should note the Government's response and come to an understanding of when the best time would be to return to the issue. The broadband programme will go on for several more years and we need to be sure that the implementation is going well and that we are getting good value for the considerable amount of money that the Government is putting in. I suggest that we talk to Audit Scotland about it at some point.

Tavish Scott: First, I apologise for interrupting; I had not realised that the meeting had resumed. I was continuing a discussion about agriculture.

Mary Scanlon and I found out that the role of community broadband Scotland is very limited, because BT will not provide clarity on which areas will be invested in and which will not. Therefore, Colin Beattie is absolutely right. It would be helpful if Audit Scotland were to continue to look closely at the issue. We will do what we can as individual representatives, but we could do with Audit Scotland keeping up the pressure.

Stuart McMillan: I agree with colleagues, but it struck me when I read the clerk's paper that there is probably a planning aspect to the issue, which Audit Scotland might want to consider. When new facilities are built, through regeneration projects or whatever, consideration needs to be given to linking them to the broadband network. A constituent has contacted me about a new facility that does not have a superfast broadband connection, so there is probably a planning locus here, too.

Mary Scanlon: I read the Government's response, which was as expected. It responded to all the questions, but it remains the case that there is uncertainty about the future. On Mull, Tavish Scott and I heard that people's businesses are being affected; broadband is not just for friends to keep in touch by email. The islands are a huge tourism area, and it is difficult for tourism to be promoted there in the way that it can be promoted elsewhere.

The most disappointing thing is that, although a great deal of work has been done in a group of islands, which has taken a huge amount of time, BT cannot give a date for when it will introduce better superfast broadband. When I asked one chap about it, he wanted to know why, after three years of going to meetings and taking ferries around the islands, BT could not just say, "We'll bring it in tomorrow."

I think that the Government has answered as best it can; the response is fine. The Government has taken some time to address the issues, but I agree with Colin Beattie that we need to keep a very watchful eye on the issue, because we are hampered by BT's lack of certainty about the future. I still cannot believe that it cannot come up with a better way of working with communities and provide some certainty, so that better planning—which Stuart McMillan referred to—can be done for the future. That would seem to be the best way forward.

The Convener: The consumer is losing out in this debate. I receive feedback that constituents are frustrated. Stuart McMillan makes a good point about new-build developments, in which people are advised in the sales cabin not to worry, because they will get superfast broadband up to whatever speed they need. People are promised the earth in those sales cabins, and the providers have to pick up on that, but I am not convinced by them. Where I live, every week we get literature through the door that says Virgin or BT can do something. However, when we contact Virgin, it says that it does not provide a service in that area and, in fact, it is not interested in coming into the area because it would not be economically feasible to do that.

BT has gaps in various areas and people are advised that they are too far away from the exchange. They are told that things are in the pipeline, but they have been told that for the past three or four years.

Those companies receive significant public subsidy for the work that they do, but I am not convinced that we get the payback that we should for that investment. The market dictates the pace—the providers are doing that. The Government needs to be willing to take the issue forward.

Significant sums of money are being invested across the UK. If we were investing that money in supermarkets and gave Tesco £100 million to give people free food, Tesco would do very well out of it. This is a similar case. We are giving the providers money to provide infrastructure, and I am not convinced that we get back what we should.

We are moving away from discussing the report; I am, too. The AGS had quite a specific remit for her report. We have commented on it, but I say with a heavy heart that we can take the report only so far.

Stuart McMillan: I want to clarify that my comments were on the planning system, not planning per se. They were mostly about the planning system and any potential planning gain for developments.

Nigel Don: I am absolutely with you, convener. There are two sides to the issue. We need to keep an eye on this, because large sums of public money are being spent. We need to encourage the Auditor General to look at that regularly; I suspect that that should happen annually, but someone may come up with another number.

We need to ensure that the Infrastructure and Capital Investment Committee—or whatever it is called in the next parliamentary session—looks at the policy behind the issue. It is not within our remit, but it is very firmly in that committee's remit.

The convener mentioned getting things through the door that say that this, that or the other supplier will do things. Tens of thousands of my constituents would not get such leaflets, because they are too far away. Nobody would ever pretend that they will ever get fast broadband.

The Convener: I will take Colin Beattie, then Richard Simpson.

Colin Keir (Edinburgh Western) (SNP): I am Colin Keir, convener.

The Convener: I am sorry.

Colin Keir: Thank you.

I totally agree with a lot that has been said. Stuart McMillan talked about planning. A lot of the regional plans do not take in the infrastructure—they just tell us where building is taking place. If business is still to be considered in areas of high development, that is the sort of thing that we need to know, along with who is paying for it and all the rest of it.

A perfect example can be seen outside Edinburgh. As soon as you pass Edinburgh airport you fall off a cliff, in terms of broadband provision. People in Kirkliston have been screaming out for broadband. Lack of broadband is killing business there and Kirkliston is only a matter of minutes

from Edinburgh. The problem does not just affect places like the islands or wherever.

I must watch my language, but we need to ensure that there are no more mess-ups like there were in Edinburgh or Aberdeenshire—I think that it was somewhere like that. There was going to be broadband provision there but it fell foul of state-aid rules.

What the UK Government and Scottish Government are doing, BT's plans and the planning system all need to be considered together.

Dr Simpson: I agree with much of what has been said. It seems that the promises that are made are not being fulfilled. Broadband speeds often fluctuate with the volume of users who are on. There can be very good speeds at one point of the day, while at another point there can be almost no service. There is a capacity issue.

When people in Japan talk about superfast broadband, they are talking about 1GB, not 100MB or, as we are talking about, up to 84MB—that is not superfast. That is moderately decent. Given the amount of streaming that is coming online, such levels will not meet the next generation's demand.

We should not only tell the Infrastructure and Capital Investment committee that we will keep a close eye on what is happening, but ask it whether our investment will future proof our infrastructure and keep us competitive. If we do not have gigabyte speed, particularly for our businesses, we will not be a successful country.

The Convener: Do we agree to note the submission and to refer the report and evidence to the Infrastructure and Capital Investment Committee?

Members *indicated agreement.*

The Convener: Thank you. As agreed, the committee will move into private for the remaining items.

11:25
Meeting continued in private until 12:59.

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.