

AUDIT COMMITTEE

Tuesday 7 February 2006

Session 2

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AUDIT COMMITTEE

2nd Meeting 2006, Session 2

CONVENER

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

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)

David Davidson (North East Scotland) (Con)

Marlyn Glen (North East Scotland) (Lab)

Mr John Swinney (North Tayside) (SNP)

*attended

THE FOLLOWING ALSO ATTENDED:

Mr Robert Black (Auditor General for Scotland)

Caroline Gardner (Audit Scotland)

THE FOLLOWING GAVE EVIDENCE:

John Elvidge (Scottish Executive Permanent Secretary)

Ruth Parsons (Scottish Executive Finance and Central Services Department)

David Reid (Scottish Executive Finance and Central Services Department)

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 7 February 2006

[THE CONVENER *opened the meeting at 09:51*]

Item in Private

The Convener (Mr Brian Monteith): Good morning. I declare the second meeting of the Audit Committee in 2006 open and welcome members of the Parliament and representatives of Audit Scotland, including the Auditor General for Scotland. We also welcome our guest, Jean-Louis Beaud de Brive, the president of the chambre régionale des comptes de Midi-Pyrénées. I hope that he has a useful and pleasant stay. I also wish his national rugby team every success in its remaining fixtures; it could do us a number of favours.

I remind members to turn off their mobile phones and pagers. We have received apologies from Margaret Smith and Margaret Jamieson, who cannot make the meeting. The first item on the agenda is to seek the committee's agreement to take in private agenda item 5, which is consideration of the discussion under agenda item 4. Is that agreed?

Members *indicated agreement.*

"The 2004/05 audit of the Scottish Prison Service"

09:52

The Convener: Under agenda item 2, the committee will consider the follow-up response from the Scottish Prison Service to the section 22 report by the Auditor General entitled, "The 2004/05 audit of the Scottish Prison Service". Members will recall that we wrote to the Scottish Prison Service and, following its response, sought further clarification. We have received a letter, which members have had the opportunity to read. I invite comments and questions from members.

Mr Andrew Welsh (Angus) (SNP): I want to clarify a point on the contingent liability against the possibility of future court proceedings. I note that in 2004-05 the amount was reduced on the basis of "data and legal advice". However, the figure is expected to go up in 2006 after the SPS has taken minimising actions. I would be interested to hear an explanation of how the SPS will manage that. Were the data or legal advice wrong or has not enough minimising action taken place? That stands out as an unanswered question.

The Convener: Yes. I noticed that too. I invite Audit Scotland to comment on that.

Caroline Gardner (Audit Scotland): The short answer is that we do not yet know why the chief executive of the SPS is forecasting that the contingent liability might go up again this year. We will pick that up through the work that will be done at the end of the financial year, on 31 March, when we expect to report to you again on the up-to-date position, following the section 22 reports that you have received in the past two years. The auditors are monitoring the position.

The Convener: Thanks. Oh—Margaret Smith is attending after all. That is good.

Margaret Smith (Edinburgh West) (LD): Apologies, convener. I noted the start time of the meeting in my diary as 10 am.

The Convener: Are there any further questions on the response from the Scottish Prison Service?

Members: No.

The Convener: We need to consider how we should react to this second response. I note Andrew Welsh's specific concern. From Audit Scotland's response, it seems that we will have a clearer picture in due course. Writing a letter to ask for the information will not necessarily gain us a great deal of time. If we let the matter lie for the moment, we can always take it up again once we know what the accounts for the coming year say.

Mr Welsh: There is no point in creating a dialogue with the SPS; it is really a factual matter that can be discovered in one way or another.

The Convener: Thank you. We will note the response and leave it at that. We may revisit the matter once we know about the SPS accounts for 2005-06.

“A review of bowel cancer services”

09:56

The Convener: The third agenda item concerns the Audit Scotland report, “A review of bowel cancer services”. Members will recall that we wanted clarification on a number of issues. We have now received a response from Dr Kevin Woods. Do members have any further questions?

Susan Deacon (Edinburgh East and Musselburgh) (Lab): This is not so much a question as a comment, which I preface by saying that the committee concluded that there has been substantial progress in this area. One of the areas on which we sought—and have received—further information is the delivery group that has been established. We wanted to know about the mechanisms for development and improvement. To my mind, the response seems to outline a terribly elongated process of putting in place structures, groups, reviews and the like, while time is marching on.

It is worth noting that progress is continuing. However, perhaps the lesson to be learned is that putting in place all the complex infrastructure within the Executive is not what delivers change. We do not have time to explore that; I just note that, to my mind, the response does not answer our questions about how and when things are going to happen. It could take a considerable time to put all that infrastructure in place, with no goods being delivered in the meantime.

Mr Welsh: I echo those comments. It would not be unrealistic for us to ask what action is taking place and what is actually going to happen.

On the draft protocol for managing patients, Kevin Woods says that he is

“unable to confirm a timescale for issuing the protocol at this stage”.

He says that the general medical services contract “should help”. I am interested in the vagueness of that. We are getting two regional teams, supported by a planning strategy team and a performance team. I am interested to know why two regional teams are being established and whether the two support teams will support both regions. The system seems fragmented, although I hope to be proved wrong about that. All the measures are dependent on when the director of delivery is appointed, so the process is being held back, although the issue requires urgent action.

In the last paragraph of the response, we are told that the Scottish Executive Health Department “plans to review options” and that there is an

“ongoing review of the GMS contract”.

There will be more reviews. When will all this crystallise into something positive? The matter is urgent.

Mrs Mary Mulligan (Linlithgow) (Lab): I have a slight niggle that relates to what Susan Deacon and Andrew Welsh said. The response to paragraph 24 of the committee's report, on the delivery group structure, states:

"It will be based on two Regional Teams".

I am not sure how two regional teams can be established when other services such as cancer screening are based on three regional teams. How they are able to interface with health boards in local areas has been asked about before. It seems that we have yet another set of boundaries, which concerns me.

However, as Susan Deacon said, our response to the report is positive. I commend the department for its progress in examining patient satisfaction and experience. Patient experience will teach us much about delivering services such as bowel cancer screening. The proposals outlined in the response will go some way towards addressing that.

10:00

The Convener: Have members any further points to make before I ask Audit Scotland for comments?

Eleanor Scott (Highlands and Islands) (Green): At some stage, it would be interesting to have a map that shows the various teams in the health sector. We would probably need a large wall to put it on.

The Convener: I recall that there was a large map at the recent briefing. The Health Department will have to employ more cartographers.

The issue of delivery groups is broader than just bowel cancer screening services; it covers several other areas in the Health Department. We are aware that the head of the delivery group has not yet been appointed. I suspect that it has been harder to give a definitive answer when the head is not there to imprint his or her leadership on it. I am sure that several issues will be resolved once the appointment is made.

I invite Audit Scotland for comments on the response from Kevin Woods.

Mr Robert Black (Auditor General for Scotland): As the committee has recognised, much activity is going on in this area and across the health service as a whole. It would be appropriate to give the department time to respond to our reports and not to pursue it immediately with further correspondence. I give the committee the assurance that we will take into account its areas

of concern in our periodic and regular reporting on the health service. We will build what further information we can obtain from the department into future reporting.

The Convener: With that assurance from the Auditor General that further reports on the Health Department—which are quite regular—will take up our concerns, shall we note the response?

Members indicated agreement.

“Scottish Executive: supporting new initiatives” and “Leadership development”

10:03

The Convener: We move to agenda item 4. I will allow the witnesses to take their seats.

The committee is taking evidence on two reports in Audit Scotland’s “How Government Works” series: “Scottish Executive: supporting new initiatives” and “Leadership development”. I am pleased to welcome John Elvidge, the Scottish Executive permanent secretary, and his team. Written evidence has been submitted to the committee and circulated to members. We will begin with questions on initiative funding, leadership development and overarching issues.

We are looking at a session of roughly an hour and a half in length, which means about 35 minutes for each section and 20 minutes for overarching issues, but I am quite flexible in that regard.

I invite John Elvidge to introduce his team and to make any comments that he wishes to make.

John Elvidge (Scottish Executive Permanent Secretary): It is a pleasure to have my first opportunity to appear before the Audit Committee. With me are David Reid, one of our assistant directors of finance, who will support me mainly in relation to the “Scottish Executive: supporting new initiatives” report—Alyson Stafford had an urgent medical appointment this morning and so could not come with me—and Ruth Parsons, who is the head of our public sector reform group and, until recently, led our changing to deliver team. Ruth has a personal responsibility for driving our leadership development work. She will support me primarily in relation to the “Leadership development” report.

I do not think that, in relation to either report, members need much in the way of an opening statement from me, as the reports seem to be largely complete unto themselves. However, I will add something brief to what I have already said.

It is vital for the Executive’s role that we ensure that staff who are involved in policy development and implementation at all levels have the skills and knowledge to ensure the effective management of resources, project delivery and monitoring. The pursuit of good practice and definitions of good practice are at the heart of ensuring that that is so. Prior to Audit Scotland’s report, it is fair to say that one would not find elsewhere a generally accepted definition of what constitutes best practice in this area. Part of the value of the report seems to be the attempt that Audit Scotland has made to codify

a comprehensive set of best-practice principles. I would not take issue with the substance of those principles. Given that the statement of best practice postdates the work that the teams were doing, it is reassuring that none of the products that were benchmarked were found to have a significant degree of unmanaged risk.

I strongly agree with Audit Scotland that the degree of control that is applied needs to be proportionate and needs to take account of the level of expenditure involved and the degree of strategic priority that attaches to the individual programme or funding stream. In that sense, I find it reassuring and, to some extent, natural that, by and large, the areas in which the principles have not been applied in quite the same way as we find generally are those relating to the lower-value projects. I will be suggesting that that is a consequence of judgments about proportionality that those teams have made rather than a consequence of oversight about what would constitute best practice.

I would not wish to translate that into a disagreement with Audit Scotland, because I do not think that Audit Scotland is implying in its report that, where it has observed that the full rigour of a part of the mechanism has not been applied, that was necessarily a wrong judgment on the part of the team that considered whether or not to do so. It is a statement of fact to say that one does not see the full rigour of process applied in some places. We can agree with Audit Scotland on that basis.

It follows from the fact that I welcome and agree with the thrust of the work that Audit Scotland has done in building its recommendations that I have no reason to take issue with the recommendations that Audit Scotland has arrived at.

The Convener: We will consider a number of themes from both the reports. Those are purpose and objectives; delivery and joint working; valuation and impact; and co-ordination and good practice. Let us start with initiative funding. To remind those who are listening to or watching this, the Executive announced 74 initiatives in 2004, with associated funding of £1.4 billion, so those initiatives would have been expected to make a fairly significant impact.

Mrs Mulligan: The impact would be quite substantial, as the convener said, and I think that, largely, the initiatives have been welcomed by those who are trying to deliver services in our communities and to change how they are delivered to make them more effective.

However, concerns have been voiced about the knock-on impact of having such initiatives. It is interesting that the Parliament will debate developments in social work this week, which is

one area in connection with which I, in my capacity as a constituency MSP, have heard people talking about resources for children and families teams or for justice teams. People seem to be pulled in different directions and varying emphasis and priority will be given to those different areas. I am not sure that that is necessarily how we would want things to be presented.

Therefore, despite the obvious impact that initiatives have had and your support for them, are they the right way to introduce new ideas, new methods of working and new priorities into the delivery of services? How do we co-ordinate funding and staffing levels so that we do not leave gaps and so that we continue to deliver core services while trying to add to them or shift the direction in which they are being delivered? It is about striking a balance. I want to give you an opportunity to say that you value the way in which initiatives can be used.

10:15

John Elvidge: I very much agree that it is a matter of striking a balance. It is right that, where we encourage organisations to experiment and innovate, we support them with the creation of additional means to undertake that innovation. There is a fundamental difference between drawing organisations' attention to something that everyone knows works and telling them that we want them to adopt it and drawing their attention to an area in which everyone agrees that there is probably scope for better solutions but so far we do not, collectively, know what those solutions are.

We recognise that we need a process of exploring what might work—a process of action learning—and I think that the kind of specific funding that we are discussing is the right way in which to support such activity. It will enable some organisations to bring in extra resource—extra staff—to undertake the work. Where that is the case, although co-ordination of activity is clearly an issue, the organisation should not run the risk of pulling existing staff away from its core activity. That said, it will not always be so; that is not always how things work.

Part of the purpose of thorough consultation with the delivering organisation, which the report rightly identified as a high priority, is to gain as sound an understanding as we can of how the activity can be meshed in most effectively with existing activity. The purpose of doing that is to ensure that additional benefit and not tension is created inside the delivering organisation. The Executive needs to take part of the responsibility for that, through that process of discussion, but the delivering organisations, which manage the resources day to day, have to take the other half of the responsibility.

One would not claim that there is never a degree of friction or discontinuity between a delivering organisation's initiative work and its existing core work. The challenge is to try to manage that inevitable risk. The only sensible path for us to take in trying to make that work is to work closely with the delivering organisations.

Mrs Mulligan: I am interested in what you said about the need to speak to the organisation and to develop a programme that allows on-going services to be maintained at the same time as the new initiative is undertaken. I agree that that is absolutely essential. I would also be interested to hear how that has happened in practical terms. What does that involve? Do you tell the organisation that the Executive has a nice new initiative and ask them how they propose to manage it or do you discuss the initiative itself?

John Elvidge: As I think the report helps to bring out, our general practice is to start with a broad discussion of the purpose of the initiative and the way in which we seek to work with the organisation in pursuit of it before we move on to the practicalities of delivery. Partly, we want to identify any issues relating to the concept of the initiative and partly, as we work down the chain and as the organisation produces specific propositions, we want to discuss the way in which their proposition will mesh into their existing work.

I am pleased that the report suggests that we achieved that universally across the sample that Audit Scotland looked at. We are doing that at each level and probably also at the different stages in the timescale of engagement.

Mrs Mulligan: I want to come in again later to look at the other end of the question, but I am happy to leave it there, convener.

The Convener: Do you want to come in there, Andrew?

Mr Welsh: The complexity of what you deal with is impressive: the diverse range of projects; the large sums of money—£1.4 billion; and a large number of organisations and their different tiers. How do you effectively manage and control all that complexity?

John Elvidge: Perhaps we put too much of a common identity around those issues. We do not think of ourselves as having a category called "initiatives"; rather, we think of ourselves as having a mix of continuing work and innovation in each policy area. The main thrust of our effort is to ensure that we correctly mesh continuity and innovation in specific policy areas.

We do not generally look across the range of the Executive's policy responsibilities to ensure that we are co-ordinating all the new streams of ring-fenced funding that we introduce in a year,

although there are probably two caveats to that. Some organisations are partners in a very wide range of activities—local authorities being the obvious example—so we must be careful not to land 10 new policy initiatives simultaneously on an organisation.

We have adopted various mechanisms to try to understand how matters look from the local authority end as the receiving organisation when initiatives head towards that organisation down different channels. We want to find ways of managing that process a bit better. Education is an example. We have gate-keeping mechanisms to ensure that we do not place initiative overload on an individual headteacher or school. We have mechanisms to allow us to say to teams in the Education Department, for example, that an initiative will have to be held back for a while because schools have enough to deal with for the time being. However virtuous a new idea, it has to take its place in the queue.

We use our continuing dialogue with local authority chief executives and our engagement with community planning partnerships as a mechanism for understanding how the various burdens on them come together. The other co-ordination that we do is of a very different nature, although the report emphasised the need for it: we try to have mechanisms for best-practice learning, although that is about co-ordinating the lessons that we draw from the process rather than about the way that we go into that process.

Mr Welsh: You underline the complexity of what you deal with, but you choose, launch and finance all those projects. Do you deal with them in a hands-off fashion? How closely do you follow them through? How do you monitor the complexities? I presume that you do not just launch initiatives and leave them.

John Elvidge: Absolutely not. It would be fair to say that I devote my energy to co-ordinating our understanding of the impact that our actions have, rather than co-ordinate the way in which the processes are originated.

The balance that I referred to between continuing activity and innovation in particular policy areas will be managed not by me but by the departmental teams for those areas, substantially through their continuing dialogue with key stakeholders such as health boards, local authorities, schools and education authorities.

I have mechanisms to track whether what we are doing makes a difference in respect of the impacts that we are trying to achieve. I also try to have a hands-on relationship with chief executives in key delivery bodies, particularly local authorities. That is perhaps a slightly elaborate way of saying that I am often the receiving point for complaints

about cases in which complexity might be getting a little bit out of hand.

Mr Welsh: You must forgive me for using “you” in the Scots sense, as it can confuse certain audiences. By “you”, I meant your department. I want to know how your whole department monitors matters. You say that you have mechanisms for tracking matters. However, have you developed clear objectives and agreed measurements of progress for the various projects?

John Elvidge: Individual departments take the lead in formulating with their ministers objectives for specific interventions. I am pleased that the report shows that that happens effectively in the majority of cases. The report also suggests that such an approach is not being taken in certain cases. I argue that that is due to the nature of the activity rather than to a failure to do things that are fundamental to good practice.

I have a co-ordinated review of the whole Executive to establish whether there is any ambiguity in objective setting that might undermine delivery in particular areas. I chair a subgroup of the management group that is specifically concerned with delivery right across the organisation. We track the Executive’s main delivery obligations and in the structured meetings that we have with the teams that are responsible for those obligations we routinely examine clarity of objective setting when we ask them to give us an account of how successfully delivery is being managed.

Mr Welsh: Are you confident that you can spot reasonably early things that are going wrong as well as things that are going right?

John Elvidge: I am confident that, in time, I can spot things that are going wrong. That said, one reason why I do not overemphasise my own co-ordinating role is because in an organisation that is as complex as the Executive, that is not a recipe for securing a quick response. However active an individual or a small group of people attempts to be, covering a front as wide as the Executive will inevitably involve working through matters in sequence. As a result, I cannot guarantee that our mechanism will allow us to rapidly identify certain issues. The departmental management in each policy area has primary responsibility for ensuring that objective setting is done well, and for spotting any shortcomings quickly, if their experience suggests that what might have looked like clear objective setting needs to be sharpened in some way.

10:30

The Convener: Thank you. Later, we might touch on how the Executive responds to the success or otherwise of initiatives.

Your written evidence states:

"concerns were raised, in particular, about the timescales for consultation and the preparation of funding applications".

Audit Scotland also identified those concerns. Given that the delivery partners brought them to your attention, what action does the Executive intend to take?

John Elvidge: Our action must be rooted in the process of consultation that I talked about. The Executive and the delivery partners have a shared interest in getting things right. If timescales are too short, there is a risk that that will impact on the quality of the propositions for delivery. It cannot possibly be in our interests deliberately to leave people short of time. On the other hand, there is an inevitable tension between the belief that something is worth doing and the desire to get on with doing it. We will always be on the side of moving the process along as quickly as possible. Ultimately, we can handle the tension only by having discussions with the various participants.

It is interesting and unsurprising that local authorities are the main source of reported difficulty because, rightly, they have the challenge of having to work within their own decision-making processes, which are not always flexible. Chief executives have said to me on many occasions that we do not take enough account of the committee cycle within which they make decisions and that it would be helpful if we took more account of that. No doubt we do, from time to time, fall into the trap of not recognising the additional time that they need. There is no substitute for talking to people and asking, "What is a feasible timetable?" However, I do not pretend that our response to that is not sometimes to say, "Surely you could do it a little faster than that. We need to get on with it."

Mrs Mulligan: You said that you have a role in evaluating the progress of initiatives. My question is about the end of the process. Some initiatives, by their nature, are time limited and come to an end naturally, but others could be mainstreamed. How do you co-ordinate mainstreaming and ensure that it happens? An example is community safety wardens. Already, councils are beginning to say, "This is wonderful, but it's coming to an end" even though—surely—that should have been taken on board as part of the initiative. How do we build into the system the recognition that an initiative is time limited, and awareness that councils need to consider whether it should be mainstreamed, either as it is or in an adapted form that fits particular circumstances? More important, how do you deal with time-limited initiatives that have come to an end and have not delivered the improvements or changes that you intended? How do you deal with initiatives if you think that it is not

appropriate for them to continue? How do you respond when people say, "We've done this and we want to continue doing it," but it is not delivering and is not the right thing to do?

John Elvidge: Those questions are at the heart of the challenges. I can think of a number of initiatives, such as community safety wardens, where at one level people agree that the activity that is being funded is positive, but they may not draw the automatic conclusion that that activity should be funded by mainstream funding in a way that would displace other activity. I can think of many cases in which activities that have been funded in that way are not as positive as one would have liked, but for which people have been reluctant to conclude that the original proposition was flawed. People are inclined to argue either that more time will allow the inherent quality of the proposition to come through, or that the problem was in the execution and not in the idea and that having another stab at it in a different way is the right thing to do.

There are no easy answers, but the root answer has to be in the quality of evidence and evaluation. I am afraid that experience suggests that even positive evidence, which is sometimes compelling in our eyes, does not necessarily lead to the adoption of initiatives. One is up against an inherent problem in such a situation. If we are moving from specific funding to mainstreaming, the choice about what happens will of necessity move from the Executive to the implementing body, and there cannot be a mechanism in which one forces implementing bodies to pursue what looks like good practice. However, one can say that, if the evaluation and evidence is not robust, one has no prospect of conducting that discussion successfully.

At the other end of the proposition, it comes down to a willingness to do difficult and sometimes unpopular things. Things can be popular without their necessarily producing evidence that they are making a significant difference. There is no magic wand, but robust evidence always makes it easier to tackle the problems that exist around doing things that may be unpopular.

Mrs Mulligan: I understand your point about its being up to partnership bodies to decide whether an initiative is effective and whether they therefore wish to mainstream it into their budgets. Do you think that we do enough to ensure that they understand that that is the process, and that initiatives will by their very nature be time limited? Should we work with them to consider ways in which they can mainstream initiatives, or is it down to them to examine their own circumstances and to decide how to mainstream initiatives?

John Elvidge: We always try to be clear about what we expect to be the time horizon of specific

funding. I would not claim that we always succeed in putting a timeframe around initiatives so that people know in advance when they will have to mainstream them, but we certainly try to do that.

We sometimes engage with delivery partners in the management of integration tasks—typically for the larger examples of such activity—but we tend by and large to respect delivery partners' understanding of their own organisations and we do not presume that we can tell them how best to manage such things.

It is always difficult to overcome the optimistic belief that, although funding is for a limited time, it may be extended. There is perhaps a natural tendency to push away some of the integration planning simply because people's experience tells them that deadlines sometimes stretch outwards.

Mrs Mulligan: I return to the example of community safety wardens. Do you think that there is a feeling that, because the wardens have been successful in delivering, the Executive will come up with additional finance for that initiative because it will not want to see the initiative dropped because it is part of what we are trying to deliver?

John Elvidge: I guess that there is an issue about context. In the context of the post-devolution years, during which aggregate public expenditure has risen in a sustained way and at an unprecedented rate, people have tended to assume that, as part of that process of growth, good new ideas will be matched with additional core funding rather than there being a displacement of core funding activity. When one is living through a period of such public expenditure, there is probably a strong expectation that proven good ideas will be funded additionally. In different public expenditure climates, people are more inclined to understand that more difficult choices have to be made.

Mr Welsh: Everything that you have said emphasises the complexity of what you are dealing with. However, there is surely an inevitable tension between central accountability for public funds and local control of resources. Obviously, you do not just leave local authorities to it. How do you monitor progress? What sort of reporting system would be robust? How do you balance the need for central accountability with the need to encourage local initiative and experimentation—which was your original objective? How do you overcome that paradox?

John Elvidge: The answers will not be the same for all the funding streams that are considered in the report. At the easy end, funding is designed to secure clear and easily measurable outcomes or—perhaps more commonly—inputs. One can track and measure those very easily. The

information flow is easy and it is easy to construct comparisons of efficiency between implementation in different areas.

At the other end of the spectrum that is covered by the report—the community regeneration fund is an obvious example—the mix of interventions in each area is likely to be different. Therefore there is no standardised basis for comparison. The things that we seek to impact on often have long cycles of change, so the challenge of monitoring and managing is very different.

The sensible answer to the question is that one needs progress indicators that track and indicate whether outcomes are moving in the right direction. The question of how much movement in local unemployment, health and antisocial behaviour one can expect to see in a particular community for a particular investment in funds is not easy to answer—it does not lend itself to an easy mathematical calculation. It is much more about judging whether investment is delivering proportionate benefit in such funding streams. There is a spectrum from decisions that are based on hard and very precise facts through to what are inevitably more judgmental decisions. In all cases, we try to construct an evidence flow of some kind. That is one area where we have sought to improve the performance of the organisation in recent years.

10:45

Mr Welsh: I can imagine the complexity of choice. How can value for money be assured in the spectrum of the judgmental elements? You referred earlier to mechanisms: what specific mechanisms are in place?

John Elvidge: At the risk of making the subject overly simple—I appreciate that this is the committee's core business—mechanisms must balance impacts against investment. As a footnote, we need to remember that in some areas, funding is intended to lever in other funds, so it is not merely a question of examining the Executive's direct contribution when we address value for money. One must find a way in which to assess what constitutes a good-value outcome from the given level of resources. That takes us back to the spectrum between being precise and having to use judgment. At the precise end, one obviously uses benchmarking examples both within and outside Scotland—if one can find them—as a means of testing value for money. At the judgmental end, that is inherently much trickier. One needs to find a comparison with other interventions that are designed to achieve broadly the same effect and to get looser benchmarking into the value-for-money equation.

Mr Welsh: I wish you well in that. I do not underestimate the complexity of the matter. However, will there be a clear audit trail and measurable outcomes to match it?

John Elvidge: That is always the objective. The report suggests that that is mostly the case. When one gets down to the judgmental end of the spectrum, the clarity of the audit trail and the degree of difficulty in making the judgments are—inevitably—related. The nearest possible process to a clear audit trail is needed, whatever the difficulties.

Mr Welsh: That means that the original agreements must have a great clarity and there must be agreement of aims between the Executive, departments and those who are carrying initiatives out. You said that the nearest possible process to a clear audit trail is needed. Do you check against delivery?

John Elvidge: We do. That is the point of trying to make some form of evaluation a universal feature of such mechanisms.

One needs to recognise that in some cases—examples of which are in the report—one does not know at the beginning precisely what success will look like. Occasionally, one goes into such activity on the basis that success will be recognisable when we see it, but it cannot be defined when one starts. I do not mean that to be a black-hole kind of statement, because one often has some sense of the characteristics of success. For example, it is self-evident that a good outcome of the initiative to improve debt advice services and financial management advice services must have something to do with a reduction in severe debt problems for households and a reduction in debt getting out of control.

If one comes down a bit from that broad outcome, it would probably be misleading to suggest that we know what the more detailed characteristics of success would be. As an initiative moves forward, one can begin to refine its characteristics in close liaison with delivery partners. However, I would be misleading the committee if I said that it was possible in every case to have the clarity of outcome that one desires when one starts down the funding route.

Mr Welsh: You could assure us that the risk element would be a smaller proportion of the £1.4 billion expenditure.

John Elvidge: Yes, absolutely. In general, a characteristic of activity that presents such challenges is a tendency to start with small sums of money and to use a piloting process to build experience from which a better sense of outcomes can be constructed before larger sums of money are involved. In that sense, the objective is to keep

the risk proportionate to the sums of money that are being exposed.

Eleanor Scott: What I will say follows on from that. When you talked at the beginning about monitoring, evaluation and proportionality, I went immediately to the highest-value initiative in exhibit 3. It is true that, as you say, higher-value initiatives tend to have more dots for little unmanaged risk than do lower-value initiatives, but the initiative that is of the highest value by a considerable margin has an overall score of a little orange triangle, which means that it has some unmanaged risk. It has that score because it has four little orange triangles on the points of good practice that have been identified and because two of its elements—the monitoring framework and project final assessment—are under development.

I am tempted to speculate that those two elements are probably under development because one of the orange triangles is against “Success criteria identified”, which suggests that, when the initiative was started, the success criteria were not clearly identified. I acknowledge that you said that the criteria are sometimes difficult to identify in advance, but I will turn that on its head. With an initiative of such a size of not only financial but political investment, is it not tempting to rewrite the success criteria retrospectively to be able to demonstrate success?

John Elvidge: I am sure that that is tempting, but it would not be a good thing to do. I deliberately chose the community regeneration fund as an example in my earlier answers. The core response is that the success criteria for the fund as a whole are weak, because its essential purpose is to fund different outcomes in different areas. As I think the report says, each area initiative that the fund resources has much clearer success criteria, so the relatively large sums of money are not as adrift from good practice as they might appear to be. The good practice in the financial interaction moves down one level from the total fund to the individual project.

The Convener: Before we discuss leadership development, will you clarify the criteria that your departments employ in deciding whether to use initiative funding rather than mainstream funding?

John Elvidge: You have saved a complicated question until the end.

The Convener: I had to see whether anybody else was going to ask it first.

John Elvidge: It is a hard question. I said earlier that we are not dealing with as homogeneous a category of activity as it might appear. Therefore, there are several answers to that question. We use that kind of ring-fenced funding where a need for innovation has been identified. As I said earlier,

it is reasonable to support organisations in activity that is not guaranteed to have a value-for-money pay-off for them. One hopes that the sum total of the experimentation delivers a value-for-money pay-off, but one cannot say to individual partners, "Doing this will deliver value for money for you." Therefore, it seems reasonable to externalise the cost.

We use such funding when particular activities are essential and when the delivery agents should not have discretion. The roll-out of education maintenance allowances is an example. It is intended to be a universal provision, so one does not put it into the arena of choice that mainstream funding represents.

We also use that type of funding where the amount of investment in particular places needs to be uneven. The committee does not need me to discuss the debate that rages round the distribution formula for local authorities, for example. No one pretends that it is a finely tuned instrument for taking money to particular places for particular purposes. Therefore, when it is clear that something needs to happen, not on an all-Scotland but on a highly localised basis, initiative funding can be the right way to address that.

Lastly, we use initiative funding when there is a belief that an idea needs more push behind it than the evidence currently suggests. One wants to see it tried everywhere, but one cannot claim that the evidence can justify asking people to reallocate their budgets. In a sense, therefore, one funds the backing of ministers' judgment about what would be an effective yet unproven intervention.

I am not sure whether I have given an exhaustive categorisation of the reasons why we use specific funding, but I have probably captured the main areas.

David Reid (Scottish Executive Finance and Central Services Department): There are two other categories in which only short-term funding is required: first, a quick in-and-out; and secondly, where funds can be levered from other sources that can make their funds available only for specific purposes, and we do likewise.

11:00

The Convener: We shall move on to leadership development. I invite Susan Deacon to open our questions on that subject.

Susan Deacon: I shall start by going back a little bit, if I may. In the run-up to devolution, there was widespread agreement that there was a need and an opportunity to invest in the development of managers and leaders in Scotland's public sector. The Audit Scotland report summary notes that a major report on such development was produced

in 1998, followed up by a major conference in 1999. I declare an interest, as I was involved in that work. I also recall vividly that, at the conclusion of that conference, which brought together public sector managers from right across Scotland, the previous permanent secretary, Muir Russell, gave a firm commitment to prioritising and developing that work at an early stage in the post-devolution period.

A pretty specific and ambitious programme was set out for that work, and it was to be taken forward post-devolution. However, having read the Audit Scotland report and John Elvidge's submission to the committee, and having followed developments over the past seven years with some interest, I find it difficult to avoid the conclusion that little progress has been made. Why is that the case?

John Elvidge: That is the obvious question and I have been pondering it while preparing to come before the committee. Let me rehearse my understanding of the facts a little, and then I shall try to draw inferences from that.

It seems to me that we thought that the right way to build on the agreement and to drive the programme forward was through our commitment to the Scottish Leadership Foundation. We therefore focused our effort on what we might call the collaborative or horizontal aspects of leadership development, and on trying to develop that mechanism and make it work. As you know, we supported that in the early stages in a variety of ways and have continued to support it, but our support was strongest during the early phase, when we were trying to ensure that we could create a mechanism that was sufficiently powerful to take the agenda forward and give it momentum.

We sought to do that in a way that engaged with the other key partners in the Scottish public sector, partly through their representation on the SLF board and partly through the wider discussion that went on around that. As you will know, there was a clear consensus from that wider group that the mechanism for funding the SLF should be a subscription mechanism, but it is now a matter of fact that a number of organisations chose not to make that subscription commitment to the SLF. From that experience, I would draw the conclusion that that approach did not deliver the strength and momentum in the SLF that it was designed to achieve. I have asked myself whether we should have done it differently, but it seems that the obstacle was that it would have meant overriding the strongly held views of other public sector partners about how it could best be organised.

With hindsight, I am not sure that it would have been right for us to push our view of how things should be done to the point that it overrode the other partners' view because the SLF was always

going to be a development that would work only with the genuine commitment of the other partners. There was an obvious risk that although we would construct a body that produced a great deal of useful material, the potential partners would not pick up and use it.

What seems to have happened in that period is that organisations have chosen to engage in the development of leadership development programmes that are specific to their organisations rather than to invest their time and money in the evolution of a collective product. If one wanted to take a positive view of that, one might conclude that people needed to go through that phase of development before they could come back to the proposition that the Scottish public sector needs a coherent and co-ordinated leadership development product. My sense is that we are coming back to that point in the discussion now, but that is not what you asked me about.

Susan Deacon: I appreciate your answer. I am interested in the amount of emphasis that you place on the SLF, to which I will return shortly, but I want to develop a wider point. I am sure that you will agree that, given that we are in a period of record investment in public services and one in which so many of the key objectives and priorities of the Executive and, indeed, of the Parliament require good, strong leadership within sectors and—crucially—good, strong collaborative working across sectors, it is and has been for some time imperative that we drive forward such collaboration.

Audit Scotland's "Leadership development" report points out that, as far back as 2001, the Cabinet Office identified the risk of having a single-sector focus. Only last year, when the United Kingdom National School of Government was launched, Andrew Turnbull said that a key purpose of the new school was

"better exchange of skills and knowledge between sectors and across the public sector."

It is a source of considerable frustration to many of us in Scotland that we had reached that conclusion several years earlier. Given our size and scale and the fact that we had devolution, we ought to have been able to make much greater progress on forging a collaborative approach, but instead of raking over the coals of what should have been done up until now, I will ask how you intend to develop such an approach in the future.

John Elvidge: There are two aspects to that. I have been trying to take steps to rebuild that sense of collective leadership of the Scottish public sector. You are right to say that understanding of the potential benefits of that approach is not new. To be frank, I have been trying to judge the right moment to re-engage

people with that agenda and that was the motive behind the gathering of as many Scottish public sector chief executives as I could get in one place at one time in early December. The enthusiasm with which that group of people re-endorsed the value of collective leadership suggests to me that I might have been able to get that response a little earlier through a similar event. I can only say that it was not evident to me earlier that such a positive response was guaranteed. I took the view that this is the kind of undertaking at which one cannot take several shots, so it was important to judge the right moment.

We are engaged in constructing a follow-up programme to that activity. Unless chief executives recognise the value of shared development and leadership activity, the prospects of their carrying the belief in that value through into the way in which they develop others in their organisations are not good. We needed to start with the personal engagement of chief executives.

That is one part of what we are now doing and I am trying to make that process as intense as possible. Since that event on 5 or 6 December—whenever it was—we have already held three follow-up events for groups of chief executives. They have not been specifically about leadership development but have sought to cement the idea of working together across the public sector. That is one thread of what we are now doing that is different.

The second main thread is about exploring a new relationship with the SLF, and I will ask Ruth Parsons to talk about that in a moment.

In case I forget to say this, I am a board member of the National School of Government and I will be trying to persuade my board colleagues to use that mechanism to make sure that that resource develops outside Scotland and delivers inside Scotland in a way that supports the agenda. The National School of Government was represented at the events that I have been talking about, so it understands the distinctive Scottish leadership agenda that we need it to support.

Ruth Parsons can say more about the moves that we have been making to reshape the relationship with the SLF.

Ruth Parsons (Scottish Executive Finance and Central Services Department): Prior to the meeting at Airth Castle on 6 December, several different pieces of work were being done to identify the value that could be added through collaborative leadership working. The SLF provided support for all those pieces of work and through its work across the public service was able to bring to the discussions a significant amount of learning about the leadership development strategies that have been employed.

We convened a number of groups to identify some of the common themes and to find out where better collaborative working could add more value to the leadership development programmes and to the impact of that leadership on the public service. We have met local authorities, the Society of Local Authority Chief Executives and Senior Managers—SOLACE—health boards, the police and various other members across the public sector to consider where we might reshape our leadership development in a collective format. The SLF has been party to those discussions. The world class leadership meetings have also helped to inform those discussions.

When the Audit Scotland report came out, I had separate meetings with the SLF specifically to consider the report's recommendations, particularly those on the brokering service. I am aware that the SLF board has been discussing that subject and will be discussing it again—there is a board meeting this afternoon and I understand that it is on the agenda. I will be meeting the SLF this afternoon.

11:15

Susan Deacon: I am grateful for all that information, and I am genuinely grateful for your candour, Mr Elvidge, in reflecting on why we are where we are, although I am genuinely surprised that, until December 2005, six years after devolution was put in place, it was not felt to be the right moment for the permanent secretary of the Executive of a devolved Scotland to meet with and bring together a range of public sector leaders. However, I am happy to think about it positively and to move to the future.

I note that a great deal of emphasis has been put on the SLF. It would be helpful if we could explore its role a little further. I am conscious that committee members have been circulated some information on this, but I invite you to tell us a little about the SLF and its size—you have already mentioned its funding mechanisms—and to explain to us how the Executive has supported it and intends to build it up for the future. It would be helpful if you could simply give us an idea of the scale of the SLF's current activity.

John Elvidge: You might get better and fuller information if I ask Ruth Parsons to cover that.

Ruth Parsons: I can certainly give you some details about the SLF, particularly in relation to the Executive's direct interest in it. As John Elvidge mentioned, it was set up as a membership-based organisation. The Executive has supported it through membership fees and, significantly, through grants for developing specific leadership development programmes for particular areas. In last year's accounts, I think that the overall

turnover of the SLF was just over £800,000. That comprises a mixture of membership fees and grants, not only from the Executive but from a number of other public bodies throughout Scotland.

Susan Deacon: I understood that the turnover was at the level that you have just confirmed. I think that eight or nine people are directly employed by the foundation.

Ruth Parsons: I could not say, but it is about that number.

Susan Deacon: It is a single-figure number, then. I also understand that, apart from the Executive's membership fees and some specific programmes, the primary investment put into the foundation by the Executive was £125,000 of start-up money over the first two years. The foundation is only the size of a small management consultancy; it is not as big as a small university department. If the SLF is to be the main vehicle for taking forward the work that you have been describing to us, how will it have the capacity to begin to deliver on the ambitions that you have set out?

John Elvidge: It depends what the job is. Over the past few years, because of the reluctance of a number of organisations to make available core subscription funding, the SLF has been increasingly pushed in the direction of direct provision. If the SLF is to be a direct-provision organisation, the number of staff there would not seem to be enough to cover both that role and a powerful contribution to collective leadership development activities and the fulfilment of the brokering role that we have discussed.

If the SLF's role is to be more focused on the design and brokering of provision, it is not self-evident to me that its team is too small to carry out that task. That is, inevitably, something of a wet-finger-in-the-air judgment, and it reflects my own belief that small teams are often more effective in development activity than are large teams. To an extent, we are in an iteration with the SLF about how the tasks should be redefined and what the right resourcing for those tasks might be. We have said to the SLF that the scale of the Executive's financial contribution might grow if we can get the answers to those questions right.

Susan Deacon: I do not wish to ask any further questions at this stage. I do not think that any of us, least of all me, would seek to be prescriptive or specific about what the vehicles for change need to be. The question—which, to some extent, is still left hanging—is how that work will be driven forward. It would be helpful if the committee could receive further feedback from some of the iterations that are taking place.

Mr Welsh: What is the role of central Government in giving leadership to leadership development? There seems to be a mishmash of organisations and organisational levels to deal with. Having to deal with all the local authorities, health boards and so on, all of which have their own existing interests, can cause problems. How can you draw them together and give direction to leadership development?

In Scotland, we have short lines of communication and everyone knows everyone else. Central Government has automatic contacts with all those organisations. I share my colleagues' frustration because, surely, those short lines of communication can be used effectively to create the sort of leadership environment that we all seek. The question that has been posed is how that can be done. The sub-question is about the role of central Government in giving leadership to leadership development. You are at the heart of all of this.

John Elvidge: I agree strongly that our size ought to be an asset in that regard and that, in relation to this issue, we ought to be able to make the size of the public sector in Scotland work to our advantage. We often say that one of Scotland's strengths is that everyone in a group of people can be gathered together in one room. However, at the event that we organised in December, I remarked that, in my working lifetime of 30 years, I have never actually been in a room in which all those people had been brought together. There is a potential strength that we have not been exploiting.

What is our role? The reason for my earlier hesitation about the right moment was that I think that this is an area in which leadership can be exercised only by consent. I have no means of compelling other organisations in the public sector to engage in the effort. Harking back to our earlier discussion, I could say that I could give them money—well, not me, but the Executive—and thereby buy their support. However, I think that we need to occupy a leadership role in driving this through the consent of the other potential participants.

I have been at pains to say that we do not draw our legitimacy in relation to that leadership role from a belief that we know more about leadership development than other organisations in the public sector or that we have some special expertise. I believe that we take the issue increasingly seriously as an organisation, but that is not the heart of the proposition. We are not saying to the rest of the public sector, "We are very good at this and, therefore, you should follow our lead." All we are saying is that we are the natural connecting point for the Scottish public sector. We are the hub through which all these relationships have a

tendency to pass. If someone is going to take responsibility for bringing people together and building collective purpose, we are the natural people to volunteer to shoulder that responsibility. That is a lengthy way of saying that the nature of our role is to facilitate rather than to command.

Mr Welsh: Yes. That would be welcomed by those with whom you deal. However, the mechanisms that are used are seminars and forums, which are probably the last things that busy people want to attend. The question is, therefore, how consent is obtained. Government should be a catalyst to encourage such change, based on consent, but innovative solutions are required. How will you do that?

John Elvidge: One of the ways in which we aim to take this forward is by funding the creation of products of common practical value. Talking in large meetings will take us only so far. Someone has to turn it into leadership development activity that takes place. That is partly a matter of product design and partly a matter of the organisation of supply. We can facilitate both those things on behalf of the public sector in general. It still seems to me to be very important to ensure that there is buy-in. There are other spheres of the Executive's business in which I am convinced that common products that we have paid quite a lot of money to create are of general value, but that does not translate automatically into people being willing to use them. I am therefore anxious to get the two things in parallel: the building of commitment, which I see to some extent as a personal role, and the development of products, which inevitably is a process in which we engage with other people.

The Convener: We move on to overarching issues that come from the two reports. To what lengths can the Executive go to ensure that duplication of initiatives and leadership development work is avoided? As you explained in your oral evidence, initiatives can come about in a number of disparate ways. They may be devolved through departments and there are different reasons for launching them. There must still be concern, in respect of both costs and outputs, that there may be some areas of duplication as one department has not yet seen what another department is doing. What measures can be taken to avoid those difficulties?

John Elvidge: That question goes to the heart of what is perhaps my central preoccupation in leading the Executive. My core answer is that the Executive needs to become progressively a more corporate body and less of a federation of interests. Our stakeholder surveys tell us clearly that that is also what our stakeholders think. They clearly do not think that we have travelled as far as we need to travel. Having made the issue the main focus of our response to our first stakeholder

survey, I am pleased to see that it is an area in which there has been significant improvement in stakeholder opinion over the past 12 months. We need to become better at looking at the range of Executive activity in the round. I am pursuing all sorts of mechanisms to try to bring about that outcome. However one does it, that is the core task, because without a strong sense of corporacy, some tripping over one another and duplication are inevitable.

11:30

Mrs Mulligan: We agree that we do not want duplication. However, I assume that you also believe that each department should be aware of what the other departments are doing and that there should be some co-ordination of action. How should the Executive co-ordinate a cross-departmental approach?

John Elvidge: It should do that in a variety of ways. The role of the management group of the heads of department should be developed so that they can act together to take responsibility for dealing with large initiatives. Realistically, however, in an organisation that deals, as Andrew Welsh pointed out, with an immensely complex range of activities, not everything can be spotted through one mechanism. We have been trying to strengthen internal communication and internal joint working at a variety of levels and in a host of ways so that we have processes that support better co-ordination at almost every level of the organisation that impacts on what we do externally.

Inevitably, the answer is a list of many different things rather than one big solution that deals with the problem. There is a link with leadership development: the commitment to corporacy has to start at the top of the organisation. Therefore, I have concentrated my efforts on building stronger corporate mechanisms at the two or three most senior levels of the organisation in the belief that if the leaders of the organisation think and behave corporately, that will support the development of greater corporacy throughout the organisation.

Mrs Mulligan: Margaret Smith's colleague Donald Gorrie once described local authority departments as "warring barons"; I hope that that is not the case in the Executive. However, despite your best intentions, I am sure that, on occasions, departments are out of sync. How do you resolve that?

John Elvidge: The simplest answer is to bring the problem to the surface. I hope that you do not mind my going off on a slightly techie tangent—although perhaps not particularly techie for this committee. A key change at the point of devolution was the move in the status of the heads of

individual departments of the Scottish Office. Pre-devolution, each of them was a principal accounting officer; post-devolution, the holder of my post is the single accountable officer for the whole organisation. That, apparently technical, change makes an enormous difference to what the organisation is. It provides a secure foundation for pursuing corporacy. It is, in essence, from that change that I derive the authority to resolve conflicts and tensions in the organisation. Without that shift in status, the holder of my post would have no absolute right to tell the head of a department that they must change their behaviour.

I am sorry for the disquisition, but it is an important point. I try to work with that reality so as to build more mechanisms in which the conjunction between what different departments do comes up to a senior management level. If there is a problem with that, it can then be resolved. At one level it is deceptively simple: one finds the problem and resolves it. However, if one does not find the problem, one cannot construct a mechanism for resolving it. It is the identification of the rubbing points—the conflicts—that is the crucial part. Beyond that, I am tempted to say that it is a matter of will to resolve it.

Mrs Mulligan: I hope that you are strong willed. In delivering its policy, the Executive has many delivery partners. Given what you have just said about being the accountable officer, do you see a role in resolving disputes that may arise when departments are working with delivery partners?

John Elvidge: Yes. In case I have come across as a power-hungry authoritarian, I say that my management philosophy and—I hope—style is to emphasise people's responsibilities to resolve problems themselves. Ultimately, if that cannot be done, it must become my responsibility to address issues that are getting in the way of developing constructive relationships and the delivery of services.

Mr Welsh: The ultimate goal is to raise the quality of decision making and, in turn, life for everyone in Scotland under the new system. Good ideas are like solid gold. No matter where they come from, they deserve the maximum dissemination to encourage others. How does the Executive ensure that lessons are learned and that good practice is disseminated across the public sector?

John Elvidge: That is achieved in a variety of ways. I particularly like to concentrate on the efforts that we have made to build an open and inclusive forum for organisations in the public sector around the policy-making and implementation process. Although that is a continuing process, once a year for one week it is focused in a more formal discussion to share best

practice. I will ask Ruth Parsons to elaborate on that.

Ruth Parsons: Policy week is one of a variety of mechanisms in place for sharing good practice. In 2005, policy week took place in the late summer. It was a week of activities in which more than 1,000 people from various organisations in the public sector participated. The event's key emphasis was on joining up, with a heavy emphasis on the stakeholder engagement that supports many of the matters discussed this morning.

In addition, a variety of mechanisms is in place for sharing good practice in training and policy. We have examined the better policy-making course. Recently it was extended from a two-day to a three-day course specifically to consider issues of evaluation and stakeholder consultation and to develop thinking on good practice in those areas.

Mr Welsh: Government is in a unique position to encourage and develop ideas, not just by acting as a clearing house but by developing systems consensually. I presume this is an on-going programme from which we can expect further innovation.

John Elvidge: Yes, indeed. One will see continuing development in other areas. Beneath that overarching cross-sectoral policy-sharing activity, we are supporting best practice-spreading mechanisms in individual sectors, such as health, education and local government, through the Improvement Service.

The other activity that we are undertaking is strengthening our capacity to engage with the evidence of what works. Internally, we have developed an analytical services division for each of our functional departments, whose role is to make itself expert in the evidence about best practice in its subject.

We also have a team at the centre that is responsible for taking an overview. One aim that that team is trying to achieve is a much stronger relationship with the academic community that is concerned with learning about good practice in the public sector in Scotland. One of my observations is that that huge resource is not focused as effectively on the process of learning by those who do the job as it might be. We can play a significant role in improving that. In the next year, I expect to show progress on adding greater effectiveness in that matter to the range of things that we do to support the sharing of best practice.

Susan Deacon: I will move on to a separate issue, although everything is connected. I want to clarify a point about money. I would be the first to recognise that simply writing a big Government cheque, which is often suggested, does not in itself fix things, but it is needed at times. I would

like to know specifically what budgets the Executive has in place to develop the work that we have discussed and what plans it has to increase those budgets. I do not think that you have addressed that.

A clear recommendation in the Audit Scotland report is:

"There is a continuing need for a coordinating body to act on behalf of public bodies in Scotland".

You have acknowledged that need and we have recognised this morning that such a body could take one of several forms. If that body is to happen, resource will have to be provided.

You responded to questions from other members about spreading best practice, with which direct costs are associated. Given that the Scottish budget is now approaching £30 billion, any such investment is money well spent. Will you give us figures on how much is being invested and how much you intend to invest?

John Elvidge: I am reluctant to do that at this stage in the process, because that would be a bit like showing our negotiating hand. I hinted that the scope exists to make available significantly more money than has been spent and I hope that, as part of reporting progress, we will be able to tell the committee very soon how that has crystallised into a specific sum of money.

Ministers will not authorise the money until they see the proposition, so my formal position is that I am not holding the budget at the moment. I would be grateful if you allowed us a little latitude on giving you that information.

Susan Deacon: I appreciate the sensitivity about the future, but I think that I picked up the key words "increased investment", so I will let it rest at that. I presume that it is possible to tell us what the relevant budget lines and investment were and are. Will you follow that up with us?

John Elvidge: I am happy to do that.

The Convener: Members have no final points, so I thank the permanent secretary and his team for joining us. The session has been useful and has given us further information on several points. I hope that it helped you to elucidate more information and that your first appearance before the committee was not too trying. We thank you for coming and for being so candid with us.

I will suspend the meeting for a comfort break, after which we will discuss in private our thoughts on where we might take matters.

11:45

Meeting suspended until 11:57 and thereafter continued in private until 12:35.

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