



OFFICIAL REPORT
AITHISG OIFIGEIL

Public Audit Committee

Thursday 23 June 2022

Session 6



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PUBLIC AUDIT COMMITTEE

19th Meeting 2022, Session 6

CONVENER

*Richard Leonard (Central Scotland) (Lab)

DEPUTY CONVENER

*Sharon Dowey (South Scotland) (Con)

COMMITTEE MEMBERS

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

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

*Craig Hoy (South Scotland) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Stephen Boyle (Auditor General for Scotland)

Carole Grant (Audit Scotland)

Ashleigh Madjitey (Audit Scotland)

Martin McLauchlan (Audit Scotland)

Richard Robinson (Audit Scotland)

CLERK TO THE COMMITTEE

Lynn Russell

LOCATION

Committee Room 4

Scottish Parliament Public Audit Committee

Thursday 23 June 2022

[The Convener opened the meeting at 09:00]

Decision on Taking Business in Private

The Convener (Richard Leonard): Good morning. I welcome everyone to the 19th meeting of the Public Audit Committee in 2022. Under item 1, does the committee agree to take agenda items 4 and 5 in private?

Members *indicated agreement.*

The Convener: Thank you.

Section 23 Report: “Scotland’s financial response to Covid-19”

“Scotland’s economy: supporting businesses through the Covid-19 pandemic”

09:00

The Convener: We move to item 2 on the agenda. The first of our evidence sessions this morning is on two reports that were produced by the Auditor General.

Our four witnesses are in the room for the first evidence session. I am pleased to welcome Stephen Boyle, Auditor General for Scotland, and, from Audit Scotland, Richard Robinson, senior manager; Martin McLauchlan, audit manager, performance audit and best value; and Ashleigh Madjitey, audit manager.

I invite the Auditor General to give us a short opening statement.

Stephen Boyle (Auditor General for Scotland): Good morning. I welcome the opportunity to speak to the committee today about Scotland’s response to Covid-19.

Covid-19 has been the biggest challenge to Scotland’s public finances since devolution. Both I and the Accounts Commission reported on some of the key issues that the public sector has faced over the past two years.

Today’s report draws on that work and looks at how the public sector has managed its overall financial response. A key aspect of that was its support for business and, as the convener notes, the committee will also consider our briefing paper on that area today.

The Scottish Government worked collaboratively and at pace with local government and public bodies, allocating £15.5 billion through its 2020-21 and 2021-22 budgets. There are lessons for the Scottish Government to learn about what worked well and what did not, so that it is better prepared for future disruption events.

Spending decisions were recorded differently across Government departments, and it was not always clear how data was used to inform funding allocations. To date, there has been limited evaluation of the financial response. It is vital that that work continues, so that the Government and public bodies understand the difference that Covid-19 spending has made and can plan for Scotland’s recovery.

Central processes, which were, rightly, set up to inform financial decisions, were not used

consistently, and the information was not centrally collated. For example, my business support briefing highlighted that information about how around £100 million of national funding was distributed across Scotland was not held centrally. I have since become aware that national enterprise agencies do hold that level of information, and that illustrates the need for central collation and greater transparency.

The report highlights that £2.1 billion was carried between financial years in the reserves of public bodies. To enhance transparency and financial sustainability, the Scottish Government—and, indeed, all public bodies—should clearly set out how Covid-19 funding, which was carried forward, is subsequently being spent. That is essential for effective scrutiny and informed debate about the financial challenges that lie ahead.

Convener, as ever, my colleagues and I will do our best to answer the committee's questions.

The Convener: Thank you for that introduction. The watchword this morning might well be "transparency".

I will ask the first question. What were the criteria for allocation between the different funds? Have you been able to establish why certain funds were of a certain value and others were of a different value? What work have you done to establish whether those funds were value for money?

Stephen Boyle: I will answer those questions in reverse, and I will bring colleagues in at different points, convener. We have not yet expressed a value-for-money judgment on the use of the funding. It is central to one of our key findings that more evaluation needs to be done of spending across public bodies, partly to bridge the gap between what outcomes were achieved.

As we say in the report, the Government has done some early evaluation of that spending, and it will be for the Government to arrive at judgments about how that significant form of public spending delivered value for money. Our report talks about £15.5 billion. One of the overall recommendations that we make in the report is that, to support that assessment of outcomes and the transparency that you mention, a separate report on the Covid-19 spending would help to demonstrate outcomes and the overall allocation of funding.

I will turn to Richard Robinson first and then Ashleigh Madjitey. They might want to say a bit more about some of the arrangements that the Government used to arrive at allocations. As we say in the report, we know that it drew on some existing structures with the Convention of Scottish Local Authorities, the Society of Local Authority

Chief Executives and Senior Managers and others in the earlier days of the pandemic.

Richard Robinson (Audit Scotland): I will hand over to Ashleigh Madjitey to give some further information about data, if that is okay.

There are a couple of things to unpack. One is about data and the other is about time and the nature of the expenditure. As we set out in the report, in the early stages of the pandemic, some quite specific things needed to be done, such as business support. Some of the big spending was on business rates relief, for example, and then there was direct expenditure on personal protective equipment and so on. Ashleigh Madjitey might talk a bit more about this but getting the data from, say, council tax systems and using the data that already exists within the public sector could be done. Over time, sometimes the nature of some of the packages and measures becomes wider and more about supporting the public sector, and we emphasise that in exhibit 6 to the report. There is something there about time.

There is also something there about the fact that quick decisions were being made. We talk about changes to governance structures and how options appraisals and so on would normally be done, but maybe they were not being done because decisions were being made a lot faster. It was an agile way of working a budget and matching the budgets to what was actually being spent. As we say in the report, it was sometimes difficult to see the links between the announcements that came out at the start and what was then spent. More needs to be done to bring those things together and clarify them to see how accurate some of the initial assessments were.

Ashleigh Madjitey (Audit Scotland): On data, we say in the report that we sometimes struggled to see how the initial decisions were made about where money was allocated and that is because decisions were being made quickly. There was no overall governance board to record that. Following that, the Government used data that was available to develop funds and that was sometimes limited but it used things such as the non-domestic rates register database or information that it had on enterprise apprenticeships to develop the funds further once it had made the initial decision.

The Convener: Thank you. If I take an example and look at the table in the report that tells me that, for example, the rail franchises got £441 million of public money and I contrast that with what I can see appears to be the moneys paid to local government for the drop in councils' income from lettings, fees and so on, I see that the railways get twice as much as the whole of local government, if I am reading it correctly. The wellbeing fund got £34 million. How was that

distribution determined? What tests were applied? What evaluation was applied by the Government in advance of the award of those funds? We all recognise that things were done—to coin the phrase—“at pace”, but nonetheless I presume that there needs to be some understanding of why one provider got so much and another got a different amount, and why some things were given greater priority in the allocation of resources than other things.

Stephen Boyle: There are a number of points in there, convener, and I will try to address them all. The overall conclusion that we make in the report is that the Governments worked well together at pace. I think that that is a fair conclusion. There was no template in place for the Scottish Government, the United Kingdom Government and public bodies across the piece to use to allocate funding in this national emergency event.

If I can take a swerve for a second—I will come back to your points—part of the lessons learned through the evaluation and the collection of data and through looking at what difference the spending made and outcomes is that we should use all that to allow us as a country to be better prepared for future events. We hope that there will not be any such circumstances, but history tells us that we can expect future circumstances that will require a national response.

Ashleigh Madjitey touched on the point about governance. In the early days of the pandemic, much of the decision making in the Scottish Government context was done at the executive team and Cabinet level. In the report, we make the point that it might have taken too long for some of the more established financial decision-making procedures to be brought back in. Some of those were reasonably set aside at the height of 2020, but it took a further year for some of the rigour and diligence around governance and decision making to be brought back on board. That is a point for reflection because those things provide some of the mechanisms for test and challenge about how funding is allocated.

The last point in response to the question about who got what is that it is safe to say that not all of the spending that was allocated was spent, but we do not draw the conclusion that it was not needed, convener. There is a distinction between those two things. Some will be timing differences and some will be because of demand. As I said in my introductory remarks, and it is said in a number of places in the report, at the end of last year, there was around £2 billion in the reserves of public bodies such as the Scottish Government, councils and integration authorities. As time progresses, it will become harder to achieve transparency

around what is Covid money and what is not, and to see clearly the impact of that spending.

I hope that that addresses all your points, convener, but I think it is safe to say that this was an evolving process.

One point that I did not make, but which is touched on in the report, is that the arrangements that the Scottish Government deployed were very similar to those of the UK Government, in relation to the flow-through of funding announcements, Barnett consequential and commitments for Scottish spending to largely mirror those of the rest of the UK.

The Convener: On 2 March, the Conveners Group of the Parliament had a meeting with the First Minister, and I raised with her some of the concerns that Richard Robinson said were expressed by Audit Scotland about the link between budgets, funding announcements and spending levels. In response to one of my questions, the First Minister said that she knew that JP Marks, the new permanent secretary, is keen to talk to Audit Scotland and the Auditor General about how we do that in general as well as the additional funding for Covid, and that was about trying to identify where the money has gone. Have you had those discussions with the permanent secretary?

Stephen Boyle: I have not yet had that conversation with the permanent secretary about how the funding announcements, the spending and the budget arrangements deal with such circumstances. As you know, the overall conclusion that we make in the report—I think that we have made it consistently in some of the tracker papers that we have produced over the past couple of years—is that existing budget spending reporting arrangements do not really fit with the emergency. We have seen more than 300 spending announcements—typically, there would have been far fewer such announcements, and they would have been more co-ordinated through budget setting and the autumn and spring budget revisions. You will note that we have welcomed the summer budget revision, which helped the transparency arrangements, but the Government needs to reflect, and my colleagues and I are very happy to have that engagement with Government to support its decisions.

Although I have not had a direct conversation with the permanent secretary, I will check with colleagues whether we have had one with his officials.

09:15

Richard Robinson: There have been no direct conversations of that nature yet but I am aware that the Scottish Government is keen to continue

the discussion about the recommendations that are made in the report.

The Convener: I am not sure that it is that keen if that undertaking was given three months ago and it still has not been fulfilled, but the committee can take a view on that.

It is not unusual for you to sit before us and talk about a lack of good-quality data. Looking at the reports that are before us today, it seems to me that that is really what you are saying again. Given the investigations that you have already conducted, how confident are you that we will get the good-quality data that allows for the transparency that we all want to see?

Stephen Boyle: I think that we are seeing progress. I will bring in Martin McLauchlan and Ashleigh Madjitey to update the committee on the progress that we have seen since the publication of the briefing on support to business.

One of the key conclusions in that paper is that there was a lack of centrally held data to support some of the assessments of how quickly the money was spent and which different businesses and industries got the funding, as well as a lack of equality impact assessments in relation to how some sections of society were supported rather than others. A data cleansing exercise is under way and that is showing some signs of progress. Martin McLauchlan can speak to that, and Ashleigh Madjitey might want to say a bit more about progress on the arrangements that were put in place to collect data centrally.

Before I hand over to colleagues, I think that it is safe to say that some of the arrangements were sound. The financial forms that we touch on in the report harnessed some high-quality complete data but inconsistent application of the arrangements and where the data was held was a feature, and that probably drifts into Scottish Government arrangements to hold funding in some directorates and consistency in that regard. I think that we are seeing some progress but we would like to see the overall exercise completed and the more formal complete evaluation undertaken. I will pass to Martin McLauchlan who will be able to say a bit more about the business component of that.

Martin McLauchlan (Audit Scotland): Good morning. On the business support data, the way in which the schemes were administered with councils and other agencies working on behalf of the Government meant that they collated the data. In the key messages of the report and in paragraph 40 of the briefing, we note that, in reflecting demands and the nature of the emergency response, limited direction was given about the type of data that should be collated. When the Scottish Government subsequently went back and requested central analysis, there were a

variety of quality issues, such as missing fields or some councils providing a payment run that meant that there could not be an analysis of the time from application. Equally, there was missing data on the number of unsuccessful applications. The briefing reflects the position as it was at the end of February.

Subsequent to that, we had conversations with members of Scottish Government staff within core grants, the business support team and the office of the chief economic adviser about the data cleansing that they are carrying out. That is mainly centred on the national schemes for the moment and it is trying to understand distribution across Scotland and across economic sectors and areas of activity. For example, on the national schemes that were sector specific, the eligibility criteria for the wedding fund suggest that that approach supported the industry. The gaps currently lie in the more general support funding schemes.

My understanding is that there was a view to the Scottish Government completing that exercise by this month. We lay out in our forward work programme in the briefing and as part of the section 23 report, which Ashleigh Madjitey may touch on, that we will continue to monitor that. We have an interest in how successful the exercise is and, within our remit, we will take forward what the Scottish Government produces and publishes.

Ashleigh Madjitey: There are two parts to the evaluation. We say that we have not so far seen any overall evaluation of the financial response, but we set out in paragraph 91 of the report some of the evaluation that we have seen of individual sample funds. Three out of the 10 sample funds that we have looked at have had some evaluation. That is not to say that evaluations do not exist. They are often conducted across Government, in different directorates, so we recommend that the Scottish Government does an exercise to pull together all the evaluation work and looks at it as an overall picture, and that has not been done so far.

The Auditor General mentioned the financial accountability framework forms that were used to help decision making. Those contained a wealth of information, such as the intended impact of the spending, the impact of not going ahead with the spending and the long-term financial implications of the spending, but we found that that approach was used inconsistently. Three of our sample funds used the forms, four had a reason why they were not used—for example, the spending happened before the forms were introduced—and some of the spend was already in the budget. However, that information will be helpful for the Scottish Government to evaluate its overall spending response, so we recommend that it collates it.

The Convener: To be clear, Martin McLauchlan spoke about data being expected within the next few weeks, but that is different from the broader evaluation that Ashleigh Madjitey spoke about. Are these two separate exercises?

Ashleigh Madjitey: Yes. The data that Martin McLauchlan spoke about is specific to the business support fund. We have seen what has been published over the spring, and more is planned. The exercise I am talking about is wider: it is about pulling together the business support and all the other spending to see what the impact has been.

The Convener: I have one final question. There are examples of companies that have taken millions in furlough money—I know that that support is reserved to the UK—but have also taken millions in Government compensation towards their fixed costs. I see that in the same financial year, those companies that are taking that significant amount of public money are also paying out substantial dividends to shareholders or doubling their directors' pay. Some of those companies are registered in tax havens. Were any of those things taken into consideration in drafting the criteria for who was eligible for Government support?

Stephen Boyle: I will check with colleagues who may wish to supplement my response. As you suggest in your question, convener, our work focused on the devolved areas of spending rather than the furlough scheme and other UK-wide targeted areas of support.

I suspect that the answer is they were not taken into consideration. That probably speaks to the overall conclusion about the pace at which some of those schemes were designed to get spending to where it was needed. It probably also speaks to the fact that, of the arrangements that were put in place, some served public spending well and others less so. As we have touched on in previous discussions, using local knowledge about individual businesses that applied for Covid spending worked well. In many respects, the Scottish Government relied on local authorities to act as agents. Exhibit 7 in the report illustrates the flow of funding from Government to councils, to pass that out—you can see that their knowledge of individual businesses, cross-checking to the non-domestic rates register served them well. However, I suspect that it is not the case that that meant forming a judgment about the director pay, status and so forth of those businesses. That may well be an area that the Government wishes to consider as part of its reflections and lessons learned. My colleagues might wish to say something following that point.

Martin McLauchlan: It is difficult to give an overview of the numerous schemes that were in

place. However, clear eligibility criteria were set and the majority of the funding—in particular the early council interventions of just over £1 billion, the small business and retail, hospitality and leisure grants—was directed specifically at smaller businesses. There were limits to the rateable value of properties for eligible businesses and sliding scales were put in place.

The intention of the Scottish Government schemes was to supplement the UK-wide schemes rather than duplicate them. However, there are parallels to the business support schemes that were in place across the UK. Given the eligibility criteria, it suggests that some of the issues that you raised would not apply to the majority of funds. Without getting into the real specifics, I know that when it comes to NDR relief we quote a figure of £827 million for 2021. The actual cost to the Scottish Government was just over £1 billion because they either received direct repayment or it came back through the Treasury. I think that there was £177 million from people saying, "We do not need those reliefs, we will return them". That should give you a flavour of the nature of the schemes, which meant that some of those issues were perhaps not widespread.

The Convener: I think that some of the big retail chains returned their NDR rebates.

Craig Hoy (South Scotland) (Con): Mr McLauchlan, you referred to the data cleansing exercise that is being undertaken and that will obviously include local authorities, too. That process will be vital to ensure that we have accurate and complete data. Is it possible to tell us more about what the process entails? Are there any risks in relation to the quality or the completeness of the data that we might get from different local authorities? Is it very dependent upon those processes within individual authorities?

Martin McLauchlan: Throughout that time, the Scottish Government requested information at aggregate level—just the number of applications, number of grants paid and the value of those payments. However, when the Government requested the information at the individual recipient level there were quality issues. The Government has engaged a specialist data analysis firm that is working through that, using a pre-existing framework. There is a lot of data, as you can imagine.

The cleansing exercise is mainly to ensure that the basics are in place. There was an element of self-certification, particularly for some of the smaller schemes that were not delivered by local authorities, so although eligibility was established, the applicant might have used the historic shire council names, for example. The aim is to get the

data to a level where further interrogation is possible.

I believe that the Scottish Government's intention is to focus on some of the national funds. It will take more of an effort to go through the local government side of things and I think that there are discussions between the Scottish Government and councils reflecting that there have already been a number of returns from councils, to the Scottish Government and to us, to support on-going fraud assessment. I would not like to speculate about the success of the exercise, but I know that it is progressing. As Ashleigh Madjitey mentioned, since our briefing, the Government has published a number of reports that include elements of the data that we could not interrogate previously but that have now been analysed.

Craig Hoy: Paragraph 52 on page 17 of the briefing states that you plan to

“Consider further analysis of business support funding information after the Scottish Government has completed its data cleansing exercise.”

Can you tell us more about that work and its timescales? Can you tell us what you do not know at this point in time or what you are hoping to achieve through the process?

Stephen Boyle: As Martin McLauchlan mentioned a moment or two ago, we are keen to complete the programme of work on the impact of Covid-19 spending. As we touched on in our overall key messages and in our response to the convener's earlier question, we have not been able to express a value-for-money judgment yet. That will be possible once the full evaluation of spending, including the assessment of outcomes is complete. We welcome the early work that the Government has started to do on that evaluation, as well as the open government commitments through to 2025.

We do not have a timescale for that work yet, because much will depend on the progress that the Government makes on its evaluation data completeness exercise. Given the scale of public spending that we are talking about—£15.5 billion or thereabouts—it is crucial that we start to form an audit perspective on how well prepared we will be for future events. We think that there is an audit contribution to be made on this topic to round it off, but the timescales are somewhat dependent on the progress of the evaluation work.

09:30

Colin Beattie (Midlothian North and Musselburgh) (SNP): I would like to explore a bit further a couple of areas that have been touched on. We have been talking about data and the quality and availability of data in this committee ever since I can remember. I realise that the

pandemic is pretty overwhelming and it is unlikely that anybody was prepared with data sets that could be used to report on it, but there seem to be differences in the way in which data is collected. Local council data seems to be somewhat more robust but non-council data appears to be being collected and presented in a way that I would describe as being random. East Renfrewshire is one of your examples and it has a significant proportion of non-council administrative funding compared to other areas. Are the differences due to the variable data collection at a local level or is it that data groups are linked to specific public bodies and it is difficult to bust that out? Where does that come in?

Stephen Boyle: I will start and then get Ashleigh Madjitey to come back in. It is a combination of all of these things, Mr Beattie, and you are right to say that the quality and completeness of data has been a feature of the committee's considerations for many years. We are trying not to get ourselves in the position of being wise after the event—that is somewhat of a cliché for auditors. It is important to recognise the pace and scale of the undertaking and the public bodies' response to the Covid-19 emergency. That makes it all the more necessary that learning from these processes is applied and that the quality, completeness and expectations around data collection are baked in at the point of design. That is easier to do when you are not in an emergency setting. We want ensure that public bodies are able to make preparations on what the financial response might need to be if we have widespread restrictions of the like that we saw in the pandemic. It is important that we know what worked well and we know what data is needed to evaluate, to form the value-for-money judgment or to make interventions and tweaks during the process.

I think that your assertion that local authority data collection was better than some of the schemes for national bodies is generally fair, although there are variations between the national bodies themselves.

Before I hand over to Ashleigh Madjitey, the last point that I will make is that the Government can set the direction and expectations for the completeness and quality of data. That is probably something for the Government in particular to reflect upon, especially as many of the bodies were agents, acting largely on behalf of the Government. I will ask Ashleigh Madjitey to give a bit more flavour to that.

Colin Beattie: When Ashleigh Madjitey answers, perhaps she could touch on the point that most non-council spending came through the council is some way. My understanding—and correct me if I am wrong—is that councils used

non-council bodies to support them and some funds went directly from the Scottish Government to the non-council bodies. I hope that I am making that clear.

Ashleigh Madjitey: I can talk a bit about the sample funds that we looked at and I hope that that will answer your questions. I am happy to do more if it does not.

We looked at 10 sample funds across different areas of spend—such as food funds, wellbeing and business support—that were delivered by a range of different partners, including councils, the third sector, Transport Scotland, Skills Development Scotland and the enterprise agencies. We found that the use of data varied across the board.

There are two kinds of data that we speak about. On one side, there is the data that was used to develop these funds, how they were setting their criteria and the guidance that they were using. The partners drew on the data that was available at the time. If better data was available, they were able to make different judgments on the criteria, whereas if there was less data they had to go for a more blanket approach. Part of being prepared is thinking about the data that we might need in the future that would help us to make those decisions. Having more data helps us to make those decisions as best as we can when we are making them at pace.

On the other side is the data that is sorted out post-spending and how bodies use that data to evaluate what they have done and what the impact has been. That varies across the board. The Scottish Government often sets the reporting requirements, so it asks the bodies that are delivering the funding to report on certain things—being mindful that it was a really busy time and that councils and other bodies were already under a lot of resource pressure. That data varies and it is held across Government. From our sample funds we were able to see where pockets of data were collected, but it was all held within directorates and we recommend that it is pulled together.

We say that some of that data just does not exist and it will be very challenging to get it. In paragraph 98 of the report, we draw on an example of a contract where a standard clause was used that deleted the data at the end of the contract. That data would have allowed the body to make judgments on how quickly the money got to the people who needed it, but those time and date stamps were deleted, so it was not possible to do that analysis. That data has gone now.

It is important at the start of a contract or spending to think about what data you will need afterwards in order to be able to make value-for-

money judgments. We recommend that the Scottish Government learns from that.

Colin Beattie: On that point, your briefing states that complete geographical analysis of the non-council administered funds is not currently possible. I think that you said that the Scottish Government was working on that. Do we have a time when that might be delivered?

Stephen Boyle: We know that progress has been made and we touched on aspects of that in response to the convener's question. The Government is evaluating some of that data that we were not able to say terribly much about in the briefing in March. We know that that work is progressing. A council-wide analysis is possible for aspects of the funding but, to reiterate Ashleigh Madjitey's point, that is not yet possible across the piece for all the various Covid-19 components. Martin McLauchlan can say a bit more on that.

Martin McLauchlan: I will begin by clarifying what is shown in exhibit 4. The design of the funds took account of who was best placed to deliver them. The council-administered funds were for those with rateable premises, which placed reliance—as I think we mention in paragraph 27 of the briefing—on the NDR data sets, which are known to be robust. There were pre-existing relationships there. Equally, the non-council administered funds, as we refer to them in exhibit 4, were the specific sectoral funds and they were delivered by the likes of Creative Scotland, the three enterprise agencies, the Scottish Government itself and VisitScotland. Within that exhibit, the non-council administered funds are very much not administered by councils.

Where you see variation across the proportion of funding that each council has received, whether that is administered by the council itself or by another body, that is reflective of the economic and business base. Without getting into great detail, East Renfrewshire is a commuter authority on the fringes of Glasgow and the old Strathclyde region and is small commercial business based, so without doing the full analysis, it did not surprise me that it received a smaller level of successful grant claims than Glasgow and Edinburgh did. That variation will reflect the local economy in that position.

On not being able to be split the data geographically, that was very much due to the issues that I mentioned earlier. The data cleansing exercise of the relatively basic information—that is necessary because of incomplete fields or self-certification based upon eligible postcodes that has then been apportioned out to the wrong authority—is progressing. As I mentioned earlier, my understanding is that the Government is expecting that to be complete in June.

As the Auditor General alluded to in his opening statement, that comes back to central collation. When we were liaising with the Scottish Government, we could not break down an element of funding and subsequent to that, in speaking to Scottish Enterprise and looking into it further, it appeared that the enterprise agencies did have that information but there was a timing issue with it being shared. There will already have been an element of progress on that £100 million.

I would not like to speculate on the success and status of the funds administered by the likes of Creative Scotland and VisitScotland, which, as you would imagine, are less used to working through those processes than are the enterprise agencies and councils that have existing relationships with recipients.

Colin Beattie: Okay, so we have to wait and see what the Scottish Government produces.

Stephen Boyle: That is exactly where we are at. To reiterate the point: we are seeing progress but it matters what the Government produces, the overall collation and the next steps, which are the evaluation of what difference the funding made, what outcomes were achieved from the Covid spending and more detailed analysis, which involves comparing and contrasting different groups in society as well as different geographies.

Colin Beattie: I would like to change this a little bit to talk about fraud, which my colleague Craig Hoy touched on. We have discussed it in other evidence sessions and looked at what is being reported in the UK Government in terms of allegations of fraud and other irregularities around things such as personal protective equipment, in particular. I have seen the figure of £36 billion; I think that that was an official estimate of the money that had somehow gone missing in the system through payments to companies and so on. We hear of inappropriate PPE worth hundreds of millions of pounds having to be destroyed and PPE that was not delivered. It seems unlikely that we have completely body swerved that, given the sheer volumes of money that were paid out due to Covid, but I am not seeing that reflected in the information presented here. I have the suspicion, and I hope that you do too, that there is still more to come out on that.

Stephen Boyle: We are always right to be wary and guarded on the risk of fraud. I share your position that until the data gathering, analysis and so forth is complete there is a risk that aspects of fraud remain undetected. In truth, it is the case with all areas of spending that there may be circumstances that have not yet been detected.

To reiterate findings that we have shared previously with the committee, which are also included in the papers, the volume of fraud that

you refer to from other reporting has not been detected in this area of public spending. The Scottish Government's consolidated accounts for 2020-21 focused particularly on the increased risk of fraud. The Government had accepted an increased risk of fraud around Covid spending by virtue of the pace at which it wished to get funding to the businesses that needed it most, and its estimate was that it would be in the region of 1 to 2 per cent of the spending in that area—£36 million. That is considerably less, albeit a significant amount, than has been quoted in other parts of the UK for some Covid schemes.

09:45

I refer also to the PPE briefing that we produced last year, which similarly did not show the level of fraud, error or unsuitable acquisition of PPE that has been reported. Two reasons are probably relevant. One is that existing arrangements were utilised. As Martin McLauchlan mentioned, when Covid moneys were funnelled through local authorities as part of the agency arrangements, their familiarity with local businesses and the non-domestic rates register allowed them to intercept some examples of potential fraud. Also, the existing arrangements that Scottish Enterprise had with some foreign suppliers allowed it to spec and ensure some of the quality control. We have not seen increased fraud yet, but I reassure the committee that my team and I, and the auditors that we appoint, have that firmly as part of our work. Although it has not yet been detected, we continue to look for it and encourage management to do likewise.

Colin Beattie: Your briefing states:

"Business support funding payments will be included in the next National Fraud Initiative data matching exercise."

To what extent could other areas of Covid-related fraud and error be picked up in that initiative?

Stephen Boyle: I may need to think about that a bit more deeply than I am able to in responding to the committee this morning. It is important that it is included, to give the scope of the NFI the opportunity to detect any undetected fraud. We welcome that. As the committee will know, we will be producing the next NFI report later in the summer.

On the scope beyond that, we are open-minded about whether it is an opportunity for a further mechanism with which to evaluate the £15.5 billion. There are a number of means by which to do that. Ultimately, prevention and detection of fraud has a role for audit, but it is the responsibility of management to design systems to do so. The evaluation analysis that we have talked about is another key component of that, and the completeness and collection of data. We have an

open mind about the national fraud initiative. It may be one for me to come back to the committee on.

Colin Beattie: Finally, your briefing refers to the retrospective fraud risk review that the Scottish Government undertook on 11 major business funds that were administered by councils and other bodies. What are the fraud error rates for funds administered by public bodies and how does that compare with the funds administered by councils?

Stephen Boyle: I will ask Martin McLauchlan to pick up that question about the comparability of the respective rates. If we do not have the detail, we can come back to the committee in writing.

Martin McLauchlan: The fraud risk review was undertaken after the Scottish Government had already carried out an assurance mapping exercise, in which it went back to the councils and other agencies involved and asked what controls were in place on the various systems. Subsequent to that, the business support steering group requested that the Government's head of counter fraud profession carry out the review.

The 11 funds were assessed against the Cabinet Office's global fraud framework, which is a recognised system. I do not have the detail on all 11 with me; I apologise. I know that it included the small business, retail, hospitality and leisure, and strategic framework business funds, which were highlighted in our briefing as being high risk. That was not so much a reflection of the controls that were in place as of the timing, pace and scale of the distribution. They constituted such a large proportion of the funding that intelligence was also factored into the assessment that they were at higher risk of being targeted by things such as organised crime than were funds that were perhaps paying out small grants to sole traders.

I was made aware of that risk review and met the Government about it, and it was reviewed in parallel by the Auditor General's appointed auditors, forming the basis of his opinion on the consolidated accounts. There was not a complete return from councils, but as part of the survey that they undertook I believe that they identified about 2,000 potential fraudulent claims through the local government schemes. About 1,500 were not paid out—they were caught—about 90 to 100 were paid out and for the others they could not determine whether the payment had been made. In a scheme with, I think, 180,000 successful applicants, the controls that were in place appear to have been effective, but that is not to prejudge the on-going work and the findings in the NFI.

Colin Beattie: It would be helpful if we can receive any further information on other bodies.

Stephen Boyle: We will be delighted to provide that. Very briefly, on Martin McLauchlan's point about the scale of fraud and the Government's assessment of an estimated 1 to 2 per cent, as we said in the evidence session on the consolidated accounts, where fraud is detected, recovery matters. The Government and other public bodies need to follow through on that. Further reporting in the section 22 report on the Government's consolidated accounts later this year will give more of an update. If we have any interim information we will share that with the committee.

The Convener: Thank you. Before I move to Willie Coffey, I welcome to the gallery The Hon Nathan Cooper, speaker of the Legislative Assembly of Alberta. You are very welcome and I am sure that we will have a chance to speak to you later. Thank you for coming to observe this morning's committee. We very much appreciate your time.

Willie Coffey has a series of questions about equalities.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): I will switch the focus of our discussion to look at equalities, societal issues and so on. Your report reminds us that, in April 2020, at the start of the pandemic, the Government identified four harms that it described as direct health impacts, indirect health impacts, societal impacts and economic impacts. Could you tell us a bit more about that? Are you able to say whether the Government stuck to those four key themes in its decision-making process throughout the pandemic to ensure that those particular areas of concern were adequately covered by the funding support that came through?

Stephen Boyle: I will pick up that question and bring in colleagues at various points to supplement my response.

Equalities has been a feature of public spending during the pandemic. The unequal impact of the pandemic across different groups in society has been emphasised in this report, and in previous reports from us and other organisations. In the early stages, as you rightly say, the Government set out the four harms with which to guide its approach, including its approach to public spending on Covid-19. We have seen that through our data analysis, and I will ask Ashleigh Madjitey to say how it has been used to shape some of the schemes.

There is an area where we think that there is more work to do. As well as addressing the four harms identified for Covid, there was a Government commitment to make reference to the national performance framework. Public spending would link to that and—the piece that we have touched on a number of times already—be clear

about what the outcomes have been from public spending related to Covid and where those contributions have been made. That is an important component of what comes next.

Ashleigh Madjitey will pick up on the scheme design.

Ashleigh Madjitey: The four harms framework was not intended to be a spending guidance document. It was the approach that shaped the whole response to the pandemic—which restrictions were going to be in place at what time and how to balance the four harms that were caused by the pandemic and by the restrictions that were put in place. It was about how to go through the pandemic and balance those out in a way that would mitigate the overall harm to Scotland as best it could.

In our conversations with Scottish Government, the four harms were a key part of its decision making; we heard how that informed decision-making. However, we do not see any specific link to the four harms in any of the sample funds that we have looked at, and neither do we see links specifically to the NPF. Although the Government has been very clear about the outcomes that it hoped to achieve with the spending decisions, it has not made that explicit link back to the four harms. Doing that would enable it to more easily pull together the information and see what impact the spending has had.

Willie Coffey: Has that been put to the Government? Do you expect to see that when the Government finalises its report and assessment of Covid support spending?

Stephen Boyle: That may be a question for the Government, to clarify its intentions. We refer in our report to some evaluation that the Government has done—some early assessment of the impact. As we have shared with the committee in previous reporting, the Government has also undertaken some equalities impact assessments, some of which were retrospective reflecting the pace of spending.

There are two components. One is to complete the evaluation of that public spending and the other is to make an assessment of what arrangements will best serve public bodies in Scotland for future events. It will be for the Government to be clear about how it intends to approach that.

Willie Coffey: Thanks for now. I hope to come back in later.

The Convener: Craig Hoy has some more questions about fraud.

Craig Hoy: Last time we touched on the matter, you said that you thought the assessment of 1 to 2

per cent for fraud and error was reasonable. How do you come to that conclusion?

Stephen Boyle: Martin McLauchlan can say a bit more about it, but we formed a fraud judgment on the basis of the Government's own work. The Government looked at the controls that were in place around business spending and it identified that the 1 to 2 per cent risk of fraud translated to an anticipated fraud level of between £16 million and £32 million of that area of spending. The overall volume of transactions cross-referenced to the control framework that was in place.

Martin McLauchlan can say a bit more about how that was deployed, but it was principally through the work of internal auditors and councils' fraud departments. They assessed applicants for schemes against the non-domestic rates register, picking up duplicate entries and applicants who were not operating in the council area. Those various factors allowed the Government to arrive at what it considered to be anticipated questionable claims and then there was some sampling and extrapolation therein.

We assessed the judgment that the Government made, found that it arrived at the position that we got to and said that it was a reasonable approach overall. After more evaluation and assessment has been done, it may vary from that number. Again, it comes back to our overall point that, where there is further certainty about levels of fraud, recovery and enforcement action should follow. Martin McLauchlan can give more detail on that.

Martin McLauchlan: Our view on the work that the Scottish Government carried out, and agents who were acting on behalf of the Scottish Government, would very much be that it is incumbent upon the Scottish Government to assure itself of the regularity of that spend. We know from the assurance-mapping exercise that, where issues were identified, the Government went back out to the small number of councils where there were issues, or the enterprise agencies and so on, and worked those issues through. Subsequent to that, it did the more detailed fraud risk review.

There have been elements of data matching throughout the process, and not only with the Scottish Government. There were responses to work that the Government carried out using pre-existing networks, such as professional networks across councils, where there had been limited data-matching exercises. Although it was the Scottish Government's money and the Scottish Government had to place reliance on those agents, that reflects the maturity of the control environment and the systems that are in place. Although elements of the spending were not covered by the local government audit opinions, the committee can take assurance from the fact

that 32 unqualified audit opinions have been issued on the councils and the Auditor General has said the same in his opinion on the Scottish Government.

10:00

Craig Hoy: On fraud and error, in certain defined circumstances it might be quite difficult to assess whether a fraudulent claim was made or somebody was simply misinterpreting the rules. For example, the principle is that the ratepayer applies for small business support funding. I heard an example where somebody who was subletting within a broader unit made a claim and then the ratepayer, who was also operating from that unit, made a claim, only to find that the person to whom he sublet some space had got there before him. In those circumstances, it would be difficult to say whether that was fraud or error. Where there are clear-cut cases of fraud, you said that by logic there should be recovery action. Do you have any assessment of how much of that £16 to £32 million will, in effect, be error? In those circumstances, should there be recovery action or will some kind of complex repayment process have to be undertaken?

Stephen Boyle: I think it varies. There is a fine line between fraud and error. It probably speaks to the volume of convictions for fraud that it can be very difficult to prove. Without knowing the detail of the example that you raise, if I picked you up rightly the council may have detected that potential error with its control environment, so that two payments were not made for the same premises. That ought to have been one of the checks that councils deployed to stop fraud, although we know that some things will have slipped through. In the overall evaluation, where necessary because there have been overpayments, there will be a variety of arrangements in place for recovery. Where there has been genuine error, we would expect public bodies to look sympathetically at that, but, importantly, to put arrangements in place to recover misspent public funds.

The Convener: I know that Willie Coffey wants to come back in on business support funding. I will bring him in, but I will turn next to Sharon Dowey, who also has some questions to put in this area.

Sharon Dowey (South Scotland) (Con): Good morning. Your briefing states that, between March 2020 and October 2021, the Scottish Government provided support to businesses totalling £4.4 billion, most of which was administered by councils under a number of support schemes. That was touched on earlier. The report states:

“Councils played an important role in delivering grants on behalf of the Scottish Government, putting a significant strain on their resources”

and that

“This was particularly problematic for smaller councils.”

Can you tell us more about the impact on councils of having to administer the funds?

Stephen Boyle: I will bring in colleagues on that question to say a bit more about what that has meant for Scotland’s councils. I will maybe turn to Richard Robinson first of all.

We can see that there was no template for that. That goes back to the overall conclusion that people worked well together at pace, but there were—rightly—significant demands on public workers across the piece throughout the pandemic. We have been visibly aware of the efforts of many key workers, but it is also safe to say that some of the behind-the-scenes contributions were also very important.

Councils are not all the same shape and size. As Martin McLauchlan mentioned in one of his examples earlier, some of the bigger authorities were better able to cope, but some of Scotland’s smaller councils would not necessarily have had the resources to do so. However, they still had to support their communities in the same way.

Richard Robinson might want to add a bit of colour to that, first of all.

Richard Robinson: I will do so briefly; I will then pass the question on to Ashleigh Madjitey, if that is okay.

We have already spoken about the use of the processes and controls that were in place throughout the public sector, including councils, to help with the quick and effective movement of funds during the pandemic. The processes for councils are one thing; obviously, the workload that is put on those systems, whether that is the non-domestic rates system or other systems, is another matter. Smaller councils found it more difficult to absorb additional workload and pressure.

I ask Ashleigh Madjitey whether there is more detail on that.

Ashleigh Madjitey: I think that that is about it. Earlier, I talked about the reporting requirements. There were 300 announcements, so councils were delivering a lot of funds. That was not just for business support; councils were delivering funds across the piece, and they provided monthly or weekly reporting. That extra level of reporting alongside delivering the funds and the normal day jobs added to the resource burden.

Councils were involved in discussions with the Scottish Government about how best to shape the funds and how they could best deliver them. They were involved in the initial discussions about what the funds would look like, but not necessarily in

discussions about where the money would go and whether they were going to be delivering them in the first place.

Sharon Dowey: Can you tell us more about how you plan to audit the additional £375 million that has been made available for business support as part of your on-going work programme?

Stephen Boyle: We will pick up where those moneys have been distributed through our annual audit work in the first instance. That will cover the recording of the amounts, the regularity of the spend, its completeness and so on. Once the Scottish Government has completed the evaluation work—this is linked to one of my earlier answers—we will take a view on how and when we can best complete our overall audit work on Covid-19 spending.

As we mentioned in the report, it is becoming harder to track and monitor what is and what is not Covid-19 spending. In their 2022-23 budgets, the UK Government and the Scottish Government do not have separate Covid-19 funding. For overall clarity and understanding of what has been achieved from £15.5 billion of spending, we made a recommendation in the report that a final overall evaluation piece of work be undertaken to set that out. We have an audit contribution to make, and we are hesitant about timescales until that has been completed.

Sharon Dowey: The briefing states that the number of private sector businesses operating in Scotland decreased by 5.4 per cent from March 2020 to March 2021. Given that some businesses will have started trading during the same 12 months, is any data available on the actual number of businesses that were lost during the first year of the pandemic?

Stephen Boyle: I ask Martin McLauchlan whether he has any detail on that. If not, we can come back to the committee on it.

Martin McLauchlan: To the best of my knowledge, that information is not available, as things currently stand. That information was based on a Scottish Government business survey. As with many economic statistics, that takes time to compile, and it is published in arrears. When we prepared the report, the March 2021 figure was the most recent that was available. I suspect that the longer-term view that you are looking for on movement from the very start to the end of the pandemic—if I can say it in that way—is not yet available, but we can certainly check on your behalf or speak to the clerks about it and alert you if that analysis has now been carried out and has been published.

Sharon Dowey: Okay. That is fine. Thanks.

The Convener: On that point, do we know the number of jobs that were lost as a result of 5.4 per cent of private sector businesses ceasing to operate? I take it that that is a net figure. Do we know yet what sectors those jobs were in?

Stephen Boyle: I am not sure that we have that information to hand, convener. As you will know, there are multiple publications about and sources for the overall number of economically active people. Some of the analysis is by region, sector and type of economy. I am not sure whether we have been able to triangulate the number of jobs lost attributable to Covid. We might need to take that question away, come back to the committee in writing on it, and probably reference some of the Office for National Statistics material that covers some of that.

The Convener: Thank you. If you are able to do that, that would be helpful. I recognise that that might not be a central part of your work, but it is of wider interest. It would be useful for us to have an understanding of not just the businesses but whether they were sole traders or businesses that employed people and which sectors were hardest hit.

Stephen Boyle: I agree with you. We will see what we have, and we can certainly signpost the committee to other information that has been published.

The Convener: Great. Thanks.

I mentioned that Willie Coffey has some more questions in that area. Do you want to come back in, Willie?

Willie Coffey: Yes. Thanks, convener.

As the various support schemes developed, we were all aware of their huge impact on hospitality, leisure and culture. All those sectors were really hammered, and they desperately needed funding support. However, do you remember what happened with the wholesale sector? That sector was technically allowed to continue trading, but it had nobody to trade with because everything that it traded with was closed down. What is your sense of that and whether we got that right?

I also recall that people were missed out when one scheme came along. We even thought of having a scheme for those who were not in the scheme. I got the sense that we did not quite know how to resolve those types of issues. What is your sense of whether, on balance, we got the decision-making process right to support the sectors that desperately needed help?

Stephen Boyle: That is a really interesting question, Mr Coffey. There were other sectors as well as the wholesale sector. Soft play providers and taxi drivers are examples of other industry sectors that came to light as a result of the voices

of operators in those sectors highlighting that they were not necessarily covered by some of the existing grants and the resultant hardship that those providers were experiencing.

There are examples in the report that show that public bodies and Government learned and responded with some additional funding arrangements. As we highlighted in the report, in the early stages of the pandemic, the grant allocations were quite specific. Richard Robinson can say a wee bit more, if he wishes to, about how the support evolved through specific grants to being a bit more general. That model perhaps afforded public bodies more licence to gather up affected industry sectors as the pandemic evolved.

We might now want to have in place an overall arrangement of evaluation of, and reflection on, what worked well and what did not work so well and whether public bodies are confident that all the arrangements are sufficiently covered. The extent to which wholesalers, taxi drivers and soft play providers, for example, were covered and adequately supported is one of the long-lasting examples. There is an opportunity for reflection.

Engaging with the sector is important. I think that that has already come up this morning. The Government has rightly pointed out that it now has better established relationships with some of those industry sectors than it had before the pandemic, and it is continuing to build on those relationships to inform what future interventions might look like.

Richard Robinson might want to add to that.

Richard Robinson: I will be brief. In the report, we made a point about the way that funding that was mostly from Barnett consequentials transpired in the spending choices in Scotland. There was broad consistency. However, as we set out in paragraphs 15 and 16 of the report, the Scottish Government was able to effectively change, tweak and moderate to ensure that it could take more account of the gaps or changes. The Auditor General gave some examples of that.

Earlier, we mentioned that the nature of the support changed over time and that it went from support that was more specific—for example, for building a hospital or getting business rate relief in place—to support that was more general to support services, replace lost income, and meet the needs of communities. We said in the report that councils are often best placed to understand local communities and how best to support them.

What is important—this goes back to the overall point—is that information and intelligence about how money was spent is not lost. That is not just for future emergencies that may arise. I go back to Mr Coffey's earlier point about equalities. It is about understanding the difference that the money

has made and what that means for the recovery from the pandemic.

10:15

Willie Coffey: I have one final question on this area. In exhibit 3, Auditor General, the chart shows that, during the pandemic and from August last year, Scottish Government spend was outpacing the consequentials that were coming in. What was the reason for that? Was it the end of furlough schemes? Did we continue to try to provide support in that regard? What is the reason for the Scottish Government's consistent additional spend over the past year?

Stephen Boyle: I will pick that up first and Richard Robinson can come in to give a bit of detail.

At a high level, the Scottish Government has broadly allocated funding in the same way as the UK Government has done. It has made funding commitments for Barnett consequential spend that are largely consistent with how funds were spent in other parts of the UK.

The differential that you refer to is where the Scottish Government has decided to provide other support mechanisms through its own funding arrangements. It has used, in part, the Scotland reserve to support some of its spending arrangements. It has also reallocated some of its core budget for areas in which spending was not necessary in the way that was anticipated. I am not talking about the support to the rail operators that the convener mentioned, but about some of the passenger arrangements, where the same demand was not there. The Scottish Government has licence to do that. Through the fiscal framework, it has the ability to take spending decisions distinct from Barnett consequentials, and that largely explains the differential between the two numbers. Again, Richard Robinson can add a bit more.

Richard Robinson: That is correct. Some of it is around elements such as the reallocations and the reserves. As we said in our series of tracker papers, before we produced the briefing, we can see that coming through, especially in those areas where demand for expenditure was less as a result of some of the measures—the Auditor General was right to mention elements of transport and so on during lockdowns. This is about announced spend—it goes back to the point that it about announcements of spend going into budgets and then the spending itself. It is important that we continue to be able to see that the Scottish Government has transparency around the results of those announcements—how money was spent against the nature of those announcements, of which there were 300 over the course of a year.

Willie Coffey: The differential was about £1.3 billion, so we will see in the Scottish Government's assessment where exactly that extra spend went?

Stephen Boyle: Yes. We anticipate that that will be the case. There will be some outturn publications this month—today, perhaps, if I have my dates correct—through to the audit and publication of the Scottish Government consolidated accounts and their presentation to Parliament and this committee later this year. Our section 22 report on the Scottish Government consolidated accounts will give more detail on that.

The Convener: Can I pick up on something that you said in reply to Willie Coffey about the rail franchise money—the £441 million that was given to the rail operators? Are you saying that that was all Barnett consequential money, or that additional Scottish Government was money put in?

Stephen Boyle: I am not sure that I have the detail on the distinction. I think that I am right in saying that there is no obligation on the Scottish Government to spend Barnett consequentials in the same way as the UK Government spends its funds. I would need to check with colleagues whether the analysis of that £400 million or so equates to a flow-through of Barnett consequentials or whether there was any additionality. We may need to come back to the committee on that—it looks like that is what we need to do, sorry.

The Convener: That is fine; I would certainly welcome that.

I have two final summarising questions. The first about the overall assessment of Covid-19 spend by the Scottish Government, which we have touched on during this evidence session and which Ashleigh Madjitey mentioned. Do you have a timeframe for when that information will be in the public domain?

My second and final question pulls some of this together. Auditor General, what do you think the key themes are from the inquiries that you have carried out, and what are the critical lessons to be learned from the completely unforeseen experience that we have all been through?

Stephen Boyle: I will ask Ashleigh Madjitey first whether we have any timescale and then I will address your second point.

Ashleigh Madjitey: We have no timescale as yet. The Scottish Government has indicated that it is keen to follow the recommendations in the report and to engage with us on them, but we have no timescale yet.

Stephen Boyle: My response to your second question, convener, is consistent with our key message and overall finding. Public bodies and

the Scottish Government worked well at pace. They did the best that they could in the circumstances that they found themselves in, with unprecedented sums of money being channelled to businesses and public bodies to keep them going. There was no template. I think that that is one of our overall reflections.

In previous evidence sessions, both at this committee and at your predecessor committee, we have spoken about the extent to which we were prepared for a pandemic. As we now know—I am sure that this will be explored further by Lady Poole in the Covid-19 inquiry—our preparations centred around a flu-like pandemic. The extent of interruption that we have seen was not anticipated and, as I mentioned in my opening remarks, we do not know whether there will be more disruption events. Climate change might well influence that, and we do not know whether there will be more pandemic or epidemic events. However, it is important that we learn the lessons from the pandemic because this all comes down the role of the state to intervene and support, and inevitably that comes back to enormous sums of public spending. We need a clear understanding about how we best do that.

We all want to recover, move on and get back to our daily lives, but we need to learn from the pandemic so that we are better prepared, we know what works well and we have something of an evolving template that we can draw on. That emphasises the importance of the recommendations and the need for that final evaluation to take place, with the data collected and a proper and full assessment of what worked well and what the outcomes were, so that we can modify things if and when there is a next time.

The Convener: On that note, I thank you, Auditor General, for the evidence that you have led this morning. I also thank Richard Robinson, Ashleigh Madjitey and Martin McLauchlan for their valuable input.

I briefly suspend the meeting to allow for a changeover of witnesses.

10:22

Meeting suspended.

10:24

On resuming—

Section 23 Report: “Social security: Progress on implementing the devolved benefits”

The Convener: Good morning again, and welcome back to the 19th meeting of the Public Audit Committee in 2022. Agenda item 3 is consideration of the report produced by the Auditor General on social security and implementing the devolved benefits. I am pleased that, for this evidence session, the Auditor General has been joined by Carole Grant, who is an audit director at Audit Scotland.

I will begin, Auditor General, by inviting you to give us a short opening statement, after which we will have questions from members of the committee.

Stephen Boyle: This report is the latest in a series examining the progress that the Scottish Government is making to establish the Scottish social security system. I am pleased to report that the implementation of the devolved social security powers is going well. The Scottish Government has implemented new and complex benefits, including the Scottish child payment and child disability payment. These are significant achievements. In addition, there is a focus on the needs of service users, building on the founding principles of the Scottish system.

The Scottish Government is preparing well for the next stages of delivery and is managing this complex programme of work effectively. It is also important to recognise that the scale of what is yet to be delivered is significant. The timescales set are challenging and it will be some time before the devolved benefits are fully administered in Scotland. My report highlights that there are some substantial remaining risks, including assessing relevant data, putting in place longer-term digital solutions and getting operational staffing in place. Managing those effectively will be critical.

The Scottish Government currently estimates that the work to implement the devolved benefits will cost £685 million up to 2025-26. I recognise that the scope of what is being delivered has increased over time, but as the Government's understanding of what it requires to deliver this programme of work has improved, a lack of regular reporting has made it difficult for those charged with scrutiny to track costs. I welcome the minister's recent announcement of his intention to publish a revised programme business case for social security later this year.

Critically, my report highlights the need for the Scottish Government to manage the long-term financial sustainability of its social security expenditure. My report noted that, by 2026-27, benefit expenditure in Scotland is forecast to be £760 million higher per year than the corresponding funding received through the block grant adjustment. The Scottish Fiscal Commission's May forecasts show that the figure is now expected to increase to £1.3 billion over the same period. The Scottish Government's other spending priorities will need to be managed alongside its social security priorities.

As you know, convener, I am joined by Carole Grant, who was involved in leading the preparation of the report, and between us we will look to answer the committee's questions. Thank you.

The Convener: Thank you very much indeed for that opening statement. You mentioned the minister in your opening comments. Rather unusually, the minister wrote an unsolicited letter to the committee on 19 May, in which he set out his response to the report, using expressions including

“significant progress”,

“the scale of what we have achieved”,

“a very substantial achievement”,

“the Scottish Government is preparing well”,

“the recommendations that Audit Scotland have highlighted are areas we had already identified and were working on prior to receipt of this report”,

“things are demonstrably working”,

and

“we have got robust processes”

In and among all that, do you think that there is a recognition of the scale of the challenges that you identify in the report and which you mentioned in your opening statement, and a recognition that substantial risks remain—not least, for example, that of getting operational staffing in place? Can you comment on what you see as the position of Social Security Scotland and the Scottish Government on that? Do you think that they fully recognise the challenges that lie ahead?

Stephen Boyle: As we say in the report, and as I mentioned a moment or two ago, we think that they have made progress. This is a complex and significant programme of work—I am sure we will cover much of it in this evidence session. As I also said, there are significant risks to be managed and delivered on over the next few years. This is not particular to this programme, but the overall fiscal risks are very significant. The Scottish Fiscal Commission's forecasts are now £1.3 billion—that is distinct from associated funding—and that will

have to be managed within the entirety of the Scottish budget.

There are data risks to manage, there are information technology implementation requirements, and, as you mentioned and as we say in the report, this will be a very substantial staffing and public service operation. Many people in Scotland will rely on the services that will be provided by Social Security Scotland, some of which still have to be transferred from the Department for Work and Pensions. All that will have to be managed effectively over the next few years. It probably leads us to a balanced position of progress, but with many risks still to be addressed.

10:30

The Convener: Looking to the future and reflecting on the past, what do you think have been the critical factors that allowed for the reasonably successful start to the work of Social Security Scotland?

Stephen Boyle: I will offer a perspective on that and will bring in Carole Grant, who is close to some of the detail.

The overall arrangements, the planning, the relationships and many of the factors that we regularly speak about with the committee as hallmarks of well-run projects have been in place in the implementation of this very complex project. I do not think we can overstate the significance of Scotland having inherited benefits that were previously administered by the DWP and having implemented its own unique Scottish benefits for the provision of social security.

We have seen effective project management implementation, relationships have been important and leadership has worked well during the project, but none of that should be taken for granted, nor should we take it for granted that what has gone before necessarily means that everything will go well in the future. This is an interim report, and we are seeing signs of progress.

Carole Grant will also have a perspective.

Carole Grant (Audit Scotland): As the Auditor General mentioned, the other thing that has been critically important is the relationships and the way in which those were established in the programme between the Scottish Government, Social Security Scotland and the DWP to ensure the flow of information, with everyone understanding the priorities and working towards the same aim. We have seen those relationships develop over the past few years and they have been critical to the successful delivery to date.

The Convener: Thank you. That is useful. I invite Craig Hoy to put a couple of questions.

Craig Hoy: We note that, as a result of the Covid pandemic, some degree of prioritisation has been entered into and some of the more complex benefits are due to be delivered at pace over the coming years, including the adult disability payment. Do you believe that the current timetable, which is in exhibit 1, represents a sustainable pace of change? Do you think that it makes sufficient allowance for unforeseen circumstances or for competing priorities, such as the creation of a national care service? Is the timescale credible, or do you think that we will have to perhaps build in time for further delays?

Stephen Boyle: There is always a balance in setting a timescale that is stretching, achievable but not unrealistic. In the round, we think that the agency has done that. Carole Grant can update the committee in a bit more detail but it is safe to say that there has been some re-planning of implementation. The pandemic has understandably affected the anticipated earlier timescales for the roll-out of benefits in Scotland, but it is true to say that there are a couple of other factors, as you mentioned. One is the national care service, which will require considerable input. There will be competition for skills and services within the Government and within an already demanding market for some of the services that will be needed. There is a balance between employing people with those skills and bringing in contractors to support the implementation of projects where the skills cannot be sourced in-house.

In the round, we are seeing progress, but there are still some risks. Carole Grant might want to say a bit about this. One of the dependencies that we touch on in the report is a system of implementation that the DWP is working on for later this year that will be dependent on the roll-out of future benefits. "Stretching" and "achievable" are our watch words, but the timetable requires careful management, which we have seen up until now.

Carole Grant: The other thing to draw out is the risk management arrangements within the programme, which we see as robust. Although we comment on the lack of public reporting in terms of programme costs, we have seen very strong internal monitoring of costs and of the development of longer-term plans to enable delivery.

The Auditor General mentioned our reliance on the DWP, which has developed significantly over the past few months in terms of getting arrangements in place to ensure that the system can be delivered. That is recognised as a risk for all the partners involved and is being actively managed and monitored to support the delivery of the timeline that is detailed in exhibit 1.

Craig Hoy: One of the benefits that were introduced despite the Covid pandemic was the child disability payment, which was rolled out nationally in November 2021, following a pilot in three local authority areas. Your report states that the pilot provided a limited opportunity to test aspects of the benefit and that data collection was still being developed during the pilot process. What were the risks of the Government launching the pilot without sufficient testing and how has that impacted data collection? Are you confident that the current data collection system are fit for purpose?

Stephen Boyle: I will ask Carole Grant to pick up most of that, but I will make a general point about the approach that is being used, which is an Agile project implementation approach. Over the years, the committee has heard examples of where Agile projects have been implemented with varying degrees of success. In particular, it was not that long ago that the common agricultural policy futures programme was an example of Agile project implementation methodology that did not go well. There are trade-offs; that is the overall conclusion that we make in this report about the use of Agile. It allows the project to proceed, but some elements will have to be picked up at a later date. Those elements include aspects of evaluation and data collection. Alongside that, there are technological components and manual processes that allow for the right level of pace and sufficient analysis, but there is a recognition that that has to be picked up in maintenance and evaluation at a later stage. Overall, I think that the methodology is working well. Carole Grant can pick up on the trade-offs if she wishes.

Carole Grant: Specifically for the child disability payment, we say in the report that there was limited opportunity to test some aspects following the pilot. The pilot sites or areas are used to enable the agency to scale up. It uses them to get a feel for the implementation and to learn almost constantly as it goes through the process, for instance about how long it takes to process applications, how the system is working and any interfaces. The successful launch and delivery to date show that that learning cycle is working. It is something that features throughout the annual audit that I am involved in and it is something that we will continue to report on publicly through the annual audit process.

Colin Beattie: Auditor General, this must be a red-letter day—two positive reports in one day. I cannot remember when that last happened.

There are three areas that I would like to touch on, the first of which is the new approaches to the social security system. Paragraph 20 on page 11 refers to the introduction of the new approaches. They seem very commendable and so on. They

include things such as local delivery, advocacy and multiple channels for accepting applications. However, to go back to that old favourite—data—is there any data on the use of the services and the extent to which they deliver value for money?

Stephen Boyle: To an extent, Mr Beattie. As you say, and as we set out in the report, the overarching principles that the agency has sought to implement in this approach are dignity, fairness and respect. It consciously uses the language of “clients” for service users of the social security system. We note the implementation of its approach of local delivery advocacy, which is included as part of the legislation, and the multichannel access. As we mention at paragraph 24 of the report, the agency is gathering the views of its clients and also of partner organisations about how this is working. It has also undertaken a client survey and is using that intelligence to gather feedback. Eighty per cent of people are using the services online—people are given a range of options—and 90-plus per cent of people who were asked say that they have been treated with kindness. Carole Grant might want to come in on some of the additional analysis that is being used and some of the academic research that is going on alongside some of the initial survey work.

Colin Beattie: I will intervene at that point and ask one small question. You have some percentages, for example on satisfaction. What do we compare that to? A piece of data is just a piece of data until you can measure it against something.

Stephen Boyle: You are right. Carole Grant can speak further about that. It is 90 per cent relative to what? To make data more meaningful, it has to be accompanied by trend analysis, targets and expectations. We will come on to the quantification of the impact of some of the interventions in a moment, but I will pause to see whether Carole Grant wishes to add anything.

Carole Grant: The data landscape is being developed—that is how I would describe it. The agency is collating a lot of information. We do not yet have the detailed trends, but we have been having discussions about where it would set targets. We have had numerous discussions with Social Security Scotland and it is very keen to ensure that its targets are not about time to process and things like that; that is not the system that it wants. It wants to understand how long it is taking to process claims but does not want people to feel that there is a set target that will drive behaviours in relation to how they are engaging. It is very much an on-going development not just in terms of data capture but in terms of what the data is telling it, whether it is capturing the right information, where it wants to tweak it and where it wants to gain additional information in other areas.

You mentioned value for money. That is a key principle in the social security charter, so it is something that the agency is focusing on, but not yet when it comes to assessment, and that flows through some of the messaging in the report.

Colin Beattie: Are you satisfied that the data will eventually be useful when it is developed and put together? This seems an opportunity to get the data collection right for once, as it is a new system.

Carole Grant: Yes, absolutely. You will see it flowing through the annual report and accounts and the performance report at the front. That is evolving to be much more led by the data, but it is telling the story rather than being data for data's sake. Yes, it is almost at the point now where there is an assurance that the data that has been collected is the right information to inform the decision making as it moves forward.

Colin Beattie: The next area is the adult disability payment. Your exhibit 2 highlights the huge increases that are expected in the scale of the activity to be undertaken by Social Security Scotland. One of the areas that have been highlighted is the lack of certainty around the levels of staffing that are required to administer the adult disability payment. The lack of certainty is a risk. Given the unknown resource implications of the benefit, how confident are you that Social Security Scotland is well placed to respond to the increase in demand? What is the plan?

Stephen Boyle: I think that you are right. Carole Grant can say more about the scale of what is being proposed. The language that we use is to say that the scale of activity will

“increase hugely over the next few years.”

To illustrate that first in staffing terms, last December the agency had 1,800 staff. It expects to go up to 3,500, much of which will be driven by the adult disability payment as part of the casework that is required. The agency has a workforce plan and it is reviewing its progress in terms of full-time staff and any additional support that it might need. We know that there is a plan in place. We have seen that the agency has scaled up considerably over recent months as it gears up for the progress and transfer of responsibilities for the new benefits. A bit like we touched on in the discussion with Mr Hoy, the progress of benefits has been interrupted, and managing that in conjunction with the responsibility plus the staffing that goes beside it is the trick to pull off, but it is recognised that they have to be largely aligned as the agency gears up.

The workforce planning arrangements are in place. Carole Grant can say more about that if she wishes.

10:45

Carole Grant: As you have mentioned, there has been large-scale recruitment, but we have seen that that has been well managed. In the report, we refer to the figure that the Auditor General mentioned of 1,800 staff at Social Security Scotland. The updated workforce statistics that were published last week show that the figure is just under 2,400 now. You can see that there is a flow and that it is being managed well. As many public sector bodies are doing at the moment, Social Security Scotland is considering what hybrid working can mean, how it can flow through the workforce and how it might change the structure. That has been taken into account. Workforce plans are being developed alongside the longer-term financial and estates planning to complete the picture.

Colin Beattie: The last area is the Scottish child payment. There has been reference made to the DWP in connection with this. You have highlighted in your report that there are huge challenges there in relation to timescales and data sharing. The extension of the payment relies on the DWP developing a new digital system and you have highlighted that there is not much space left for testing in advance of delivery, so a programme is being developed on design plans that cannot yet be tested. One of the lessons learned from the launch of the Scottish child payment for children under six was the need to plan and protect suitable time for system testing prior to implementation. Are you confident that the risk is being managed appropriately? What are the Scottish Government's mitigation plans should the timescale slip due to circumstances outside its control? Do we have faith in the DWP managing to deliver in time?

Stephen Boyle: You will forgive me if I do not offer you categorical assurance that it is progressing. All the points that you made are right. The extension of the Scottish child payment is a significant next step. Yes, there is dependency on the DWP. As we note at paragraph 35, on the Scottish Government programme management arrangements, the Government is aware of the risk. There are regular meetings and interaction to track and monitor that progress is on track, including ministerial consultation if required. As at today, we have six months to go before this is due to be rolled out. It will be for the agency to closely track the programme. If necessary, there comes a point in any project implementation where it is better to delay than to progress with risks that go beyond tolerance level and it would be for the programme to take a view about that.

As things stand, our assessment is that the programme is managing well and is aware of the risks, but clearly there is a crucial six months

ahead. Again, I will check whether Carole Grant has anything to supplement.

Carole Grant: I have no specific details. Obviously, our detailed audit work went up until the end of February. We have had on-going engagement since then and from that engagement we believe that the risks are being well managed and that the programme is a high priority.

Colin Beattie: I have no doubt that you will be reporting back on the implementation in due course.

Stephen Boyle: Yes. Just to give the committee that assurance, this is one of a series of reports that we have produced on the implementation of social security. Given its significance both in fiscal terms and as part of the roll-out of the devolved powers from the Scotland Act 2016, it is very much in our thoughts to continue offering assurance to the committee.

Willie Coffey: Could you talk to us a wee bit more about the systems development aspect of this? You will recall—and members will recall—that, at the outset of this project, which was in the previous session of Parliament, there were some concerns about the software systems development side of it, because of our previous experiences. It is fair to say that this project has gone particularly well. The Agile methodology has been deployed. Although it was deployed in another area that you mentioned and was not so successful, this one has gone very well. It is so complex. Can you unpick why this particular methodology and this particular project have gone so well compared to predecessors that we have other experience of?

Stephen Boyle: I am happy to do that, Mr Coffey. There comes a point when you have to move on, and I would recognise that that is appropriate. In the roll-out of public systems in Scotland, Agile has not always been looked on favourably and has not always gone well, but that is not the case with this approach. The Agile methodology, as distinct from Waterfall, which is the other methodology, looks to have been the right choice by the Scottish Government for the roll-out of this system. To reiterate the point, this is a very complex process to get right, with very significant benefits that people rely on. That is what we have seen so far.

When it comes to the reasons behind that, there has been learning from previous approaches and we have seen that being brought into place. The right leadership and the right skills are in place. It is also important—Carole Grant can touch on all these points if she wishes—that there are assurance arrangements in place. We are not seeing a competitive environment between the programme and the agency with sharing of

information, and the interaction between the agency and the DWP is right. Much of that is so important—not just the executive competence and transfer but the implementation, which has to be seamless for the clients of the agency. We are seeing all those components in place.

The point about Agile is that there is a trade-off. You recognise through the progress of implementation that you are not done and that there are system management, maintenance and IT requirements to revisit. I have spoken previously to the committee about the concept of technical debt and the fact that there are sacrifices. To progress, you have to go back and address those over the years. There are still things to be done with the methodology, but certainly there has been a distinct change from previous reporting on the approach. I do not know whether I have covered everything.

Carole Grant: I think that you have. The expertise that exists in the programme has been very important for the successful delivery. Another aspect is the agreement between the programme and Social Security Scotland that the prioritisation would be on the elements that would impact on service user experience. Having that clarity about where the prioritisation lay in the development of the system and the interaction between the clients and the system has ensured that they have been on the same page throughout. That has helped with the successful delivery so far.

Willie Coffey: It is good practice for software development and software engineering to deliver what the client actually wants, and no more. It is a crucial feature of Agile that you do not do more than you need to.

Stephen Boyle, you have mentioned a few times that there are trade-offs with that particular methodology, so there may be parts of the system development that have been set aside. Will we ever need to implement them? Are the solutions that we are getting now likely to be permanent solutions or will we keep having to backtrack and improve and develop and so on and so forth as the project develops?

Stephen Boyle: The agency will need to take a view on that through its system maintenance and on-going development. Clearly, there are still more benefits to be rolled out, so we are not yet in a stable environment in terms of how all the system components interact and what needs to be maintained. Inevitably, technological developments and system changes might make redundant some of the requirements of the system that have been set aside at the moment. It is complex, and it is difficult to be definitive about the extent to which all that matters.

It is perhaps worth emphasising what we say in the report about the overall cost of implementation. The Government has referred to a figure of £685 million. That does not include any of the additional on-going maintenance around Agile for some of the components that have been set aside for the time being. If those requirements arise, there will be costs beyond that and it will be for the agency to arrive at and assess what that means in financial terms.

Willie Coffey: Finally, are the IT systems that are to come of the same order of complexity in terms of design and so on, or is what will be required to complete the benefits system even more technically challenging?

Stephen Boyle: I will ask Carole Grant to pick that up. I think it is shades of grey, to be frank. None of this is straightforward or simple. There are so many interdependencies. As for the extent to which the next iteration of the roll-out of the system will be more or less complex—I suspect that it will be largely similar. It matters so much that they get it right. Carole Grant can speak to any material differentiation.

Carole Grant: In discussions about what would be the most complex benefit to deliver, and which case loads would be a challenge, the adult disability payment was always held up as an example. I would not want to commit to it entirely, but I think we are at that point in the complexity in the system and it will now be more about learning going forward.

You asked about the need for all the technical aspects to be addressed. That comes back to the point about data that we were talking about earlier. The client's interaction with the system is such an important element of it, but Social Security Scotland is also looking at what data it wants to get out of the system. There may be processes where, at the moment, there is a manual intervention or a manual process being used that would be more efficient if it were done directly from the system. All that is taken into account, as the Auditor General said, in terms of that balance between where the improvements lie and which ones are actioned.

Willie Coffey: Will you continue to monitor the development as it goes forward?

Carole Grant: Yes. It is a core part of the audit of Social Security Scotland and it flows through our annual audit report each year.

Sharon Dowey: Programme implementation costs are now an estimated £685 million to 2025-26, compared to the £308 million set out in the 2017 financial memorandum. The report also highlights that implementation costs are not being routinely reported on publicly, which clearly makes financial scrutiny particularly difficult.

In your opening statement, you mentioned some of the costs being higher than the block grant and I think that Carole Grant said earlier that there was strong internal monitoring of the costs, even though they were not put out publicly. To your knowledge, what action is the Scottish Government taking to improve the accuracy of future cost estimates?

Stephen Boyle: Good morning, deputy convener. I will start, then Carole Grant can come in on all those points as she wishes. Exhibit 5 to the report sets out the change since the 2017 financial memorandum of the anticipated costs of the delivery of the programme. Those have changed substantially. We started at a figure of £308 million, which moved to £651 million in 2020 and the most recent update is at £685 million. It is very clear that this is not a case of costs spiralling out of control. It is much more an example of the scale and scope of the project changing as the understanding of what is required has changed. The additional staffing costs, which we have touched on already, and managing the volume of the case load are key factors, as well as the expansion of the extent of the benefits anticipated—all those are more of the story.

It is the case, however, that the costs have not been routinely reported and that has reduced the extent of transparency and scrutiny available to the Parliament and users of the service. As I mentioned in my opening remarks, it is positive that there will be an updated business case. We welcome that and expect to see as a regular feature through the continuation of the project that that can be sufficiently tracked and monitored.

You also mentioned fiscal sustainability. As the roll-out of the benefits increases, the Scottish Government will be funding much of that from its own resources, so there is a divergence and therefore policy choices and priorities that the Government's and the Parliament's consideration of the budget will look to make, based on the SFC's most recent estimates. There are variables, and I think that even the SFC acknowledges in its report that these are forecasts, not necessarily predictions. There are, however, huge sums of money involved and that will influence the priorities that the Government will have to manage in its overall management of the fiscal position of the Scottish budget. The impact of some of the interventions through the new social security system may be longer term. All that makes the overall management and balancing of Scotland's budget more complicated. Again, I will invite Carole Grant to add anything further that she wants to add.

Carole Grant: As the Auditor General said in relation to exhibit 5, on the programme implementation costs, it is very clear that the initial

estimate was based on high-level assumptions. We have seen the understanding of the programme scope develop alongside the timescales being extended, partly as a response to the pandemic. Also, Scotland-specific benefits were introduced that did not necessarily feature in the original cost assessment. The cost of case transfer was not clear in the initial estimate and is now included.

The £685 million that we quote is the estimate at the point at which we were doing our work but, until the full programme business case is published later in the year, we will not know whether that figure will move with the work that is on-going.

Sharon Dowey: Has the Scottish Government committed to publishing the implementation costs for the new benefits?

11:00

Stephen Boyle: We expect that that will be covered by the programme business case when it is published later in the year. We welcome that additional publication, its transparency and, importantly, that it affords visibility and scrutiny of the project's costs as it progresses.

Sharon Dowey: One of the risks identified in relation to staff is the increasing reliance on contractors. You note that the programme is clear that it wants to ensure knowledge transfer from contractor staff to permanent employees and for this to support growth of their staffing specialist areas. To your knowledge, what concrete action is being taken in this regard?

Carole Grant: We have seen evidence that there are arrangements in place. The risk is recognised, and the extension of the timeline because of the pandemic gave a little bit of space for the agency to take stock. I cannot remember the specific name of the programme, but one has been set up—I can provide it after the meeting. There are definitely solid arrangements in place to ensure knowledge transfer because it is seen as such an important area by the programme and by the Scottish Government.

The Convener: You mentioned earlier that staffing numbers had increased from 1,800 to around 2,400. Are they all direct employees of Social Security Scotland or is that a headcount that includes contractor staff?

Carole Grant: I am sure from the statistics—it was only last week that they came out—that it is employees of Social Security Scotland, but I will check the publication and confirm that.

The Convener: Is it full-time equivalent? It would be useful to understand that.

Carole Grant: Yes, it is.

The Convener: Our last question is about the impact on outcomes, which, in the end, is what this has to be about. The Scottish Government has stated that the three principle objectives in rolling out the Scottish child payment are, first, to reduce child poverty by at least 3 per cent; secondly, to make sure that the payment gets to those who need it the most, not just those that would help the Government get over the line of meeting targets, such as that over 3 per cent figure; and, thirdly, to try to bring about a sustainable and lasting reduction in poverty in those families that are below the poverty line. We are interested in understanding whether the current performance measurement frameworks are fit for that purpose and whether they are sufficiently resourced. Is there capacity in the system to properly measure those targets?

Stephen Boyle: I think it is something of a halfway house at the moment, convener. I will refer to a number of points. The Government has not yet set out its formal strategy for how it will evaluate the impact of the benefits and that matters to address the outcomes of the Scottish system of social security. That needs to happen to complete the overall picture. You are quite right about the three criteria for the Scottish child payment and there is much commentary on the progress, or the anticipated progress, towards the Scottish child payment targets. Yesterday, for example, the Joseph Rowntree Foundation and Save the Children published a joint report on some of the implementation and the risks present towards meeting the interim child poverty targets. For the committee's awareness, Audit Scotland will produce a briefing paper in the autumn on progress towards child poverty targets and there will be an opportunity to update the committee further at that point.

Overall, as with all aspects of public spending, it matters that evaluation is anticipated at the start and we have seen that. There is a distinct picture here. It is part of the agency's and the Government's thinking as they evaluate the roll-out of the benefits, but there are still some steps to be taken as part of the overall strategy.

The Convener: At that point I would like to draw this session to a close and thank you, Auditor General and Carole Grant, for your input. I am quite sure that Social Security Scotland and its performance is something that the Public Audit Committee will continue to have under its watch. Thank you both very much indeed.

11:07

Meeting continued in private until 11:33.

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