AUDIT COMMITTEE

Tuesday 13 September 2005

Session 2

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AUDIT COMMITTEE
13th Meeting 2005, Session 2

CONVENER

*Mr Brian Monteith (Mid Scotland and Fife) (Con)

DEPUTY CONVENER

Mr Andrew Welsh (Angus) (SNP)

COMMITTEE MEMBERS

*Susan Deacon (Edinburgh East and Musselburgh) (Lab)
*Margaret Jamieson (Kilmarnock and Loudoun) (Lab)
*Mrs Mary Mulligan (Linlithgow) (Lab)
*Eleanor Scott (Highlands and Islands) (Green)
*Margaret Smith (Edinburgh West) (LD)

COMMITTEE SUBSTITUTES

Chris Ballance (South of Scotland) (Green)
Marlyn Glen (North East Scotland) (Lab)
Mr John Swinney (North Tayside) (SNP)

*attended

THE FOLLOWING ALSO ATTENDED:

Barbara Hurst (Audit Scotland)
Arwel Roberts (Audit Scotland)

CLERK TO THE COMMITTEE

Shelagh McKinlay

SENIOR ASSISTANT CLERK

Joanna Hardy

ASSISTANT CLERK

Clare O'Neill

LOCATION

Committee Room 1

Scottish Parliament

Audit Committee

Tuesday 13 September 2005

[THE CONVENER *opened the meeting at 10:02*]

Interests

The Convener (Mr Brian Monteith): Good morning, everyone—or as they say in Fiji, bula—and welcome to the 13th meeting in 2005 of the Audit Committee. We have a busy agenda, but I am sure that we will tackle it in our usual fashion. I ask members to switch off their mobile phones. I also welcome the press interest and the public. We have received apologies from Andrew Welsh, who is unable to attend.

I welcome our new committee member, Margaret Smith, and invite her, under agenda item 1, to declare any registered interests that are relevant to her committee membership.

Margaret Smith (Edinburgh West) (LD): Thank you, convener. I have no interests that are relevant to the committee. I refer members to my entry in the register of members' interests.

The Convener: Thank you.

Items in Private

10:03

The Convener: Under agenda item 2, the committee's approval is sought to take agenda items 6 and 7 in private. Under item 6, the committee will consider an issues paper on further education colleges; under item 7, we will consider a draft report on bowel cancer services. Do we agree to take items 6 and 7 in private?

Members *indicated agreement*.

Community Care

10:04

The Convener: Agenda item 3 is the Scottish Executive's follow-up response to the committee's second report in 2005, on community care. Members have the Health Department's response before them. Members will recall that our report was published in March this year. We received a response from the Health Department and asked for further clarification, so this is the department's second response to our original report.

I invite comments on the response from members, and from Audit Scotland if it has any comments.

Margaret Jamieson (Kilmarnock and Loudoun) (Lab): The response says that the Health Department has done this, that and the next thing, but it is the Executive, not the department, that has written to the Convention of Scottish Local Authorities. Does that mean that the letter has greater emphasis because it comes from the Executive rather than from the department? What remit does COSLA have to ensure that local authorities complete the returns that are required and what happens if local authorities continue to ignore a request?

The Convener: There are two questions from Margaret Jamieson to which we cannot have an immediate answer. In seeking closure for this item, the committee will have to decide whether it wants to contact the department again, with a further letter, or whether we should send the department a copy of the *Official Report* of the meeting so that officials can read our concerns. The issue might be addressed in a number of ways, but at some stage we will need to put it to bed. However, that is not to say that members should not ask questions.

Are there any more concerns?

Margaret Smith: It is difficult to join in on such work at this stage. However, I note that paragraph 27 of the committee's report stated:

"The Committee was concerned to note that SEHD undertook no systematic risk assessment on the consequences of inaccurate estimates."

In response, the Executive says:

"The Executive will endeavour to undertake a systematic risk assessment for future cost exercises of this nature."

That suggests to me that this is not the only instance in which the Executive has not done a systematic risk assessment. Has the committee done any general work on risk assessment in the past? Given that the answer seems to be about more than the specific matter that we raised, should we ask the Executive about its approach to

risk assessment across the board and not just in this case? The issue is interesting and important.

The Convener: Members can correct me if I am wrong, but I think that we have had some concern about that in the past. I seem to recall, for example, that the committee was concerned about risk assessment not being properly applied in the case of individual learning accounts. In that case, it seemed that the move from the Scottish Office to the Scottish Executive structure and the relationship that departments therefore had with departments at Whitehall had allowed a gap to open up in risk assessment. In the example that we are considering now, the policy has no origins in Whitehall. Its origins are here in the Scottish Parliament, so that cannot be an excuse.

Your point is relevant to the accompanying letter, which states:

"local authorities did not previously record this specific expenditure."

It is obvious to most members that there has been a great deal of debate, various committee reports, then legislation and then the time to apply it. It strikes one that it might have been possible for local authorities to get a bit ahead of the game and begin to gather that information for benchmarking in the future. The response mentions a pre-expenditure assessment in the future, so that there will be benchmarks against which the outcomes of policies can be measured. We do not know how that will work or how successful it will be, but it is certainly an advance on the past position with regard to the policy.

It might be worth considering the point at which we reach a benchmark, given that as the policy is introduced over a number of years there will have to be some measurement against which we can determine whether it is effective. We might need to clarify that. [*Interruption.*] I shall wait until there is no more noise from the window of mass disruption, although it seems that the window may not be the cause of the sound. I suspend the meeting until we have found the source of the noise.

10:11

Meeting suspended.

10:13

On resuming—

The Convener: As I said, it would be useful—not only for the committee, but for the Parliament in general—for there to be some determination of the point at which we should benchmark outcomes in future discussions. The first year might not be the most appropriate, because time is needed for development; even the second year might not be appropriate. Should we begin to measure outcomes in the third year of a policy to see whether there is a pattern, whether value for money is being achieved or whether queues are developing? Audit Scotland and the Health Department might usefully consider that, so that we can have a debate or discussion on the matter from a point of view where we all agree the facts. That is, of course, part of the committee's role.

Those are my observations on the response to the committee's report, and I take into account the points that were made by Margaret Jamieson and Margaret Smith.

10:15

Susan Deacon (Edinburgh East and Musselburgh) (Lab): My point, which is by way of observation, relates to paragraphs 45 to 49 of the committee's earlier report, on the theme of joint working. That has been a recurrent theme here and in other parliamentary committees and in debates and discussions elsewhere.

I am disappointed about the tone and emphasis of the Executive's response. Its references major heavily on legislation, guidance, administrative solutions, systems and structures but are light on things such as developing people capacity, training, education and culture change, yet those are the things that, more often than not, make the difference in effective joint working and the consequential improvements to services. To be fair to the Executive, there is a lot of activity in those areas. I am disappointed that that is not reflected in its response to our report.

Mrs Mary Mulligan (Linlithgow) (Lab): My point follows on from what Susan Deacon said. We have heard about the issues around collecting data on personal care in terms of the role of the local authorities and the Health Department.

As the committee is aware, we are moving to closer joint working and developing the role of community health partnerships. I do not want to see that become yet another obstacle to our ability to gather the kind of information that tells us exactly what the outputs on personal care are likely to be in the future. We need to flag up at this stage that, although there is another development in the delivery of health services, it should improve the delivery of the service and not become a further obstacle to our ability to analyse outcomes. When we return to the issue in the future, we will need to consider that other part of the jigsaw.

The Convener: As some members may be aware, the Health Committee is considering this policy area. Given that the committee does not deal with policy, I seek members' agreement to forward to the Health Committee our report and the various responses from the department,

together with the *Official Report* of the meeting and other relevant material. It would be useful for that committee to have the information. Are we agreed?

Members *indicated agreement*.

The Convener: Members have raised a number of points on the response. Should we write again to the department, send a copy of the *Official Report* or take up another opportunity at some time? What are members' preferences?

Margaret Jamieson: I would like to see the letter that the department sent to the Convention of Scottish Local Authorities and to hear how the provision of data will be monitored in the future.

The Convener: That will require a letter. Are members agreed that we will write to the department, enclosing a copy of the *Official Report*? We can say that the committee would welcome a response to the points that have been raised, including the point on the letter to COSLA. We do not want the issue to keep running on. I am concerned that we may have to put the item on the agenda again. If we write to the department again, we will get the information that we seek.

Susan Deacon: It is important that we are consistent in our rhetoric. We need to be consistent in our push towards an outcomes-based approach. In this policy area in particular, that approach is a recurrent theme. We should focus much more on getting the results in the end and not on the minutiae of what goes beforehand. It is important that we practise what we preach. Our concern should be to keep up the pressure on the Executive. We should drive for results, report back on them and be a little less concerned about some of the process that goes on at the Executive end.

The Convener: That point is well made. As usual, we need information. My concern is that, if we formalise things too much, we will have a series of running items on our agenda. It is sufficient for us to receive a response to our discussion today. Is it agreed that we will send the letter?

Members *indicated agreement*.

"Overview of the financial performance of the NHS in Scotland 2003/04"

10:20

The Convener: We move on to item 4, which is consideration of the Executive's response to our fifth report in 2005, on the "Overview of the financial performance of the NHS in Scotland 2003/04".

First, I must say that I welcome the directness of some of the material in the response. We should encourage heads of department to provide responses that answer our questions, and I thank Dr Kevin Woods for handling the matter in this way. Members are also aware that we have invited Dr Woods to next week's committee meeting to discuss both this report and the report on Argyll and Clyde NHS Board. As a result, members will have the opportunity to raise with Dr Woods any concerns that they might have.

The fact that we are getting such a response from the Health Department is a credit to the committee's work. Through our efforts and with Audit Scotland's help, we are getting to the bottom of certain issues in this and some other agenda items. I do not often compliment work in the Parliament, but this report shows that accountability can work well.

I open the floor to members who have any points to raise.

Margaret Jamieson: The Executive response to our second recommendation, which highlights the "building financial pressures" in the national health service, is "Noted". However, although it then mentions

"financial pressures within the overall resources available"

to NHS boards, it does not address the "building financial pressures" that we identified. As I recall, such pressures were identified in NHS Lanarkshire and NHS Grampian. As the Executive's response does not address that issue, I seek further information in that regard.

The Convener: You might wish to raise the matter next week.

Margaret Jamieson: Unfortunately, convener, I do not think that I will be here next week. Perhaps someone else will pick up the issue.

The Convener: That is worth knowing.

Susan Deacon: I want to make several general observations not just on the papers before us but on the work on which we have been engaged for some time now.

Like you, convener, I welcome the tone and substance of the Executive's response, as it represents a meaningful engagement in the discussion that we have been having. Indeed, such an approach is particularly welcome given that the Executive's initial response in the form of a ministerial press release on the day of the report's publication was altogether more defensive and more dismissive of the report. There has been a marked—and positive—change.

However, I am interested to see that, in this blame culture, the response has been picked up as a great admission of failure by the Executive. As a cross-party committee that has so thoroughly examined this issue over the past few years, we should say loudly and clearly that we need the space to discuss the critical question of how we reform and modernise the NHS in Scotland without it continually reverting to a blame game.

That is not to say that there will not be criticisms along the way—the committee has made some—but that is different from a climate in which people in the service or in the Government find it difficult to say, "Yes, we need to improve this," for fear of being accused of failure, as has happened in the past 24 hours. There is a big lesson there.

On NHS reform, it would be interesting for the committee to consider where it goes from here with its contribution on the issue. It strikes me that we have made a number of observations along the way that can add value to that big £10 billion question about how the NHS in Scotland is reformed. We will have informal opportunities to explore some of those issues further with the Health Department, but I wonder whether the committee could come back to some of the big strategic questions. In the typical political debate and in the press, that discussion quickly defaults into whether we should have foundation hospitals. As the discussion in the committee has shown over many months, that is not where the debate is at. I am looking to you, convener, for your guidance about how—if at all—we as a committee can contribute to some of that big and vital strategic debate, given the amount of learning that we have done individually and collectively on the issue, and compile a report on it.

The Convener: I entirely share your observation with regard to the tone of the response compared with that of the press release that was issued on the day that our report was published. The press release was from a minister, but the response is from the accountable officer at the head of the department. We deal with the accountable officer and we do not get involved in the policy and the political to-ing and fro-ing. We can fairly say that such a response from the head of a department is to be encouraged. It is the type of response that we want and if other departments behave in a similar fashion in future, we will be able to have meaningful and open discussions. Such a response takes some of the politics out of the debate, which is the way in which the committee works. Other committees, such as the Health Committee and the Finance Committee, deal in policy terms and can have the political discussion; it is right that they do that.

We have done quite a body of work, quite a lot of which has been constructively critical of NHS performance, and it is likely that we will be doing more. Dr Kevin Woods will be before us next week to discuss this report and the report on Argyll and Clyde NHS Board, but Audit Scotland will be doing further work, which we will then address. I invite Audit Scotland to brief us a little on the work that it will be doing.

Barbara Hurst (Audit Scotland): I wish to update the committee on reports that will be coming to you over the winter. In December, we will publish an integrated overview report on the NHS, which will bring together, in one report, our previous performance report and the financial report. Following that, early in 2006, there will be two quite big reports: one on waiting times, which will bring up a lot of issues to do with sustainability and capacity for change in the system; and another one on how the consultant contract has been implemented. In many ways, those three reports together come back into the arena of the comments from Kevin Woods.

The Convener: Kevin Woods will attend our away day, which will provide an informal opportunity, as well as formal ones, for us to discuss how we can facilitate better analysis and better discussion about these issues. That is on 3 October, which is not far away, so there will be an opportunity soon to have further discussion with Kevin Woods. Are there any other points from members on the report?

10:30

Eleanor Scott (Highlands and Islands) (Green): As the second-newest person—this is only my second meeting—I will probably be going over things that either are inappropriate or have been gone over before, because I was not party to the original work. A couple of things stood out for me. One is non-recurring funding, which the committee recognises is a problem—as do I, as a former NHS employee—because health boards have come to rely on it. However, in response to paragraph 33, which states that boards

"should disclose information on the use of non-recurring funding",

the department states:

"We do not think it would be appropriate to include this analysis within the annual accounts."

That is peculiar, because relying on non-recurring funding is a symptom of an organisation that is in financial difficulty and is trying to disguise it.

Another point that stood out for me was pay modernisation, which will be a big issue in the NHS. The comment on paragraph 40 referred to

"individual negotiations … carried out with 150,000 staff".

It startles me that that is how it would be done. The letter that came with the response states:

"The Department has … taken action to tackle issues raised by the Committee"

including

"People being rewarded fairly for the jobs they do."

That is vague but admirable. The issue is fraught, and it might end up costing more than predicted. We should keep an eye on that. I do not know whether that would be straying into policy.

The Convener: Keeping an eye on it would not be.

Mrs Mulligan: I want to pick up on Eleanor Scott's point about non-recurring funding. I share her concerns about the response on that point. If non-recurring funding is not going to be in the accounts, how will we identify it? It is worth repeating that the committee said that there is a role for non-recurring funding in budget management. We are not saying that it should not happen; we are suggesting that it is important to identify it, so that we are aware of it and are able to deal with it in a strategic way that ensures that boards do not become reliant on it and make themselves vulnerable. Unfortunately, the response did not instil me with confidence that the point had been accepted. We might wish to address that with Kevin Woods next week, so I will not labour the point now. However, we need to be clear that we are not saying never; we are just saying that it needs to be properly managed.

Like Eleanor Scott, I also believe that there are staffing issues. The staff in the NHS are the most important part of it. Without them, we will not deliver services or see the improvements in health that we want to see. However, the negotiations on changing contracts—previously those for general practitioners and consultants, and now agenda for change, which covers virtually everybody else—leave us nervous that the department does not have a grip on that. We may wish to progress that point with Kevin Woods, because the issue will continue to come up.

The Convener: I agree with both those points, which are well made. I emphasise that our concern about non-recurring funding is that we need to be aware of what is happening, so that any structural deficit is not disguised by non-recurring funding. There has been evidence in the past that the reliance on non-recurring funding has masked financial management problems in health boards.

Susan Deacon: Once again I raise the issue of data collection. Notwithstanding where we go, and the broader issue of various reports on NHS performance or our informal discussions with Kevin Woods, the committee should seek a further formal update on the issue. There is universal agreement that the data that are collected on the performance of the NHS in Scotland are not up to date or fit for purpose, which leaves hanging the question why that is the case.

Earlier, the convener distinguished between ministers and accountable officers. Such distinctions are sometimes important. With the best will in the world, ministers cannot fix systemic issues relating to what others are doing to collect data on their behalf. I saw some of the early work that was produced by the team that is progressing the most recent review of information and statistics and I do not see how that work will get us where we want to be. There are fundamental issues to do with being able to report on current practice in a way that the data do not currently allow. There is a particular issue and a particular interest for the committee that should be formally kept on the agenda. We should obtain a formal report from the Executive very soon about where it is going on the issue. As we have repeatedly said, unless or until there is agreement about the factual basis on which we are conducting this discussion, it will be severely limited and sometimes skewed in the Parliament and among the public.

The Convener: The committee has made that point a number of times with regard to different reports that we have produced. We will have to ask about the matter next week. It is also something that we have asked to discuss informally at our away day. Opportunities for discussion therefore exist. We must keep on top of the issue. Like you, when I saw the questions that might be asked about the collection of data, I did not get the sense that the information that we will receive will be any more helpful to us.

Margaret Smith: I give my usual apology that I might ask a daft-lassie question, as I am new to the committee.

The Convener: You are a former convener of the Health and Community Care Committee, however.

Margaret Smith: As a former convener of that committee, I agree with Mary Mulligan that the staff are the key to the delivery of the service and to any change in it.

The convener will slap me down if I stray from the committee's remit into policy issues, but I have concerns about the agenda for change. The

Health Department's letter about delivering the benefits of pay modernisation, which is appendix A, mentions improved productivity and—most interesting to me—improved recruitment and retention. Many of our views on the health service must result from anecdotal evidence, but a lot of anecdotal evidence is coming back to me about the agenda for change setting up perverse incentives in areas in which it seems that we most need to recruit and retain people. I will give an example. I have been told that ward sisters in hospitals will see a big improvement in their pay packets as a result of the agenda for change. I do not necessarily disagree with that, but people who are on a comparable grade out in the community and must undertake an extra element of study—there are only around eight such places a year in Lothian, for example—will not receive the same increase. Such incentives are almost perverse. Once things have calmed down after two or three years, people will start to make judgment calls and say, "I'm not going to work in the community if I'm going to get paid £5,000 more to remain in a hospital." If one of the main issues has been improved recruitment and retention, I wonder whether areas in which there are currently recruitment and retention problems have been targeted, or have people simply been thinking in general terms that if money is thrown at the problem, people will want to work for them?

The Convener: Obviously, I cannot answer that question. What you say might be interpreted as straying into policy, but you finished by making a general point that affects outcomes across the board rather than by giving a specific individual example. Pay awards are a matter of policy, but we could concern ourselves with the general outcomes. We could see whether there are perverse outcomes when we see the statistics, which could lead us to ask questions. There is an issue about how agenda for change will be delivered and whether it will be delivered in a way that will avoid outcomes that we would regret. You can have every confidence that we will be able to find a way of phrasing the question that would be permissible.

Eleanor Scott: It is difficult to have an objective measure of staff satisfaction, but there are certain surrogate measures of staff dissatisfaction, which I am not sure we get routinely, such as levels of sickness, absenteeism and early retirement. It might be nice to monitor those in the NHS over time. As others have said, the staff are crucial in delivering the NHS; it will only work if it has happy and committed staff. It would be nice to get those figures. They must be available; somebody must have them, although I do not know whether they are collated.

The Convener: If we were going to get those figures, the one caveat is that we would probably have to take into account the fact that satisfaction in one health board might be different from satisfaction in another. One would expect that the difficulties, of which we have had evidence, in Argyll and Clyde NHS Board would certainly have led to dissatisfaction among its staff, given that they were working under the cloud of a large structural deficit. In other health boards where such situations have not occurred, similar pay arrangements and working conditions might produce a greater degree of satisfaction among staff. As long as we do not end up comparing lemons with pears, that information would be useful.

Do the Audit Scotland representatives have any further points or observations to make about the response from the Health Department?

Barbara Hurst: Not really. It is interesting to hear the points that the committee has noted. We are paying a lot of attention to them, because we are considering some of the issues that have been raised. On the staff data, there are mandatory statistics on sickness, staff turnover and the like, but they are not necessarily collected in a consistent way throughout the health service, although I think that the health service is addressing that. We take on board all the points that have been made. We are considering those issues in a number of studies that we are doing.

Margaret Jamieson: I want to pick up on the point that Barbara Hurst made about inconsistencies. In paragraph 81 of our report, we express our concern about the roll-out of successful initiatives. It is interesting that the department agrees with us, but it goes on to say that Scotland's health care system is no different from any other in the world. That is fine, as long as we are aware that we need to continue to strive to be at the forefront.

However, I have concerns, given what we have already heard about general practitioner contracts and so on. The answer from the Executive indicates that we

"will be engaging with 40% of GP practices in Scotland (an unprecedented level of engagement)".

People out there do not understand the contractual details of whether a GP is employed directly by the NHS. Are we saying that engagement is not built into the new GP contact and, if it is not, why not? If 40 per cent is unprecedented, what was the figure before? It seems rather strange.

The Convener: That is a good point, which I am glad you made today if you are not going to be here next week.

Margaret Jamieson: I will try my best to be here.

10:45

The Convener: I appreciate that, but if you are not we will raise the point on your behalf.

It strikes me that, as Dr Kevin Woods will be here next week to discuss the matter and other items, there seems little need for us formally to agree our response right now. The committee will have another opportunity to discuss whether we need to proceed further with the matter, so I suggest that we leave the discussion to a future date after we have met Dr Woods.

Margaret Smith: Something has just occurred to me. May I ask the witnesses from Audit Scotland a question?

The Convener: Of course.

Margaret Smith: Barbara Hurst said that one of the other pieces of work that Audit Scotland is doing is on the consultant contract. That is covered in the report to an extent, because it mentions that the contract is based on negotiations at the United Kingdom level. The Executive's response is that that was the right way to go. Is Audit Scotland considering whether it would have been beneficial to the NHS in Scotland if we had gone our own way and negotiated a settlement with our own consultants? Also, is that something that the Audit Committee has looked at?

The Convener: Again, we tend to look at the delivery of such decisions. The contract was initiated at the UK level, but was enough account taken of the different work practices of Scottish consultants to allow us to interpret what the likely cost would be? That is the question that the committee considered. Our concern was that we needed to explore whether enough attention had been paid to the different hours and work structures of consultants in Scotland and whether that had been built into the estimates so that they were valid and so that the outcomes tied in with them. The evidence suggested to us that not enough attention had been paid to Scottish working practices. I am happy to ask Barbara Hurst to say a little more about where Audit Scotland's inquiry into the consultant contract is likely to go.

Barbara Hurst: We have not looked at whether it would have been wise for Scotland to go with its own contract, because that is a question of policy and we do not have a remit to look at that. We have considered local implementation of the contract, the costs and the question whether any work is being done on the benefits to patients. Interestingly, we also surveyed all consultants in Scotland and we had a tremendous response—surprisingly, in some ways. We are now analysing that response. It will give us a richness that we might not have had otherwise, because we have a lot of information about how the contract is perceived by the people whom it affects.

The Convener: It sounds as though we can await that report with much anticipation.

Susan Deacon: May I ask a brief question to Audit Scotland?

The Convener: Certainly.

Susan Deacon: When can we expect to see the findings of your work on out-of-hours care, following the changes to the general medical services contract?

Barbara Hurst: Not for a while. We are not due to start it until early next year and I suspect that it will be quite complicated to do, given that we will have to go into a number of different services. The work will not be available until late 2006 at the earliest, although we might find a way to feed things back. We have not thought about the scope properly.

Susan Deacon: Although I understand the reasons, I am concerned that it will be a considerable length of time before Audit Scotland completes that work. There is a question about how we can get some information sooner than that, particularly about the development of out-of-hours cover, which we and others have identified as a critical issue that has implications for various parts of the NHS. I would welcome it if Audit Scotland could suggest some way of, as Barbara Hurst said, feeding back observations. I am not talking about next week or next month, but before the end of 2006.

The Convener: Although it is not for us to determine which subjects Audit Scotland considers or how it conducts its inquiries, we can certainly state that we would naturally want the issue to be considered sooner rather than later, given that, were we to take up the matter—depending on what the Audit Scotland report said—we would probably not be able to do so until early 2007, which clearly would create difficulties. The point has been well made—perhaps we can revisit the matter informally at a later date.

Barbara Hurst: We will try to consider the issue, but my team would kill me if I overcommitted them.

The Convener: We would not want that.

To clarify, given that we have Dr Kevin Woods before us next week, there is no need for us to put together a formal response from the committee now. Because we have just discussed the material, it is not the intention of Audit Scotland or the clerks to provide a briefing for next Tuesday's meeting with Kevin Woods, so members will need to prepare any questions that they wish to ask. As we have gone over the material today, I am sure that members are more than capable of doing that,

but we should perhaps open next Tuesday's meeting in private, so that we can go over the lines of questioning and find out who wants to ask what. Do members agree to postpone the production of a formal response to the report and to open next Tuesday's meeting in private?

Members *indicated agreement*.

National Galleries of Scotland

10:52

The Convener: Agenda item 5, which is the final item before we go into private, is on the National Galleries of Scotland. Members have a copy of a letter from Mike Ewart of the Scottish Executive Education Department on our third report of 2005, on the National Galleries of Scotland. It is important that the committee and the wider Parliament recognise that, when we institute an inquiry and publish a report that actually says good things about an Executive department, that, too, is a success. We are not doing our job only when we beat up heads of department and give them a hard time.

A number of results came out of the inquiry into the National Galleries of Scotland, which arose out of a section 22 report, not least the fact that, by the time Sir Timothy Clifford came before us, most of the issues, if not all of them, had been resolved. We can fairly claim that the issues were resolved because we had instituted an inquiry. Furthermore, our report raised a number of questions about the purchase grant, to which the Education Department's response was that the purchase grant would now be deemed capital so that, in future, it cannot be vired to recurrent spending. We then asked whether that measure would apply to other institutions such as the National Museums of Scotland and the National Library of Scotland, to which the answer was yes.

We have had a number of positive results, which mean that the same set of circumstances will not pertain in other cultural institutions. It should be recognised that positive reports can be successful, as well as critical ones. The Scottish Executive's response, in tone and in deed, is to be welcomed.

As no members wish to comment, I ask whether there are any comments from Audit Scotland.

Arwel Roberts (Audit Scotland): As you say, convener, the response is helpful and encouraging in its tone, content and structure.

The Convener: With that, we can close consideration of that agenda item.

We now move into private for agenda items 6 and 7.

10:55

Meeting suspended until 11:12 and thereafter continued in private until 12:13.

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