



OFFICIAL REPORT
AITHISG OIFIGEIL

Public Audit and Post-legislative Scrutiny Committee

Thursday 25 February 2021

Session 5



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PUBLIC AUDIT AND POST-LEGISLATIVE SCRUTINY COMMITTEE
7th Meeting 2021, Session 5

CONVENER

*Jenny Marra (North East Scotland) (Lab)

DEPUTY CONVENER

*Graham Simpson (Central Scotland) (Con)

COMMITTEE MEMBERS

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

*Neil Bibby (West Scotland) (Lab)

*Bill Bowman (North East Scotland) (Con)

*Alex Neil (Airdrie and Shotts) (SNP)

Gail Ross (Caithness, Sutherland and Ross) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Kerry Alexander (Scottish Futures Trust)

Stephen Boyle (Auditor General for Scotland)

Angela Canning (Audit Scotland)

Gary Gillespie (Scottish Government)

Rachel Gwyon (Scottish Government)

Leigh Johnston (Audit Scotland)

Alan Morrison (Scottish Government)

Bill Reeve (Transport Scotland)

Alyson Stafford (Scottish Government)

Eva Thomas-Tudo (Audit Scotland)

CLERK TO THE COMMITTEE

Lucy Scharbert

LOCATION

Virtual Meeting

Scottish Parliament

Public Audit and Post-legislative Scrutiny Committee

Thursday 25 February 2021

[The Convener opened the meeting at 09:00]

Decision on Taking Business in Private

The Convener (Jenny Marra): Good morning, and welcome to the seventh meeting in 2021 of the Public Audit and Post-legislative Scrutiny Committee.

Agenda item 1 is to decide whether to take business in private. I will assume that everyone agrees to take items 4 to 7 in private unless any members indicate otherwise. If you object, please say so rather than raising your hand, because I cannot see you.

There are no objections, so we agree to take items 4 to 7 in private.

Major Capital Projects

09:01

The Convener: Agenda item 2 is on major capital projects. I welcome our witnesses to the meeting. From the Scottish Government, we have Alyson Stafford, who is the director general of the Scottish exchequer; Gary Gillespie, who is the chief economist; Rachel Gwyon, who is deputy director of infrastructure and investment; and Alan Morrison, who is deputy director of health infrastructure. From Transport Scotland, we have Bill Reeve, who is the director of rail. From the Scottish Futures Trust, we have Kerry Alexander, who is the director of infrastructure finance and programmes, and Gemma Boggs, who is senior associate director of social infrastructure.

I invite Alyson Stafford to make a brief opening statement.

Alyson Stafford (Scottish Government): Thank you, convener, and good morning. I am pleased to assist the committee with its scrutiny of our most recent six-monthly report on major capital projects. The projects have a positive impact on the places where we live, on how we travel and on the way in which many of our vital public services are delivered to communities across Scotland—not to mention the impact on our economy.

I will make a few opening comments. As the convener said, I am joined by a number of subject-matter experts from Transport Scotland, the Scottish Futures Trust and the Scottish Government, including the chief economist and colleagues from the health finance directorate and the infrastructure investment team. Should committee members have questions about projects or issues in those areas of knowledge, my colleagues and I will be very happy to respond. If there are questions about projects or programmes in sectors that are not represented by the panel, we will provide as much information as we can today and, of course, follow up in correspondence with more detailed points from the people who are directly accountable for the projects and programmes.

Today's session takes place at a key time—a pivotal moment. We are nearing the end of the current 2015 infrastructure investment plan, so there is an opportunity to reflect on a range of investments that have been made. Much has been achieved over the past five years. About 90 per cent of the capital budget supports infrastructure, and net Scottish Government direct capital investment has totalled nearly £23 billion in the period from 2016-17 to the end of the 2020-21 financial year. As has been set out in previous

infrastructure investment plan annual reports, that investment is estimated to have supported about 30,000 jobs.

A subset of such investment has, historically, been considered by the committee. The focus has been on major projects and certain programmes. Projects with a capital value of more than £20 million, alongside programmes with a capital value of more than £50 million, have been reported on every six months. Since 2016, 117 major projects, with a total capital value of £7 billion, have been completed. More will be reported as being complete in the next annual report, which is due at the end of this financial year. Our programme pipeline has led to major investment in delivery of superfast broadband, affordable housing, school buildings, expansion of early learning and childcare, and city region deals.

As was shown in the last six-monthly report, four major multiyear projects—the Aberdeen Baird family hospital and the Aberdeen north centre for haematology, oncology and radiotherapy, or ANCHOR, Her Majesty's Prison Inverness, HMP Glasgow and the Dunfermline learning campus—will continue from this phase into the next parliamentary session, as parts of our new infrastructure investment plan. All four projects are fully funded in the future capital spending review and in the next infrastructure investment plan, which covers the five-year period from 2021-22 to 2025-26. Both were published on 4 February this year.

Similarly, major on-going programmes, including those relating to elective care facilities and to the A9 and A96, were intended to be delivered over a longer period than during the phase up to 2021. They are also set out in the next infrastructure and investment plan and are being funded through the capital spending review, so committee members can be assured of continuity.

All that allows me to draw attention briefly to some on-going improvements that we have sought to make in the information that is available to the committee for scrutiny. For example, since 2016 we have provided an overview of our annual infrastructure investment plan that is reported on each April. That strengthens the strategic information that is available to the committee, provides context for overall capital investment and shares much more information, as has been requested from time to time by members.

The next infrastructure investment plan up to 2025-26 covers all portfolios and synchronises all major investments over the five-year timeframe with a common vision and three key themes. Not only is there a plan for what the Government is choosing to invest in, but that ambition is matched with a funding package to ensure that it happens. That strengthens the strategic intent of the

Scottish Government's capital and infrastructure investment, which started with the national infrastructure mission that was announced in the programme for Government in September 2018.

The next infrastructure investment plan is larger than this one and includes a pipeline of £26 billion of itemised work within more than £33 billion of capital allocations. That is almost 50 per cent larger than was the case for the past five years, which has come through a combination of actions at the Scottish ministers' hand, including deployment of physical framework powers, revenue-financed agreements, capital grants and financial transaction allocations. It is estimated that that will grow the "jobs supported" number to 45,000 and is a vital part of supporting Scotland through its recovery from the economic shock that has mirrored the public health shock of the coronavirus. Within that, £2 billion of new investment will focus on increasing—

The Convener: Can I interrupt, please? I do not know how much longer you have left; we usually allow only a couple of minutes at the start. This is very useful, but if you could draw your remarks to a close, that would be super.

Alyson Stafford: I will. Those are the areas of the next infrastructure investment plan and we will be reporting on those to the committee's successor in the future. There are more changes that we are looking to make in order to help the committee, one of which is provision of greater granularity in what we report. I can say more about that later, if it would be helpful. I am always keen to consider any insights and reflections that the committee wishes to offer as we prepare to report on new projects and programmes in the next session of Parliament.

My colleagues and I are happy to answer your questions. I will pause for a moment before we start, if I may, to allow any of my colleagues to indicate whether they have any interests to be declared.

The Convener: Do witnesses have any interests to declare?

Alyson Stafford: I think that Kerry Alexander wants to come in.

The Convener: I am sorry—I cannot see everyone.

Kerry Alexander (Scottish Futures Trust): I note that I am a public interest director at the Inverness College non-profit distributing company.

The Convener: Thank you very much. Before we move to questions, I point out that we have received apologies from Gail Ross.

Colin Beattie (Midlothian North and Musselburgh) (SNP): I would like to explore

project delays and the Covid-19 shutdown of some construction sites. Delays are anticipated in a number of projects. What attempts have been made to recover the time that has been lost through shutting down of construction sites?

The Convener: Could you direct your question to a particular witness, please, Colin, given that we have such a large panel this morning? Would you like the Scottish Government, Transport Scotland or the Scottish Futures Trust to respond? That would help us a bit.

Colin Beattie: I think that the question is for Kerry Alexander.

Kerry Alexander: I am happy to offer some thoughts on that. Gary Gillespie might have something to say, too.

Sites were able to reopen in June, which followed a massive collaborative effort across industry, the Government and stakeholders more widely. Sector-specific site-operating guidance was developed and deployed through the leadership forum, which was repurposed for Covid recovery and has been chaired by the Minister for Local Government, Housing and Planning. The construction forum moved on from guidance to getting an industry recovery plan together. That plan was published in consultation form in September and was finalised in October. Five joint sub-groups are pursuing a range of actions from that plan.

The action apart from the industry recovery plan involves ensuring the transparency of pipeline project opportunities, with the IIP and the capital spending review having been published in draft in September and in final form earlier this month. That is a major step in the setting out of specific announcements.

From the Scottish Futures Trust perspective, we could talk more about the announcement regarding the 27 projects in the second phase of the learning estate investment programme—LEIP—as an additional pipeline example. Gary Gillespie might be able to offer a broader perspective on where the sector is.

Gary Gillespie (Scottish Government): In response to Mr Beattie, it is worth saying a little bit about where aggregate construction output is. His question relates to recovery of the sector in terms of projects and sites.

At the aggregate level, construction was essentially impacted by the first major national lockdown. Over the period from 23 March to the end of April 2020, construction activity in Scotland contracted by 53 per cent, which was a significant impact. The impact was much more significant in the consumer-facing sectors of the economy, at that time. Since then, construction sector activity

has come back. Growth returned in May, and non-essential construction came back in June. There was growth in construction activity during the period through to November.

Now, the sector is at 9.4 per cent below its pre-pandemic level. It contracted in December for the first time since April. The overall position is that total Scottish output is about 7.2 per cent below that level, so construction activity has been impacted.

On the scale of the impact from the first national lockdown, there was a 50 per cent contraction over those two months last year. The sector's being able to trade and having continued to trade, even at level 4, has meant that it has been able to regain much of the lost output.

I will stop there, although I am happy to say a bit more if you want more input on the resilience of the sector or on how it is performing more generally.

Colin Beattie: I think that Alyson Stafford wants to come in, but I will first add to my question. There are substantial delays in some projects, but it seems to be anticipated that that will have a very limited impact on costs, which I find surprising. Could you comment on that?

Alyson Stafford: You are right that there will be areas in which the lost time and some elements of cost will have on-going impacts—not least because public health safeguards, including physical distancing and hygiene requirements on site, will still be necessary.

There have been higher staff absence rates this year from infection, sadly, and from the need for isolation. There has also been an impact on the supply chain among firms that have had to reduce or suspend production during the pandemic.

09:15

Colleagues can comment more specifically on delays to projects that are already in our programme. Bill Reeve from Transport Scotland and Alan Morrison from the health directorate can speak about those projects and say how far they can be quantified at the moment. Pre-Covid programmes have inevitably been affected by the restrictions. It would be unreasonable to expect otherwise.

This is a broad group. I am happy for questions to be put to me, initially. I can then bring in colleagues who have the necessary knowledge, which will save members having to guess who might have the best answer.

The Convener: Colin, do you want to hear from the witnesses whom Alyson Stafford suggested, or would you like to move on?

Colin Beattie: I will move on to something that I have heard from market participants. They talk about shortages of materials impacting on projects. That seems to be happening partly because of Covid and partly because of Brexit. A surprising amount of our building material comes from Europe. There is also a shortage of skilled workers, which they expect will be hugely exacerbated because projects down in England, such as the high speed 2 rail project, will suck in highly paid workers. Do we have any projections on how that will impact on projects here in Scotland?

Alyson Stafford: Gary Gillespie can speak about the broader sector and Bill Reeve can talk specifically about transport, where such issues might be prevalent.

Gary Gillespie: The combination of Brexit and Covid is affecting supply of building materials in the housing sector and for home refurbishments. The pipelines of projects in construction and, particularly, in manufacturing have been affected by restrictions in workplaces.

The construction workforce is very mobile; people work throughout the United Kingdom. It has always been important to ensure that we have a pipeline of projects to attract workers to Scotland. That will continue to be an issue following our exit from the European Union, because EU workers are important to the construction sector in Scotland and across the UK.

Bill Reeve (Transport Scotland): I recognise the concerns that Colin Beattie has raised. I have learned today from my contacts in rail freight that there has been a surge this week in movement of construction materials. That reflects other factors; for example, the recent severe weather had an impact on construction activity, on top of the other impediments of the past year.

Our best defence against HS2 causing a shortage of skilled staff is what we are doing already. We are making the pipeline of planned projects as visible as possible, so that the supply base can plan for that. That also builds confidence in the supply base; people know that we will come good on the projects. It is important to keep that rolling programme of investment going. It is sufficient to cause the construction industry to allocate resources to what it finds to be an attractive and dependable Scottish construction market.

Colin Beattie: We are in lockdown at the moment and the pandemic continues. Eleven projects anticipate delays of four months or less and six projects anticipate delays of six to 10 months. Is the lockdown likely to cause further delays to project completion?

Alyson Stafford: I will start and then bring in Bill Reeve and Alan Morrison, who might have something to add from their perspective.

It depends on the impact of on-going guidance and restrictions. The safe operating guidance will affect different sites in different ways. A large civil engineering groundworks site, where the operations involve individuals working largely in machine cabs or outdoors, might not be significantly affected at all. However, the programme for larger building sites, particularly those at the internal fit-out stage, may have required multiple trades to be working in close proximity and such projects may still be experiencing a necessary productivity reduction in order to maintain public health and stick to current guidelines, which is resulting in a delay. The distinction may well be borne out by Bill Reeve's experience in his area and also in a slightly different way in Alan Morrison's area.

Alan Morrison (Scottish Government): Alyson Stafford is right. We are seeing delays in health projects as a result of Covid. Over the weekend, members may have seen that refurbishment of one of the children's cancer wards in Glasgow was shut down because some of the tradespeople working on the site contracted Covid. That is an internal project in a relatively small space, with poor ventilation. The challenges of working in such environments are recognised.

When a project is behind schedule, the typical approach would be to put more people on site, but that option is not open to us given the requirements on social distancing. I would not be surprised if timelines on the major health projects were pushed back yet again because of Covid restrictions.

Bill Reeve: Those of us who are restricted to working at home should pay tribute to those who continue to deliver essential projects for Scotland—it is sobering to reflect on that. Their safety and the safety of those with whom they interact remains a priority. It would be imprudent and implausible to give the assurance that there will be no further impact of Covid on programmes or costs on a project by project basis. What we can say is that an awful lot of work and best practice is being applied to mitigate those impacts.

As the Rural Economy and Connectivity Committee knows, it was necessary to suspend construction at the Ferguson's yard in January because of the high infection rates in Inverclyde. That is just one illustration of the risks that continue to occur. However, we hope that they will reduce as we move out of the current restrictions in the course of the year.

Alex Neil (Airdrie and Shotts) (SNP): I will ask about the social housing plans and the budget. In

her original budget statement to Parliament for next year, the Cabinet Secretary for Finance appeared to cut the social housing budget by about £270 million, although she then reinstated around £125 million. What is the state of the social housing budget and how do plans for the next five years compare to the spend over the previous five years?

Alyson Stafford: Thank you for your question. I ask Rachel Gwyon to respond.

Rachel Gwyon (Scottish Government): Can you hear me?

The Convener: We can hear you, but I cannot see you.

Rachel Gwyon: Over the past five years, the affordable housing programme has totalled about £3.5 billion. As Mr Neil might know, we have not yet received the consequentials in relation to housing that we would expect from the UK Government, so we are half a billion shy of what is normally expected. The Scottish ministers have sought to protect capital grant funding for housing. A combination of what was announced in the Budget (Scotland) (No 5) Bill at introduction and what has subsequently been made available would restore the affordable housing programme to the level of the past five years.

We have experienced a fall of just over two thirds in financial transactions funding, which is the type of money that has always been useful to the housing programme. By using the extended power to draw down from the Scotland reserve in the next two financial years only, because of the impact of Covid, the Scottish ministers have put into the housing programme £100 million of financial transactions on top of what was already in the Scottish budget plans.

Alex Neil: I take the point about the cut in financial transactions money and the fact that we are awaiting more information about additional consequentials from the UK budget at the end of next week but, as things stand, compared to the £3.5 billion over the past five years, what are we looking at for the next five years?

Rachel Gwyon: We are line with that figure of £3.5 billion. We were at £3.3 billion at the introduction of the budget bill and extra funding has been put in since then.

Alex Neil: Would you say that at the moment we are more or less even-stevens?

Rachel Gwyon: Yes.

Alex Neil: If there are further consequentials from the UK budget, is there a policy to give priority to more funding for social housing? Apart from anything else, inflation in the construction sector has traditionally been higher than overall

inflation, so we will not get the same output from a £3.5 billion input—we need to put more money in to get the same outcome. Is social housing a priority for any additional consequentials for capital spending coming out of the UK budget?

Rachel Gwyon: The Scottish ministers and Ms Forbes are paying close attention to all needs, including housing. Ms Forbes has written to the chancellor to seek clarity on the funding proposals from the UK Government on housing, because large amounts of housing funding were announced and we have not yet seen that flow to Scotland. The first priority is to understand how the funding is coming and, if any arrives on 3 March, I am sure that Ms Forbes will be looking at all the needs in the round, including those of social housing.

Alex Neil: Just to be clear, I understand that the additional consequentials that we are already due that arise from increased spending on housing south of the border still need to be clarified, but if and when we get that money or are told how much it will be, will that money also be allocated to additional social housing in Scotland?

Rachel Gwyon: When the money comes in, the Scottish ministers will look at the funding across the piece. They have already put a large amount of money into housing. The first thing is to get clarity whether and what extra money is coming here and then to take a view in the round of all the priorities, including housing.

Alex Neil: As things stand, over the past five years, we have had a housing programme of 50,000 houses, 35,000 of which were new-build social housing. What are the comparable figures for the next five years?

Rachel Gwyon: As you are probably aware, the Minister for Local Government, Housing and Planning, together with stakeholders, is looking at the forward strategy, and I am sure that some news will come forward in due course.

Alex Neil: Does “in due course” mean before 25 March?

Rachel Gwyon: I think that questions on the housing portfolio plans would be better answered by those working in that portfolio, but I am aware that work is under way and is progressing well with the stakeholders.

09:30

Alex Neil: Could you find out and write to us to let us know, please? Given the huge demand for and pressures on social housing in Scotland due to the substantially increased population, the reduction in the size of households and waiting lists, it has to be a top priority in the next five years. I would appreciate it if you could get your equivalent officials in the housing section to

update us on those figures and where they are at. Would that be okay?

Rachel Gwyon: Yes, that is totally fine.

Alex Neil: Thank you.

If Alyson Stafford is happy for Bill Reeve to answer the question, I will ask him about transport. I declare an interest—a number of years ago, as the Cabinet Secretary for Infrastructure and Capital Investment, I introduced the commitment to dual the A9 between Perth and Inverness by 2025, and to dual the A96 between Aberdeen and Inverness by 2030. When both those projects are complete, it will mean that every city in Scotland is linked up either by motorway or by dual carriageway. I am perplexed, because I cannot get an answer to the question of what is the estimated completion date for the dualling of the A9 between Inverness and Perth, and the dualling of the A96 between Aberdeen and Inverness. Can Bill Reeve tell us, please?

Bill Reeve: It is good to see you again. If memory serves, I think that we last met on the platform at Shotts.

Alex Neil: We did indeed.

Bill Reeve: As you would expect me to say, I agree about the importance of connecting our seven cities with good road and rail links. With regard to the A9, you will be aware that the first section of the upgrade between Kincaig and Dalraddy is already open. The Luncarty to Birnam section is in construction and I am pleased to say that that work has restarted, albeit with the necessary Covid restrictions.

The remaining sections of the A9 are still in the necessary statutory procedures process to determine the alignment. That work is being pressed forward as fast as possible. We are engaged with the necessary processes around matters such as the compulsory purchase of land, of which we need to take full account. At the moment, eight out of the nine remaining sections of the A9 are going through that statutory procedures process, which will then allow us to undertake the market consultation on the best procurement method. Work is pressing ahead on those aspects.

For the A96, the statutory consents process is under way. On the Inverness to Nairn section, the reporters have now submitted to ministers their report from the public local inquiry, which is being considered. I cannot give you a date, but I am cautiously optimistic that the conclusions from that will emerge before too long.

There has been good progress with the development and assessments for the Hardmuir to Fochabers section. In relation to the east of Huntly to Aberdeen section, a virtual exhibition on the

preferred option opened in December last year. The level of interest in it has been such that the virtual exhibition has been extended to 8 March. To give you a sense of the scale of that activity, so far we have had about 18,000 virtual visits to the various plans on the A96.

It is always frustrating when we cannot give firm dates for the next stage of the programme, but we cannot do that until we have gone through the necessary statutory process. You will permit me to observe that, in the meantime, we have improved the railway between Aberdeen and Inverness, at least in the first phase. We are continuing with that balanced programme of investment.

Alex Neil: That is very helpful, but I have two outstanding questions. First, the decision to dual the two roads was taken by the Cabinet in 2011-12. Why has it taken 10 years? The completion target date for the A9 is 2025, but we are still doing statutory orders. Surely to God that should all have been done long before now.

Secondly, is it still the Government's policy to finish the dualling of the A9 between Perth and Inverness by 2025 or thereabouts and to complete the dualling of the A96 between Aberdeen and Inverness by 2030 or thereabouts, or are the projects being quietly shoved into the long grass?

Bill Reeve: They are absolutely not. If my roads colleagues were here with me, they would be able to reassure you about the sheer scale of activity that is under way on both axes. We are engaging with stakeholders along the route and the construction industry.

I am sorry—I should answer your question. Yes, it remains the policy to dual the A9 all the way to Inverness. There will necessarily be some reflection on the feedback that we get from the construction industry over this year. There will doubtless be updates when we get that feedback, but we remain absolutely committed to the delivery of the work on the A9 and the A96 as soon as is practically possible.

Alex Neil: I look forward to an official invitation to the official opening of both roads. I hope that I live long enough, Bill.

Bill Reeve: I look forward to seeing you there, Mr Neil.

The Convener: There are a couple of supplementary questions about roads. You said that eight out of nine sections of the A9 are undergoing the statutory process. Which one is not?

Bill Reeve: I am afraid that I do not have that information. You will forgive me—that is the perils of having the rail director speaking about a road project—but I will find out and write to you.

The Convener: Can you please write to me to tell me which section is not undergoing the statutory process and why that is the case? That would be very helpful.

Bill Reeve: I will indeed.

The Convener: Thank you. Graham Simpson also has a question on this topic.

Graham Simpson (Central Scotland) (Con): I was as perplexed as Alex Neil was when I read the reports. I read a report in *The Scotsman* that said that the A96 project could be “delayed indefinitely”. Are you saying that the A96 will be completed at some stage?

Bill Reeve: I do not know the source of that report about the project being “delayed indefinitely”, but that is not a programme plan that I recognise.

Graham Simpson: Are you saying that the A96 will be completed at some point?

Bill Reeve: It remains our policy to complete the dualling of the A96.

Graham Simpson: It will be completed.

Bill Reeve: Yes. That absolutely remains our policy.

Graham Simpson: Right.

We have heard that the A9 was due to be fully dualled by 2025, but there now appears to be a quite inexplicable delay. The work could be completed by 2030. Could it be any later than 2030?

Bill Reeve: We have already talked about some of the factors that have contributed to the delays, particularly in the past year and particularly on the Luncarty to Birnam section, which is under construction. Of course, the development of other sections requires site visits in order to carry out ground investigation and so on, and there have been delays to that.

It is my expectation that later this year, after some of the market engagements that I have talked about, it will be possible to confirm whether the current targets remain deliverable or alterations will be needed. We are continuing to work to recover programmes, where possible, where they have slipped, and to press on with the development work that I have outlined.

Graham Simpson: Is the current target 2025 or 2030?

Bill Reeve: As I have it, it is 2025 for the A9 and 2030 for the A96.

Graham Simpson: So, you are still working to 2025—

Bill Reeve: Those are the targets that the teams are pressing on to deliver.

Graham Simpson: Can you come back to the committee and say whether we will hit 2025 on the A9 and 2030 on the A96?

Bill Reeve: I think that the next meaningful assessment of that—taking account of the impact of Covid and of feedback from the engagement with the stakeholders and the market engagement with the construction industry—is unlikely to be before summer this year. Then we might have that revised assessment.

Graham Simpson: That strikes me as ludicrous, given the amount of time that we have been looking at both projects.

I go back to Rachel Gwyon. You were asked about affordable housing, and I want to be clear on what your position is. You seemed to say that you are waiting for half a billion in consequential and that that would boost the affordable housing budget. However, then you said that any money that comes in consequential would go into an overall pot and might not necessarily be spent on affordable housing. Am I correct?

Rachel Gwyon: There might have been a slight lack of clarity on that. The Scottish budget had to be laid before there was full clarity on the UK figures. Therefore, the allocations to housing in Scotland were made on the assumption that the money from the UK would arrive as usual. It is more that the Exchequer has not yet received the money to pay for the funds that are being passed on. That is the balancing act that we are looking to do.

Ms Forbes has already protected the housing budget as though she had received that funding from the UK to the largest extent that she could, albeit the financial transactions were not able to be similarly protected, because they were so much reduced. That is why, because that capital grant has already been paid out to housing—in advance, as it were, of us getting clarity from the UK Government on whether we will receive funding from it—that funding has already been paid over in Scotland.

Graham Simpson: Is Kate Forbes working on the assumption that she will be getting the money, and are the figures that she has already announced based on that assumption?

Rachel Gwyon: She set out her assumptions for the capital spending review in September 2020, in the framework. Because, at that stage, we did not have the UK figures, the Scottish budget has had to be based on forecasts and the sort of estimates that are set out in documents such as the medium-term financial strategy.

The value of having a Scottish budget that can choose the priorities for Scotland is that housing has already been selected as a priority within the total amount of funding that we would have expected to receive and that was set out with the financial planning assumptions last September and set out in the budget in January.

The big difference that faced that budget was that no part of forecasting had thought it was realistic to assume a two-thirds reduction in financial transactions in one year. That assumption had never been part of the economists' forecasting.

Graham Simpson: I am a little bit confused by all that, if you will excuse me. Will it make any difference to the affordable housing budget that has already been announced by Kate Forbes if there are consequentials flowing from the UK budget, or have those consequentials already been factored in?

09:45

Rachel Gwyon: If extra money arrives from the UK budget on 3 March, decisions will need to be taken at that point.

Graham Simpson: So there is no guarantee that extra money will go to affordable housing?

Rachel Gwyon: There is no guarantee that we will receive any funds, and a range of interests have been expressed to Kate Forbes—including from parliamentary parties and others—on the use of any funds that arrive in Scotland. Therefore, I am sure that she will consider the whole situation.

Graham Simpson: Okay. Convener, I have other questions but it is up to you whether I carry on.

The Convener: Bill Bowman has a question, so if you do not mind I will go to him first and come back to you.

Bill Bowman (North East Scotland) (Con): Good morning. I will follow in the same direction that Colin Beattie was taking, but will ask about something more specific.

Alyson Stafford mentioned HMP Glasgow in her introduction. Some details about that are given on page 3 of the major capital project update document.

The committee's report on the 2018-19 audit of the Scottish Prison Service raised issues about delays with HMP Glasgow and the impact on the existing estate. At that point, the chief executive of the Scottish Prison Service estimated that the new Barlinnie would be ready in 2024-25. However, the project update now says that the operational start will be September 2026. What specifics have caused that delay, how realistic is that timescale,

and what does that mean for the existing estate, given that Barlinnie is a huge site, where people work and are housed in less than ideal conditions.

Alyson Stafford: There was quite a lot of detail in your question. Rachel Gwyon will respond to the extent that she is able. However, to give you the fullest response, we might need to follow up in writing. I am happy to organise that.

The Convener: Based on the work that the committee has done during the past few years, we consider that to be one of the key infrastructure projects at the moment. Therefore, we would welcome as much detail as possible.

Rachel Gwyon: The site acquisition of Barlinnie is now complete, and I understand that construction work is currently scheduled to commence during the summer of 2023.

Barlinnie is part of a programme of work to modernise the prison estate. There are significant plans for the female estate, for example, and significant funding for that was made available in 2015-16. At that time, ministers wished to ensure that they had the right vision for the female custodial estate, and they revised the plans in a way that received cross-party and stakeholder support.

That is important for the other parts of the programme because all of the parts need to be sequenced. The priority is concluding the female estate, and the next stage is proceeding at pace with HMP Highland and HMP Barlinnie.

A site has been chosen for HMP Highland. That will come on stream slightly earlier than Barlinnie, which will follow. Information on that was shared with the committee in the last update and just now.

The full funding that goes alongside those plans throughout those five years will be seen in the capital spending review. That will give multiyear certainty to SPS as it looks to deliver those establishments.

Bill Bowman: Is that it? Are you saying that all we know is that it is going to take more than two further years before they even start because somebody has not put together a vision and sequencing? I do not follow that.

The project is urgent. We were told that it was important to get it going. The site has been acquired, so what is stopping you from getting on with it—is it admin?

Rachel Gwyon: The information that I have is that the acquisition of the site is the start, then the planning permission and design need to follow on from that, and then it heads into the final business case, procurement and construction. All those things are now under way. The site and the

planning and design are a major part of being able to start well and finish on time and on budget.

Bill Bowman: What put it back a further two years from the last time that we heard about it?

Rachel Gwyon: I hold the portfolio of information that is shared with me, and we update the committee. If further detail is required, we would need to go back to the justice portfolio.

Bill Bowman: That is a bit disappointing. The issue was sufficiently important to be mentioned in the quite lengthy introduction, but we do not seem to have the detail. Can anybody tell us what the delay means for the existing estate?

Rachel Gwyon: Do you mean in terms of managing the prison population?

Bill Bowman: We are having to run a site for at least an extra two years that was already way beyond its sell-by date. Does that not have some consequence?

Rachel Gwyon: Improvement works are under way at the existing site, in order to make it operationally the best environment that it can be just now. There are upgrades to the prisoner reception area and to healthcare facilities. A contractor has been appointed, and construction work is starting later this spring on those. They are fully funded.

Bill Bowman: What is the additional cost for that?

Rachel Gwyon: It is in the small number of millions but I do not have that figure off the top of my head.

Bill Bowman: To me, there is no “small number” of millions. Convener, perhaps we have to ask for some more detail from people who know about this.

The Convener: I agree. When we took evidence on this from the previous Auditor General, she was very concerned. Barlinnie, according to her—about 18 months ago, I think—was 50 per cent over capacity and there did not seem to be a contingency plan for the prison population in there if something went wrong. After all this time, we are really not getting much more information about how the new building has progressed. Alyson Stafford, can you add to that and tell us why that is, please?

Alyson Stafford: I think that the best thing that we can do is to follow up your specific questions with justice colleagues and get back to you as soon as possible.

The Convener: It is really concerning, because we have seven witnesses this morning, it is a key project and we cannot get those answers.

Alyson Stafford: That is why we will write—so that you get the best information.

The Convener: Mr Bowman, do you have any further questions?

Bill Bowman: I do not think that I should take up time in asking questions to which nobody knows the answers.

Graham Simpson: Let us see whether we can do any better on ferries. Possibly Bill Reeve will answer this. At the moment, two ferries are sitting in the Ferguson shipyard. They are not finished. You mentioned earlier that there has been a delay due to Covid. I accept that. However, it is not the entire reason for the delay; there is a whole host of reasons. The whole thing has been a shambles. Do we know when those two ferries will be finished?

Bill Reeve: The last target dates that I have available—they were the ones that Parliament was advised of in summer of last year, I think—were April to June 2022 for vessel 801 and December 2022 to February 2023 for vessel 802. As I think I have mentioned, we know that as well as the normal—if that is the right word—disruption of construction activity in the yard last year, there has been a further suspension of construction activity, regrettably, because of the high infection rates in Inverclyde in January of this year. I know that Parliament has been advised of that already.

Tim Hair, who is the turnaround director of Ferguson Marine, has been commissioned to review the programme. I understand that he will be producing an update later this year, and it would be appropriate to assess any impact on the programme at that point. That exercise is under way.

Graham Simpson: Right; I understand. I think that Mr Hair is—

Bill Reeve: The main impact is the Covid impact that we have talked about—that is what has changed since the last update.

Graham Simpson: That has just added to the years of delay.

Bill Reeve: Indeed.

Graham Simpson: Has Transport Scotland done any analysis of how many new ferries Scotland will need in the next five and 10 years? Has it figured out how we will get those ferries? Will that be by—heaven forbid—procuring new ferries or by leasing existing ones?

Bill Reeve: Yes, is the simple answer to your first question. In the current budget under consideration, £580 million is set aside for ferries over the next five years in the round, which builds on the £291 million that we have invested since 2007 and the investment that goes into harbours.

In relation to the current discussions that we have had in Transport Scotland on major projects, we have been looking at an additional—a new—vessel for the Islay ferries service. We are looking to replace up to eight of the small loch class vessels and the extent to which we can move to procurement for those during next year. We will, of course, be seeking to standardise the designs and move towards lower-emission ferries, wherever possible. That very often brings the need to invest in the infrastructure, such as for electric power supplies. We have work under way looking at the right solution for Ardrossan, improving the infrastructure on the Skye triangle of services and considering further the needs of the Gourock to Dunoon and Kilcreggan services. All those aspects are under consideration.

Graham Simpson: Is there any document that you could send us about those proposals?

Bill Reeve: Forgive me, but there are lots of documents. I would be happy to provide a summary of what I have just set out, if that would be helpful.

Graham Simpson: That would be useful.

The Convener: I am looking at the project table that you helpfully provided to us. Can you remind the committee how much public money has been ploughed into Ferguson Marine?

Bill Reeve: Do you mean for the procurement of the vessels, or separately for the investment in the yard?

The Convener: The investment in the yard.

Bill Reeve: I am afraid that I am better able to talk about the former than the latter, because the former is a transport issue. The latter is a matter of industrial policy.

The Convener: Okay.

Bill Reeve: I think that we are looking at, in the round, the costs for the two vessels being about a couple of hundred million pounds. Clearly, the final figure remains to be determined and that, in part, depends on the work that Tim Hair is doing at the moment.

The Convener: Okay. On that project, the table says that the Scottish Government is

“identifying options for a sustainable future for the yard going forward.”

Of course, Ferguson Marine is publicly owned, at the taxpayers’ expense. It continues:

“This will include ensuring the yard has the potential to operate in such a way as to allow it secure public and private work.”

The two ferries will be completed, I hope, in the next couple of years. Do you know of any other contracts that the yard has secured?

Bill Reeve: Forgive me, but although I can tell you about our plans for the procurement of ferries, I am not the best person to answer questions about the business of Ferguson’s as a yard—that relates to industrial policy, rather than transport policy. The investment in new ferries that the Scottish Government wishes to make will give rise to a set of procurements and Ferguson’s would have the opportunity to bid for those. I imagine that it would benefit from looking more widely than just Scottish Government shipping contracts.

10:00

The Convener: Absolutely. The yard will have to do that to ensure that there is value for money for the taxpayer. Alyson Stafford, given that the yard is being subsidised by the taxpayer, do you have any knowledge of its future business plan?

Alyson Stafford: As Bill Reeve said, that is a question for those who work more specifically on economic development. We can follow up on that if that would be helpful to the committee.

The Convener: That would be really helpful. Graham, do you have any further questions?

Graham Simpson: I am happy for you to move on, convener.

The Convener: I have a question for Bill Reeve. I am sorry that we seem to be focusing a lot on your area today, Bill, but you will be glad to hear that this question is specific to rail.

Bill Reeve: You are interested in the important matter of transport, convener.

The Convener: My question is about the tragic accident outside Stonehaven where the line collapsed and there was loss of life. Can you give the committee an update? We know that rail infrastructure in Scotland is partly the responsibility of Network Rail and partly the responsibility of Transport Scotland and the Scottish Government. What improvements are being made to that line to ensure that such an accident never happens again?

Bill Reeve: Yes, that was a sobering incident. First, for clarity, the Scottish Government is responsible for the specification and funding of Network Rail in Scotland, but Network Rail is a wholly owned subsidiary of the UK Government—as I am sure that you are aware. We work closely with our delivery partners in Network Rail and the wider rail industry.

Stonehaven was a sobering demonstration of the reality of climate change and its impact. In the high level output specification that the Scottish Government gave Network Rail for the current five-year regulatory control period, we included a requirement that it should address the impact of

climate change in its maintenance and infrastructure renewal plans and there has been a substantial increase in the budget for such works in the overall five-year settlement.

At Stonehaven, the tragic accident was caused by a landslip in a cutting on an approach to a bridge and the train was knocked sideways off the track when it hit the abutment at the bridge. However, that bridge was already the subject of climate mitigation works. Something that helped access to the site immediately after the accident was that access had already been improved because there were scour protection works underway. Those works are intended to prevent higher levels of rainfall in the stream underneath from scouring the foundations of the bridge.

I do not know how much detail you want me to go into, convener, but that is an illustration of the fact that the need to adapt our transport infrastructure—road and rail—to the reality of climate change is well understood and the fact that work was already under way before the Stonehaven accident.

The Convener: Are you confident that work is being done quickly enough on the climate change mitigation programme and other works to ensure the safety of our railways?

Bill Reeve: The safety of the railways is the responsibility of the Office of Rail and Road but I can provide assurance that work to address the risks was already well under way and is being taken extremely seriously.

Network Rail has commissioned independent reviews of its practice in earthworks management and of best practice in meteorology. I have not seen those reports but I understand that they will be made available soon. I can assure the committee that best practice is being applied wherever possible and that operational procedures have been reviewed and changed to reflect the lessons learned.

It is sobering that we are seeing steady growth in the number of incidents of high-intensity, localised rainfall. That is the pattern across Great Britain, but we know that it is accelerating faster in Scotland than it is further south; that is a meteorological fact. We could talk about that at length, but I can assure the committee that our Network Rail delivery partners are treating that with the utmost seriousness. The funding that the Scottish Government has made available includes increased funding to enable the delivery of the necessary works.

The Convener: Witnesses have already promised to come back to the committee with more information about a number of today's topics. A breakdown of the critical climate mitigation projects that you are dealing on the

railways might be useful. It would be helpful to know how they are progressing and to have timescales for them.

Bill Reeve: The committee might be interested in an update on the progress already made, the lessons learned and the next steps. There is wide interest in that. I can undertake to provide the latest state of our progress with Network Rail.

The Convener: That would be extremely helpful; thank you.

I would like a quick overview of the situation with women's prison facilities. One facility is due to be built in Dundee. It has been delayed for a long time. I have visited the site. The latest update to the committee says that the facility will be finished in May 2022. Can we expect it to open next May?

Rachel Gwyon: That 2022 date is the latest that I have.

The Convener: Do you expect it to open next May?

Rachel Gwyon: The information that I have is that it is scheduled to be delivered then.

The Convener: Will there be additional costs?

Rachel Gwyon: The latest cost information would have been included in the September update report. Another update is due around the end of this financial year and will give any information about progress on the projects and their costs.

The Convener: The September cost is the same as was in the March report: £72.6 million. Is that correct?

Rachel Gwyon: I am looking for that project on my list, which is the same as our published document.

The Convener: That figure is for both projects, is it not? Perhaps you could come back and clarify that. That would be useful.

Rachel Gwyon: No worries.

The Convener: That concludes our questions for the team from the Scottish Government. I will not run through everything that the witnesses will come back to us on. The clerks will have made a note and will liaise with Alyson Stafford.

Alyson, thank you for your opening statement. This has not been the easiest session, as there are so many of us. I appreciate everyone's patience and forbearance. Thank you for your evidence. We will suspend briefly to allow for a changeover of witnesses.

10:09

Meeting suspended.

10:14

On resuming—

Section 23 Report

“NHS in Scotland 2020”

The Convener: Item 3 is consideration of the section 23 report “NHS in Scotland 2020”. I welcome Stephen Boyle, Auditor General for Scotland. I also welcome from Audit Scotland’s performance audit and best value group Angela Canning, audit director; Leigh Johnston, senior manager; and Eva Thomas-Tudo, senior auditor. I understand that the Auditor General has a brief opening statement.

Stephen Boyle (Auditor General for Scotland): I bring to the committee our annual report on the national health service in Scotland. This year, the report focuses on the response of the NHS and the Scottish Government to Covid-19. It also includes a brief overview of the NHS’s financial and operational performance in 2019-20.

The NHS has faced unprecedented challenges as a result of Covid-19. NHS staff have worked tirelessly in difficult circumstances to deal with the demands that the pandemic has created, while maintaining access to essential services, which reflects their extraordinary commitment—*[Inaudible.]*

The Scottish Government had difficult decisions to make about how to prevent the NHS from becoming overwhelmed during the pandemic. During the first wave, non-urgent treatment and national screening programmes were paused. Longer-term risks are associated with some of those decisions, but the Scottish Government needed to create additional capacity for Covid-19 patients. There is therefore now a significant backlog of patients who are waiting to be seen, but the pandemic is on-going. Continuing to respond to that is resource intensive and is taking priority over resuming the full range of NHS services.

The way in which the NHS delivers its work has changed drastically, and many new approaches have been established. Several large-scale initiatives, such as the Covid-19 community hubs, the widespread use of virtual appointments and the procurement and distribution of huge amounts of personal protective equipment, together with the NHS Louisa Jordan hospital, were implemented at pace and required partnership working to an extent that we have not seen before. Stable and collaborative leadership will be required to remobilise and renew the NHS so that it can build on the innovation and learning from—*[Inaudible.]*

Covid-19 has not affected everyone equally. Those from our most deprived communities and

from certain ethnic minority backgrounds are more likely to have been hospitalised or to have died after contracting Covid-19. Scotland’s long-standing health inequalities need to be addressed.

The Scottish Government could have been better prepared, and planning for a pandemic had not been sufficiently prioritised. Improvements that were identified through pandemic preparedness exercises were not all fully implemented. There is an opportunity to learn from that.

Covid-19 is expected to cost an extra £1.7 billion of expenditure across health and social care in 2020-21. NHS boards are being fully funded—*[Inaudible.]*—but there is uncertainty about the longer-term financial position.

As ever, my colleagues and I will do our best to answer the committee’s questions.

The Convener: Thank you very much, Auditor General. I invite Colin Beattie to open the committee’s questioning.

Colin Beattie: PPE was a major issue, particularly earlier in the Covid-19 outbreak. Your report says that, in some instances, NHS boards had to procure PPE directly. Were there any unintended results from taking that direct approach to procurement?

Stephen Boyle: The report says that there were issues in the pandemic’s early stages and that NHS boards had to take direct steps. In general terms, some procurement activity required regional boards and particularly NHS National Services Scotland to use the emergency procurement arrangements that were introduced in March 2020 to recognise the urgency of the situation and the need to go beyond the more standard public sector procurement arrangements. The report recommends that it is important, as matters stabilise, to reintroduce at the earliest opportunity the more general approach to safeguards for procurement arrangements.

We are looking closely at the issue. Through our annual audit of NHS National Services Scotland, we are looking at the detail of some of the contracts, as part of all the arrangements around judgments on best value for public spending. We will report on the specifics in 2021, as we have more work planned on PPE.

Angela Canning will talk about the detail and specifics of health boards’ approach to procuring PPE.

Angela Canning (Audit Scotland): Thank you, Auditor General. As I think we all know, the pandemic has brought unprecedented challenges to Scotland and to the NHS. At the start of the pandemic, there were huge challenges around PPE. There was huge global demand for PPE, and NSS played a key role in ensuring that health

boards and social care providers got what they needed. As the Auditor General said, we are planning to do some further work on PPE, and it will be an important part of the external audit of NSS this year, as well.

Colin Beattie: There is something else that I am very interested to know. In the early stages of the procurement of PPE, we read horror stories about substandard PPE being delivered, with hundreds of millions of pounds-worth coming in through London. Did any of that have a knock-on effect in Scotland? Did we end up having to bear some of the cost of the substandard PPE that was subsequently not used at all?

Stephen Boyle: That is not something that we saw in our work on assessing—*[Inaudible.]*—this report. However, as Angela Canning mentioned, we still have more work to do. It is probably a bit early for us to be definitive and say that there were no procurement difficulties or value-for-money concerns where arrangements were made for PPE. We will return to that work during 2021, but I assure you that we have not seen that thus far.

Colin Beattie: Again, we are focusing very much on the early stages of the supply of PPE. Your report refers to the findings of a British Medical Association member survey, which highlighted a lack of access to correct or sufficient PPE. Similarly, a Royal College of Nursing survey found that a fairly high proportion of those working in high-risk environments had not had their mask fit tested and that others were asked to reuse single-use equipment. Has any analysis been undertaken to try to assess the impact of those issues on the health of the professionals and on patients?

Stephen Boyle: *[Inaudible.]*

The Convener: Auditor General, will you start your answer again? We cannot hear you.

Stephen Boyle: I will try to wait for the signal that my microphone is live before I speak.

You are right, Mr Beattie: those are incredibly serious issues. If you will indulge me for a second, I will note that the scale of the change in use of PPE—*[Inaudible.]*—try to illustrate that in the report. Before the pandemic, NSS shipped around 97,000 items of PPE in a typical week. That was the number during February 2020 but, by April, that had grown to nearly 25 million items a week. In the space of six weeks, there was truly exponential growth in the extent of PPE.

It is clear that there are issues. We set out the results of the survey by the Royal College of Nursing and the feedback that the boards reported at the time, which was that the availability of PPE at the earliest stages was not what it needed to be and that there were also issues about the quality

of the PPE and the extent to which staff were given the appropriate equipment. That is captured in the surveys, and it was well documented at the time.

On your question about the extent to which that led to health issues for health workers, we have not covered that in the scope of our work yet. My assumption—it is no more than that—is that there will be many reviews of the circumstances of what happened and what would allow the country to be better prepared for any subsequent pandemic. Indeed, that may well feature as part of the public inquiry. We will follow that closely as the Government moves through that work.

Colin Beattie: This is probably a matter of judgment, but is it actually possible to quantify the impact on health professionals and patients?

Stephen Boyle: That would probably stretch the boundaries of our work. That is perhaps more a question for the Government and health professionals, who are better placed to make that judgment. It probably strays beyond what we, as public auditors, can make judgments on.

Colin Beattie: I would like to touch on one other area. Paragraph 18 on page 12 of the report says:

“The Scottish Government has been providing PPE across health and social care, free of charge”,

and that it has undertaken to continue doing so

“until the end of June 2021.”

However, the report states that plans are unclear about what will happen in relation to those who were previously responsible for their own PPE supplies and about which groups will be responsible for purchasing their PPE after that date. Is the Scottish Government doing any work to identify the financial impact on those groups and what the consequence might be?

Stephen Boyle: We have tracked the financial cost of that through our work. Angela Canning might be able to say a bit more about our understanding and to share any insight on the Government's plans.

Angela Canning: During the pandemic, NSS's remit was extended so that it could distribute PPE to social care providers, such as those that run care homes or care-at-home services, and directly to general medical services, such as general practitioner surgeries and community pharmacies. Before that, those bodies purchased PPE directly themselves. The Government has committed to continuing to provide PPE across the health and social care sectors until the end of June this year, but we are not clear whether there are plans to continue to provide PPE for another while or whether we will revert to the circumstances before

the pandemic in which providers purchased such items themselves.

Colin Beattie: I assume from what you have said that, at this point in time, it is uncertain when the Scottish Government will clarify that.

Angela Canning: Yes. That is right.

Colin Beattie: Okay.

Bill Bowman: I have two questions. The first is about video consultations and the second is about leadership changes. On the first topic, the report highlights digital improvements that have been introduced in response to the pandemic, and it notes that there has been a significant increase in the number of video consultations. Do you have a sense of whether NHS boards expect the demand for remote consultations to continue beyond the end of the pandemic? Have boards made plans to continue facilitating such consultations?

Stephen Boyle: I will answer that first and then I will invite Leigh Johnston to give any insight on future plans.

In general terms, there has been remarkable innovation during the pandemic. We say in the report that there have been about 600,000 video consultations using the Near Me facility. On the face of it, the introduction of that level of innovation in how the NHS conducts its services is very worth while. However, there needs to be a full assessment of where video consultations should be placed in the future of NHS services. NHS boards, in consultation with patients who have used the service, should take a rounded view on how useful the service was, its pros and cons, planning, access to technology and the equalities points that we have touched on in previous discussions.

Our sense is that, although the introduction of video consultations during the pandemic was a worthwhile innovation, a fuller analysis is now needed to see where they should be placed in the future. I ask Leigh Johnson to illustrate the scale of the change in the number of consultations and to say anything that she wishes to add about the Scottish Government's thinking on where such consultations should be placed in the future.

10:30

Leigh Johnston (Audit Scotland): Video consultations during the pandemic increased from about 300 per week in March 2020 to more than 18,000 per week by November 2020. By December, more than 600,000 video consultations had taken place, as we outline in our report. The Government has outlined in "Re-mobilise, Recover, Re-design: the framework for NHS Scotland" that it has every intention of continuing to use that technology.

As the Auditor General has said, some analysis will be needed of who it suits and who would rather have face-to-face consultations, as some people would. However, I think that the opportunities that it offers, for example for our remote and rural communities—[Inaudible.]—a safe environment that suits people.

Bill Bowman: Thank you for those answers. Auditor General, your point that it needs to be looked at is very valid. I can see the administrative benefits of seeing more patients in a shorter time and better use of clinicians' time. However, do we know the clinical ramifications of somebody just being seen on a screen versus, for example, the doctor seeing them come into a room with a limp that they did not come in to discuss? Will that be on your agenda?

Will people be able to get face-to-face appointments if they want them? I can imagine there being a slight pressure, as I have experienced a little with telephone consultations. There are things that we might not immediately think about. For example, if an elderly person needs somebody to help them with logging on, there could be some confidentiality issues. Will you be looking at all those things in the round?

Stephen Boyle: That is a really interesting point, Mr Bowman. It is clear that video consultations have happened by necessity during the pandemic as direct access to services has been restricted during the various lockdowns. Video consultations have been a suitable alternative given the circumstances that we have been in. However, you are right that they raise wider concerns about clinicians' ability to diagnose through physical sight as opposed to what they may be able to—[Inaudible.]. Equally, I accept your point about confidentiality. All those important safeguards will need to be in place.

We will retain an interest in the subject and return to it in our 2021 NHS report, looking more generally at the pace of the Government and the NHS and the steps that they have taken through the—[Inaudible.]—programme. In the report that we are discussing today, we make a recommendation that the use of video consultation be considered and an analysis done, which should involve both clinicians and users of the service, in order to come to a view about where it can best be used and the right balance between video and face-to-face consultations for the future.

Bill Bowman: Your report highlights an incredible number of leadership changes at senior level since April 2019, with 32 new senior appointments of board chairs, chief executives and directors of finance across 21 NHS boards. How will the Scottish Government achieve its ambitions for remobilisation if there is a lack of stable leadership?

Stephen Boyle: One of our key recommendations in the report is about the importance of stable leadership. At any time, but particularly in coming through the pandemic, it matters greatly that there is stability of both executives and non-executives. When we did the analysis, the rate of change in senior leadership posts in such a short time seemed quite surprising, as it does to you, but it perhaps illustrates some of the challenges that have gone before. We know that the Government is thinking carefully about it.

The committee might want to explore directly with the Government the extent to which it and the NHS are taking steps to provide support and training to new leaders in those senior posts so that the Government can fulfil its ambition through the renewal programme. We will return to that in our work during 2021, but it may be something that the committee wishes to explore more directly with the Government.

Bill Bowman: Let me suggest a few issues that you might consider. They are whether the recruitment procedures that we have at the moment are fit for purpose, whether the factors that have influenced the high turnover have been clearly identified and whether there is adequate engagement with that challenge at the top level of the Scottish Government.

Stephen Boyle: Those are all valid suggestions. We will undoubtedly follow and track that, report on it and make additional recommendations—[Inaudible.] However, the topic is not particularly new. We have talked about it before and, in recent times, the committee has been interested in exploring leadership in the NHS and the wider Scottish Government. We will certainly return to that, but I think that now is the time for definitive steps and action.

More generally, we cover in the report the importance of integrating workforce planning. Again, that is not a new topic, but it now seems to matter more that, as the renewal of the NHS and care services progresses post-pandemic, there is a clear plan for what that will mean for the workforce at all levels. It is difficult to get away from the importance of clear, stable leadership and the impact that it can have.

Bill Bowman: We may hear more from the Scottish Government about that. Thank you.

Graham Simpson: I note that a survey of patients that the Scottish Government conducted—you refer to it in paragraph 27 of the report—showed that the number of people who said they would avoid going to their GP or a hospital decreased from 45 per cent in April 2020 to 27 per cent in October 2020. Do we have figures for the number of people who have actually

gone to the doctor compared with the number who did so pre-pandemic, to back that up?

Stephen Boyle: I will ask Eva Thomas-Tudo to comment on that as she did a lot of the data analysis to support the work in the report.

We found that people's behaviour had changed during the course of the pandemic, as it has for all of us. We look to illustrate that in exhibit 4, which shows the extent of changing presentations at accident and emergency departments and how they have fluctuated during lockdowns and with people's confidence.

There are undoubtedly wider and longer-term health implications around potential missed diagnosis, and we refer to the Government's the NHS is open campaign and its importance in that regard. As you rightly say, another issue is the extent of people's concern and anxiety about presenting at a GP surgery. I ask Eva to say a bit more about the data on that—what we have seen and what it translates to in numbers.

Eva Thomas-Tudo (Audit Scotland): As the Auditor General mentioned, we have seen quite a significant decrease in the number of presentations at A and E departments. That happened during the first wave in particular, and it reflects the significant number of people who said that they would avoid going to GP surgeries or hospitals.

We have not looked specifically at GP attendances, but you can see in the report that, following the peak of the first wave and the Government's the NHS is open campaign, attendance at A and E departments recovered slightly. It remains below pre-Covid levels, however. We will monitor that in future to see whether attendance gets back to pre-Covid levels.

Graham Simpson: To me, attendance at A and E is only part of the picture. The first port of call if something is wrong is normally your GP, so I would be interested to know the figures for GP consultations, even if they are video consultations. I am keen to explore whether people are avoiding even contacting their GP. I suspect that the answer is yes, but we will know that only if we can see the data.

Eva Thomas-Tudo: We know that, across a range of services, there have been fewer referrals to hospital services. Those referrals largely come from GPs, following consultations. There is an indication that there is an issue with people not making GP appointments when they have certain concerns that they would usually have gone to see their GP about. Again, we will be monitoring that.

Graham Simpson: That leads me to the issue of excess deaths. Auditor General, you mention in paragraph 24 of your report that the number of

excess deaths from non-Covid conditions is up. In exhibit 3, we see that, from April last year onwards, excess deaths due to things such as stroke, cancer and dementia were up across the piece. Going back to my first point, I wonder whether that is because people are not presenting to doctors or hospitals, or because they are just unable to get appointments.

Stephen Boyle: Exhibit 3, which shows the impact of the pandemic, is sobering. In particular, the spike that develops in March and tails off towards June illustrates the point about excess deaths. The potential for missed diagnoses, changes in people's behaviour, concerns about lockdown, and the perception that the NHS was unable to treat people other than Covid patients might all have been factors in that regard.

We have looked to present that data in the report. As I said in response to Mr Beattie's question, our ability as public auditors to interpret that, make connections and establish causality is limited. That is probably best left to clinicians and a fuller review of the circumstances around Covid at the time. All the factors that you mention with regard to patients' concerns about the extent to which NHS services have been open will, no doubt, be considered more fully.

Graham Simpson: I am sure that you will monitor that. My concern is that the number of excess deaths due to other conditions will go up once we are through the pandemic. That needs to be monitored.

In exhibit 7, which consists of two bar charts, we can see the NHS boards that have achieved their savings targets. Some have not achieved their targets, and some are more reliant than others on non-recurring savings. Last week, the committee spoke to NHS Tayside representatives, who seemed to be quite happy with where they are on non-recurring savings. Looking at your chart, I note that some boards are doing a lot better than NHS Tayside in that regard, and that there are huge variations between the boards that are relying on non-recurring savings. What is an acceptable level of non-recurring savings—if there is one—that boards should aim for?

Stephen Boyle: I recognise the variation, which seems quite stark when set out in the charts. There will undoubtedly be factors behind it. Some of that will be driven by the need to make savings, and the difference between the forecast cost of the operating model and the budget will drive some of those numbers.

More fundamentally—the committee spoke to NHS Tayside about this—I suspect that it has as much to do with the nature of the operating models and cost bases in different health boards, which provide different services to different

populations. There will be legitimate reasons why boards do not all have the same levels of recurring and non-recurring savings.

10:45

There is a wider point about the extent to which the Scottish Government health and social care directorate has a view on that and—[*Inaudible.*]
—position on an acceptable range to deliver financial balance, allowing for the fact that there will undoubtedly be variation between boards from one year to the next.

Your point is fair, Mr Beattie. To have a difference of nearly 70 per cent between NHS Orkney and NHS Ayrshire and Arran does raise a question. I invite Leigh Johnston to say anything that she wants to add, as she has looked at this in more detail.

Leigh Johnston: I do not have much to add, other than to say that we have seen this consistently over the years, as the committee knows, in relation to recurring and non-recurring savings. The point is that non-recurring savings are challenging to on-going financial sustainability. They have fluctuated over the years. Increasingly, boards try to increase their recurring savings, but there are fluctuations.

Graham Simpson: I asked the question just to get some guidance. Our successor committee will undoubtedly keep an eye on the matter. There are massive variations between boards. For example, 84 per cent of NHS Ayrshire and Arran's savings were recurring, while the figure for the aforementioned NHS Tayside was 40 per cent and for NHS Orkney it was 15 per cent. It would be helpful for the committee to know what figure would be acceptable, or "manageable" might be a better word.

Stephen Boyle: The only thing that I would add is—[*Inaudible.*]
—NHS Tayside last week, when it benchmarked itself, as I recall, with what we could almost describe as a family group of health boards. I would need to check whether it was referring to the figures that we are discussing, which go to the end of 2019-20, or to more up-to-date figures for the current financial year, but its judgment was that there is commonality between it and the other teaching boards.

I think that that is possibly borne out to some extent, but there will always be outliers. NHS Orkney and NHS Tayside, which have similar models, have savings that are not terribly different. However, it is undoubtedly a complex picture. I think that the committee explored with NHS Tayside how that ties in with the NHS Scotland resource allocation committee funding model and what pressure or demands that puts on boards with the need for savings.

We have looked to report the numbers. As you know, Mr Simpson, we have commented many times on the need to move to a sustainable operating model that is less reliant on non-recurring savings. Beyond Covid and the implications of the pandemic, there is now a much wider analysis of what a sustainable operating model for the delivery of services—one that encompasses all aspects of those services—would look like.

Neil Bibby (West Scotland) (Lab): The impact of Covid on care homes has been devastating. Sadly, more than 2,000 people have died. Serious concerns have been raised about discharge policies, and trade unions and staff have expressed concerns about care homes being unprepared.

Your report mentions the independent review of adult social care and its recently published report. What is the timescale and scope of Audit Scotland's work in that area? What will it cover?

Stephen Boyle: Good morning, Mr Bibby. We clearly agree with you about the scale of the pandemic's impact on our care homes and the very tragic deaths that have taken place, and about the important need for all of that to be looked at in the round, not just by us but by others, to establish the circumstances so that we can ensure that we avoid it ever happening again.

You might recall that, in the consultation that we had with the committee and others on our forward work programme, we signalled that we planned to undertake some further work on the care home sector, particularly in relation to the sustainability of its financial model and the call on public funds. In the meantime, we have seen the Feeley report on the independent review of social care and the Government's consideration of the recommendations.

The issue remains in our plan, but we are following very closely what a future operating model, if there is one, might mean—whether a national care service will be introduced, what model would flow from that and what implications that would have for health and social care—*[Inaudible.]* With others, we are tackling that very closely. We still plan to do work on care homes and social care more generally towards the end of the year. We will continue to engage with the committee as that—*[Inaudible.]*

Neil Bibby: It is vital for us that lessons are learned in relation to what happened in our care homes, so thank you for that answer.

I also want to ask about inequalities, which you talked about in your opening statement. In your report, you mention that people from deprived backgrounds and ethnic minority backgrounds have been harder hit by Covid. The Scottish

Government's expert group has highlighted the need for improved data; as you are probably aware, that issue has consistently come up in the committee's scrutiny. In your audit work, did you see evidence that data to measure long-term impacts was being collected? Was it the right type of data, and was it collected consistently across bodies? Will you undertake future work on the impact in relation to inequalities?

Stephen Boyle: I will start and then ask Eva Thomas-Tudo to come in, as she has done much of our work on data. The impact of the pandemic in relation to inequalities will be a key feature of our work across a range of factors. We have already mentioned care homes and, with the Accounts Commission, we will report next month on education outcomes, so we will capture further aspects of the pandemic that involve children and young people's education. The impact in relation to inequalities will feature in all our reporting as we move forward.

On data, in paragraph 34 we report some of the stark differences in the pandemic's impact. People have said many times that the impact has not been universally felt and that it has been more significant in the most deprived communities in the country. Paragraph 34 presents the stark differences in death rates between our most affluent and most deprived areas. It also refers to the disproportionate impact that the pandemic has had on our black, Asian and minority ethnic communities. We make reference in the report to the vital need to understand better the reasons behind that as our health and care services renew and recover, and take the necessary steps to take to avoid it happening in the future.

Eva Thomas-Tudo might wish to say more on the quality of the data and the extent to which—*[Inaudible.]*

Eva Thomas-Tudo: We looked at the data on deaths in various groups that the Auditor General has just mentioned. Other than that, we did not delve too much into health inequalities, although we have reported previously on the extent to which health inequalities are wide and have worsened over the past 10 years. That is one of the Auditor General's priority areas, so we will definitely be looking at it in more detail in the future.

Neil Bibby: Thank you.

The Convener: I have a final question. For me, the stand-out element of the report is pandemic preparedness, which is an issue that has been raised outwith the committee.

Auditory General, the issue is quite concerning. Paragraph 42 of the report states:

"The Scottish Government had no plan in place to manage this specific kind of outbreak, so its response was informed by the UK Government's ... UK Influenza Pandemic Preparedness Strategy."

There were also three exercises in which Scotland was involved: exercise Silver Swan, exercise Cygnus and exercise Iris. However, it seems that many of the recommendations from the exercises were not followed up in Scotland. Can you comment further on that, please?

Stephen Boyle: I am happy to. We think that there are lessons to be learned on pandemic preparedness from what was done in advance of the pandemic and from the steps that have been taken during the pandemic. As we touch on in the report, our audit work has shown us that the three pandemic preparedness exercises, along with the general framing of the strategy that you mentioned, were typically based around a flu pandemic scenario, as opposed to the type of coronavirus pandemic that has unfolded over the past year.

We reference the fact that not all the actions and recommendations that arose from the three exercises had been implemented by the time that Covid—[Inaudible.]—took hold. Two of the themes in those exercises involved exploring the extent to which our care homes were adequately prepared, and whether we had sufficient stockpiles of PPE and whether our health and care workers were fully trained in its usage. It is significant that both those scenarios unfolded, as we saw so vividly during the pandemic. The wider point that we make is about the importance of ensuring that all the recommendations are still correct and valid, given what we have learned during the pandemic, and that the lessons that we now need to learn from the past 12 months are implemented quickly.

Of course, we do not know whether the pandemic is a once-in-a-generation event or one that happens only once in 100 years, such as the Spanish flu, or whether it will be with us on a much more regular basis. There is therefore a degree of urgency around the steps to be taken, particularly in relation to the need for appropriate guidance for our social care settings so that they are better prepared the next time around.

The Convener: I agree that we did not know for sure what would happen, but there was plenty of warning. The fact that the three preparation exercises took place shows that it was widely anticipated that a pandemic would happen at some point. Of the three areas in which improvement was recommended, two—social care and PPE—became the two scandals of the pandemic in Scotland. If you asked anyone in the street, they would agree, given the tragic number of deaths in care homes and the slow response on PPE.

The third area in which improvement was recommended was clarification of roles and responsibilities. I conclude that that is about leadership, which is a theme that the committee has dealt with previously. Who, ultimately, was responsible in the Scottish Government for receiving the three recommendations and making sure that the health boards were dealing with them? Whose desk would they have landed on?

Stephen Boyle: I will invite Leigh Johnston to say a bit more about the chronology and responsibilities. However, I acknowledge your point about roles and responsibilities, particularly in relation to the extent to which care homes were sufficiently covered. The report refers to the emerging role of NHS board directors of public health with regard to care homes during the pandemic, which was a welcome and important step. However, that was not implemented in advance of the pandemic to give the clinical leadership that we now see in that setting.

The importance of the multifaceted nature of the roles and responsibilities is now much clearer as we come out of the pandemic. I ask Leigh Johnson to say a bit more about what that means.

11:00

The Convener: Before Leigh Johnston comes in, do you have the detail of the recommendations on increasing the capacity and capability of social care to cope during an outbreak? The reality is that the NHS released patients—old people—from hospitals into care homes without testing them. I am interested to know whether the detail of the recommendations warned against that in the first place.

Stephen Boyle: We can provide the committee with the information that we have about the three exercises. I am more than happy to do that; I am sure that the Scottish Government has that information, too.

On the point about roles and responsibilities, I will ask Leigh Johnston to come in to explain what we saw in the recommendations and the extent to which we know that they have now been implemented.

Leigh Johnston: The question of who is ultimately responsible is a difficult one. Ultimately, as we have seen, the pandemic required a cross-Government interagency response. As we outline in the report, despite the fact that a flu pandemic was rated as highly likely to occur and could have a severe impact, it was not on the corporate risk register and was not a stand-alone risk in the health and social care risk register.

Risks within those risk registers are allocated a director who then has oversight of them, but

because the pandemic was not a stand-alone risk within the risk registers, we feel that it did not receive sufficient oversight. Had it been a stand-alone risk, some of the priorities and actions would have been taken through to conclusion.

For example, the Scottish Government set up the short-life working group on flu, and one of its priorities was to issue guidance to health and social care. Health and social care had guidance, but it was guidance for NHS England, which was issued in 2012, and one of the priorities was to update that guidance. That should have been issued for consultation in March 2018, but it was not issued for consultation until 2019. Even when the consultation responses came back, the guidance was neither updated nor published. That guidance would have provided insight into things such as access to the PPE stockpile.

Your other point was about the detail of the capacity and capability of social care. The documents from exercises Silver Swan, Cygnus and Iris are fairly high level and do not go into a lot of detail, although they talk about social care capacity.

The Convener: What do you mean by “social care capacity”? Can you give me more detail on that?

Leigh Johnston: It is about social care being clear about things such as access to PPE, the role that it would have, and, within the Scottish context, the roles and responsibilities of our health and social care partnerships in supporting social care in order to sustain the sector throughout the pandemic. That goes wider than care homes and includes care at home and other factors.

The Convener: Auditor General, as you know, we have the option to hold a session with the Scottish Government on the issue. Do you have the documents on those three exercises and can you release them to us?

Stephen Boyle: We have certainly seen those documents, convener. We saw them when we were making the judgments that we set out in the report. I have not spoken to the Government about any plans to release them, but I would not imagine that there would be any issue with that and I will look to do that. However, I will confirm that first with the Government.

The Convener: Members have no further issues to raise with Audit Scotland on the report “NHS in Scotland 2020”. I thank all four witnesses for their evidence this morning.

11:05

Meeting continued in private until 11:31.

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