

AUDIT COMMITTEE

Tuesday 13 February 2007

Session 2

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AUDIT COMMITTEE

3rd Meeting 2007, Session 2

CONVENER

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

DEPUTY CONVENER

*Mr Andrew Welsh (Angus) (SNP)

COMMITTEE MEMBERS

*Susan Deacon (Edinburgh East and Musselburgh) (Lab)

*Robin Harper (Lothians) (Green)

*Margaret Jamieson (Kilmarnock and Loudoun) (Lab)

Mrs Mary Mulligan (Linlithgow) (Lab)

*Margaret Smith (Edinburgh West) (LD)

COMMITTEE SUBSTITUTES

Mr David Davidson (North East Scotland) (Con)

Marlyn Glen (North East Scotland) (Lab)

Eleanor Scott (Highlands and Islands) (Green)

Mr John Swinney (North Tayside) (SNP)

*attended

THE FOLLOWING ALSO ATTENDED:

Mr Robert Black (Auditor General for Scotland)

Antony Clark (Audit Scotland)

Neil Craig (Audit Scotland)

Barbara Hurst (Audit Scotland)

Tricia Meldrum (Audit Scotland)

CLERK TO THE COMMITTEE

Shelagh McKinlay

SENIOR ASSISTANT CLERK

Joanna Hardy

ASSISTANT CLERK

Clare O'Neill

LOCATION

Committee Room 2

Scottish Parliament

Audit Committee

Tuesday 13 February 2007

[THE CONVENER *opened the meeting at 09:32*]

Decisions on Taking Business in Private

The Convener (Mr Brian Monteith): I welcome members of the press and public, the Auditor General for Scotland and representatives of Audit Scotland to the third meeting in 2007 of the Audit Committee. We have received apologies from Mary Mulligan, who cannot be with us today.

Under agenda item 1, I seek the committee's agreement to take items 6, 7 and 8 in private. We agreed at a previous meeting to take item 9 in private. Item 6 is our approach to the Auditor General for Scotland's report entitled "Planning ward nursing—legacy or design? A follow-up report", item 7 is consideration of a draft report on the community planning inquiry that will be held by this committee and item 8 is consideration of the draft legacy paper that the committee will prepare for the committee that will take over from us in the next session. Do we agree to take items 6, 7 and 8 in private?

Members *indicated agreement.*

"Planning ward nursing"

09:34

The Convener: Under item 2, we will consider "Planning ward nursing—legacy or design? a follow-up report". I invite Robert Black, the Auditor General for Scotland, to speak to us.

Mr Robert Black (Auditor General for Scotland): I will ask Barbara Hurst to introduce the report as she has been leading the team that undertook the study.

Barbara Hurst (Audit Scotland): The report follows our previous report from 2002. Clearly, it deals with an important area—nurses are the biggest staff group in the health service and, in 2005-06, more than £1.3 billion was spent on hospital nurses and midwives.

In our previous report, we concluded that improvements were needed in four areas, which were nurse workforce planning, information for planning the workforce, recruitment and retention and the use of bank and agency nursing. We have considered all four of those areas in this follow-up report.

It is fair to say that a lot of progress has been made in most of those areas. For example, with regard to nurse workforce planning, we found that many of our previous recommendations have been picked up and are being worked on. In 2004, the Health Department published action points for boards to develop nurse workforce planning, which addressed many of the issues that we raised, and the department is now monitoring progress against those actions and has funded regional advisers to support the work. Workforce plans have also been developed on local, regional and national bases. Quite a bit of work is going on in that regard.

Similarly, in terms of the information to support nurse workforce planning and management, the health service national workforce information system should improve the quality and scope of the information that is available. The Health Department set up an expert advisory group that has recommended tools that measure nursing workload and that boards will be expected to implement this year. Furthermore, the Health Department, NHS Quality Improvement Scotland, the information services division and directors of nursing are actively working to examine nurse quality indicators. Those developments are all encouraging, although more work still needs to be done.

On allowances for staff absences, in our previous report, we encouraged boards to review the allowances that were built in to nursing

establishments so that predictable periods of absence and managerial time for senior nurses could be built in. Clearly, this is an important area because insufficient allowances put pressure on existing staff and budgets. In 2004, the Health Department made recommendations about the levels that boards should achieve. We have found that boards are at different stages of implementing those recommendations and that not all boards have met them.

On recruitment and retention, the health service has implemented a number of programmes, including work to enhance the roles and skills of existing nursing staff. Exhibit 1 in the key messages document shows that, across Scotland, vacancy rates—including long-term vacancy rates—increased slightly between March 2002 and March 2005 but fell in 2005-06. Long-term vacancy rates remained relatively low overall. However, that slightly disguises the fact that vacancy rates are higher in some NHS board areas than they are in others, and in specialties such as theatre nursing, intensive care and care of the elderly.

The Audit Committee has discussed the use of bank and agency nurses on several occasions. The report examines the issue again. There will always be a need to use some temporary nursing staff to meet temporary needs. Some of the needs arise from one-off activities, such as specific waiting times initiatives, and others arise from the unpredicted absence of permanent staff. However, as we have highlighted in previous reports, their use must be well managed to reflect quality and cost considerations. Between 2001-02 and 2005-06, the use of agency nurses fell by 17 per cent. Expenditure changed little but fell as a proportion of total spending on nurses and midwives.

Nurse banks have several advantages over agency nursing. Over the past few years, the Health Department and boards have implemented a range of measures to promote the use of nurse banks, including improving the terms and conditions of bank nurses and merging nurse banks. However, over the past four years, there has been a 73 per cent increase in the use of bank nurses, and expenditure has increased by 121 per cent. That increase can be explained only partly by the substitution of bank nurses for agency nurses. It is essential that boards plan the use of bank nurses as part of their wider workforce planning and that they keep that growth of bank nursing under review. We understand that the Health Department is now monitoring the use of bank nurses and the arrangements that boards have put in place to merge and manage nurse banks.

I have given only a brief overview of the report, but we will be perfectly happy to answer any questions.

Margaret Jamieson (Kilmarnock and Loudoun) (Lab): I welcome the report. Having read the initial study, I am aware of some of the issues surrounding ward nursing and am encouraged that so many of the initial report's recommendations have been implemented. However, will a timeframe be set for implementing the recommendations and measures that Audit Scotland has identified in the follow-up report? Sometimes, when issues are identified, the matter is then just left to health boards.

Secondly, in relation to the roles and skills of existing nursing staff, and in relation to whether that issue affects whether vacancies are short term or long term, was any work undertaken to look at the types of job that nurses are doing, the mix of patients that they look after and the dependency levels of those patients? Were changes in shift patterns, such as the move towards 12-hour shifts, taken into account? Did any particular problems come to light?

Thirdly, is Audit Scotland satisfied that health boards are complying with the working time directive by allowing people to work extra hours through nursing banks?

Barbara Hurst: Working backwards through those questions, I will kick off by answering the final question. I will pass the more detailed questions to the team.

The fact that nurse banks are being merged in board areas will certainly help people to comply with the working time directive and to monitor that. However, I think that work remains to be done on cross-border working. The Health Department and health boards need to consider that.

I will pass over to the team the questions on implementation timeframes and on the skills mix of nursing staff.

Neil Craig (Audit Scotland): On the skills mix of current nursing staff, was the question about what the department and the national health service in Scotland are doing or about the issues that we explored in our report?

Margaret Jamieson: My question was whether vacancies are greater in areas where the existing skills mix is poor and where the workload is complicated because of patient dependency levels.

Neil Craig: We did not look in detail at vacancy rates for particular nursing groups with a specific skills mix. Rather, we examined the difference between vacancy rates for registered nurses and for non-registered nurses.

The Scottish Executive and the health boards are developing measures of dependency levels that will consider what staffing levels and skills mixes are appropriate in the light of issues that arise from the existing workload.

I do not think that we can answer the question directly today but we can say, first, that vacancies can be broken down into different broad categories and, secondly, that the Executive is working with health boards to get a better understanding of the mix of nursing staff that is required for the workload that is generated by different levels of dependency.

Margaret Jamieson: I am aware that there are persistently high vacancy rates for posts in intensive care, theatres and care of the elderly. Given that intensive care and theatre settings require highly skilled nurses, is there perhaps a lack of adequate training places for such roles? Also, care of the elderly now involves sustaining people in their own homes for much longer, so dependency levels will be much greater than was the case when the baseline study was carried out. Obviously, that will have an impact on the individuals who work in that environment as they might be more likely to sustain back injuries.

09:45

Neil Craig: Our study was slightly constrained by a temporary lack of detail in the ISD Scotland data on vacancies as broken down by specialty and subspecialty. We could identify subspecialty breakdown of vacancy rates only up to, I think, 2003, so we used the interviews to try to confirm whether difficulties continued in those areas. We received verbal confirmation from the Executive and the health boards that that was the case, but we were not able to access detailed quantitative data from the ISD Scotland statistics because of a temporary hiatus in the time series for those data.

Margaret Jamieson: My genuine concern is that, because intensive care and theatre nursing require further qualifications, it is not easy to top up nursing levels for those areas by using the nurse bank. In saying that, I do not denigrate any of the work that takes place in care of the elderly—which requires a different type of individual—but I have a concern about how health boards can work with high levels of vacancies in those areas. There is nothing in the report that gives me comfort that the department is actively trying to manage that problem out.

Neil Craig: Our report did not consider the consequences of having to manage that problem at board level. We list various schemes under which the Executive is trying to develop the roles of nursing staff, but we did not look specifically at whether those schemes are used in areas where vacancy rates have remained persistently high.

Tricia Meldrum (Audit Scotland): There is perhaps also an issue about the use of agency nurses in some very specialist areas, where no other option may be open because a vacancy

needs to be covered. It can be more difficult to try to reduce or abolish the use of agency nurses in very specialist areas.

Barbara Hurst: Margaret Jamieson asks a fair question. The reason why we highlight the fact that higher vacancy rates occur in different specialties is that boards need to think more carefully about training in those areas. In the case of care of the elderly—an issue that is close to my heart—there were more untrained staff in such wards when we carried out our baseline report, but Margaret Jamieson is right to point out that, because more people are maintained in the community, more trained staff will be required. Although we have not made specific recommendations on the subject, we expect the department to look quite closely at the training issues that arise in respect of particular specialties.

Margaret Jamieson: Has the change in shift patterns had any impact?

Neil Craig: We are unable to comment on that.

Margaret Jamieson: So, the study did not take into account whether such changes had had an impact.

Tricia Meldrum: On the issue of the timeframe for implementing the report's recommendations, some of our recommendations relate to on-going work for which work streams are already in place, some of which have timescales. For example, the work on nursing quality indicators has been linked to the senior charge nurse review that is being led by the department and has an anticipated reporting time. Therefore, the department already has timescales against some of the recommendations. However, clearer timescales could be set for implementing some of our other recommendations. For example, on the recommendation that boards should meet their predictable absence allowances, the department has been quite clear about what it expects boards to do but we think that it could be clearer about when they are expected to do that.

Margaret Jamieson: We will await that with interest.

Mr Andrew Welsh (Angus) (SNP): If I have picked up what the witnesses have said properly, there was a comment about difficulty in obtaining data. With so many managers in the NHS, why is it difficult to get data?

Tricia Meldrum: There are two issues that have led to the temporary hiatus that Neil Craig discussed. As well as the move of staff on to agenda for change, which has been a big change process, the new Scottish workforce information standard system has come in, which has meant more change. It has been during the bedding in of

those two big pieces of work that there has been a temporary blip with information.

Neil Craig: One of the motives underlying the creation of the SWISS database has been a desire to increase the standardisation and consistency of data across health boards to facilitate comparative analysis, as we have recommended in our report. Some of the shortcomings in the existing data are being picked up through the current developments in the data systems, including SWISS.

Mr Welsh: So standard models are emerging, which give a baseline.

Your report has certainly sparked off some important activity. I notice such findings as “Work is underway” and “Further work is required”. What is happening now is clearly work in progress. To pick up on Margaret Jamieson’s point, the real cause for concern is recruitment and retention in crucial clinical areas including intensive care, theatres and care for the elderly. At least you have identified the problems, so attention can be paid to them and action taken. Timescales have been mentioned. When can we expect to see some actual delivery in those areas?

Neil Craig: The situation varies from area to area. For example, the quality indicators work is attached to the charge nurse review, which is being rolled out this year. The deadline for reporting back on that is later this year. Boards are expected to implement the recommendations that were made in December in respect of which developmental tools should be used for measuring nursing workload in different clinical areas. That needs to be picked up this year. Although that is, as you say, work in progress, some imminent deadlines apply to work in some key areas. It is not as if the commitment is entirely open ended, with no end in sight.

Robin Harper (Lothians) (Green): I have a few questions about the figures in exhibit 2 in the report, which is headed “Nursing and midwifery sickness absence by board”. There is a huge difference between the best and worst performers in terms of sickness and absence rates. Do the boards accept that that is a critical indicator of how well their management is performing? It is generally accepted in many areas that low sickness and absence rates indicate good management, whereas high sickness and absence rates indicate rather less good management, such as in Argyll and Clyde, in Lanarkshire and at the Golden Jubilee national hospital. Orkney, on the other hand, is where everybody should aspire to be. Do we have up-to-date figures for general nursing absence and sickness rates?

Tricia Meldrum: When you say “general”—

Robin Harper: Are the boards furnishing us with that information? The document just gives us

sickness absence rates for nursing and midwifery. I am sorry—I had been looking at that chart as applying to midwifery only, but I now realise that it applies to nursing, and that the data for nursing and midwifery have been collated.

I return to my original question: do the boards accept that such figures are a measure of their management skills?

Barbara Hurst: I point out that the figure of 4 per cent is one of the efficient government targets. I think the boards are taking that pretty seriously, although it is fair to say that 4 per cent is quite a challenging target for a nursing workforce, in which we might expect slightly higher levels of sickness compared to elsewhere. All the figures show us that. It is not that surprising that Argyll and Clyde NHS Board, which was going through a big period of change, showed a slightly higher than average rate of sickness absence. It is fair to say that the boards are taking the target seriously.

The Convener: There are no further questions. We shall have the opportunity to discuss this subject in private later, when the committee can decide on its response. I thank Barbara Hurst and the team for answering the committee’s questions.

Teaching Profession

09:55

The Convener: Under item 3, the committee will consider a response from the Scottish Executive on the committee's seventh report of 2006, on the Auditor General for Scotland's report "A mid-term report: A first stage review of the cost and implementation of the teachers' agreement *A Teaching Profession for the 21st Century*".

I welcome Susan Deacon and Margaret Smith to the meeting. Members have copies of the paper from the Scottish Executive Education Department, which was signed off by Laura Johnson. As usual, or as we have come to expect, we have fairly clear answers to the points that we made. I notice, however, that the Executive has said "Agreed" in relation to only three recommendations. A number of the other responses are in fact "Agreed", but without the Executive saying so.

One paragraph of the Executive's response probably left some of us more confused than enlightened. Under the section headed "Assessing Impact and Value for Money", the Executive says:

"We are also developing a more robust dialog with key partners around the health of system and the impact of policy and refocusing the approach used to measure improvement locally and related support for benchmarking."

With sentences like that, we might need another inquiry.

Margaret Smith (Edinburgh West) (LD): In our legacy paper, we should perhaps recommend the introduction of an Audit Committee award for complete gobbledegook that does not mean much to any ordinary member of the public who is trying to read such reports.

The Convener: That is exactly why I drew that sentence to members' attention. Indeed, it might be a worthy candidate for such an award—we could consider that under agenda item 8, when we discuss our legacy paper.

Do members have any further comments before I invite the representatives of Audit Scotland to make their comments?

Mr Welsh: I note that the paper is headed "Draft Scottish Executive Response". Is there any particular reason for that? Is it work in progress?

Referring to the second point that we made on the subject of costing, which was about grant-aided expenditure, we asked

"that the Department confirm that the GAE system is now adequate to fund teachers' salaries in every Local Authority."

The response to that was:

"we are satisfied that the resources in GAE are indeed sufficient and that they are distributed in a way which is fair to local authorities across Scotland."

In other words, the Education Department has not confirmed what we asked; nor, apparently, has it asked the local authorities. It is the department that is satisfied. The response referred to

"a way that is fair",

but "fair" is not necessarily adequate. That was a most unsatisfactory and vague response. We simply asked the department to confirm whether it has enough funds to do what it is being asked to do—are the resources that are being applied adequate for the tasks that are asked of local authorities?

The Convener: Obviously, I cannot answer the question.

Mr Welsh: I am underlining the point that the response was inadequate, as you said.

We asked the department for "clear outcome measures". We were told that it looks to retention rates and inspectors' reports in assessing the impact on value for money. If it is not possible for the department to measure outcome, it should say so. If it is possible for the department to measure outcome, it should do so. The department appears to have done neither, and it is simply using the measurements under the status quo, which I think are inadequate.

The Convener: Do you have any further points?

Mr Welsh: If you do not mind.

The Convener: No—carry on. We are all enjoying this.

Mr Welsh: We asked

"whether improvements in classroom practice claimed as a result of implementing the agreement ... are actually being delivered, and ... whether value-for-money was achieved in implementing the agreement."

The Education Department simply said that we should ask Audit Scotland. Has the department no means of establishing whether the improvements that are claimed to have been made under the new policies, as well as value for money, are actually being achieved? It is the Education Department that is responsible for delivery, and it should have some way of measuring the effectiveness of those policies.

Audit Scotland makes value-for-money assessments, but the department's job is to decide whether improvements are being delivered and value for money is being achieved. If the department has no means of doing that, the situation is even worse.

10:00

The Convener: To be fair, the point was on a recommendation that we made to the Auditor General for Scotland and not the department. That is why the department's response says "For Audit Scotland".

Mr Welsh: I would have thought that the department would have a pretty good idea whether it is delivering value for money. After all, it takes the action, whereas Audit Scotland always comes in after the event. Those who create policies and deliver them on behalf of the Executive should have a pretty good idea whether their departments delivering value for money. If the department in this case does not have a good idea of that, it should.

Susan Deacon (Edinburgh East and Musselburgh) (Lab): There is a problem with the Executive response. To be fair, the problem derives not from the response but from our report. Indeed, the problem can be said to derive from our consideration of issues such as the McCrone agreement, in which we swing so much from the strategic to the specific that it is difficult to do justice to either. I make that observation from the perspective of having sat on the Audit Committee for a number of years, which are about to come to a close.

Certainly, a two-sentence response in a box—which is the format of the response that we are considering today—limits the extent to which one can do justice to the wider strategic issues. That said, over the longer term, the Audit Committee should add greater value to some of the strategic stuff. In that regard, I will share three observations on the issue that is before us—I suppose that they offer a past-present-future dimension.

As far as the past is concerned, I found it interesting to observe the media coverage and associated discussion that were generated by the publication of both our report and the report by Her Majesty's Inspectorate of Education on the implementation of the McCrone agreement. In other words, I am interested in the whole debate, umpteen years on, about what the McCrone agreement was and was not meant to do and what it has and has not done. For me, the coverage and discussion reinforced how much these things can get lost in the fog of the past. Some of this is partly about the Executive being better at stating outcomes, but some of it is also about the public policy process at the time being better at capturing—and making clear to the public—what is and what is not intended by major investments such as the McCrone agreement.

As far as the present is concerned, I am conscious that this is another example of where we—I say "we" deliberately, because I am talking

not just about the Executive—have to be conscious of the fact that, when we look at these issues, we do so with blinkers on. Andrew Welsh mentioned resources for McCrone, but we need also to consider issues that have come along since McCrone, such as single status. Such issues have created other huge demands that are impacting on budgets in a number of parts of the country. We need to update our thinking to take account of other developments that come along and their impact on resources.

That takes me on to my third point, which is on the future. Although all the analysis of the McCrone agreement has been useful—for me, it has also been interesting. I hope that others think that it has been informative—there is now a need for us to move on. In doing so, we need to contextualise the issue as part of a wider discussion on what we want to achieve in our schools and classrooms in future. In other words, the McCrone agreement is done and has been analysed. Importantly, there is a need to update our thinking and to do so consciously. If we do not, we will keep looking at things through a prism that is five or six years old.

That is a long way of saying that we should note the response, although some interesting and wider points can be drawn from it. Perhaps our legacy paper is the right place for some of the points that I have raised.

Robin Harper: At this point, I should declare as an interest my continued membership of the Educational Institute of Scotland.

The problem with the idea of assessing value for money is that the agreement contains a mixed set of objectives, which means that it is difficult to strike a balance and find a meaningful set of criteria by which to measure its success. The agreement was partly about rewarding teachers for a job that they were already doing properly in order to keep them in the profession, and partly about attracting new teachers into the profession. Consideration of whether the agreement is attracting more people into the profession and of whether retention has improved or whether people are still leaving at the same rate at which they were before should be fundamental measures of its success or otherwise.

As regards the setting of educational outcomes that the agreement is supposed to produce for our young children and which it would be meaningful to measure, we need much more sophisticated outcomes than simply the number of examinations that the children pass. That is a simple and easy measure, but it does not necessarily reflect everything that schools do. I think that the agreement will be successful in the long term, for teachers, the ethos of schools and the children and young people who are being educated in

them, but before more work is done on assessing its success in the future, a great deal more thought needs to be given to the measurement tools that we will use to make meaningful judgments.

The Convener: Thank you. After we have heard from Andrew Welsh and Margaret Smith, I will invite the Auditor General to comment.

Mr Welsh: Our report contained some fundamental points. Although we said that further actions

"might be needed to meet the objectives of the agreement",

we made some highly specific points on chartered teachers. We said that the Education Department should get the local authorities to take action and that it should provide funds to ensure that

"Local Authorities' budgets are not put under undue pressure."

In other words, local authorities should be given the necessary resources to carry out the task.

We also said that the department should promote the role of chartered teachers and clarify

"the added-value expected from the role".

We suggested specific, clear and sensible actions, but the result is that there will be

"a review of the scheme".

Instead of taking action, the Executive will seek opinions.

We are talking about efficient government. I agree with what has been said about the policy process. Policies can be turned into practice only by the relevant department, once the ministers have decided what those policies are. We identified fairly obvious corrections and improvements that needed to be made and asked highly specific questions. The result is that there will be a review. Fundamentally, we are talking about an issue of good, clear and efficient government. The Executive's response is not impressive.

The Convener: You make a fair point, but I could play devil's advocate and say that it is necessary to take into account the context. Our report was to be followed by a report by HMIE and the Executive responded to our report before HMIE's report had come out. If the Executive had said what it intended to do at that point, without waiting for HMIE's report, it could have been accused of acting before it had enough facts. I know that that does not absolve the Executive of failing to say what it intends to do, but we should recognise that we are talking about a moving process and that a number of other factors are involved.

Mr Welsh: I fully concede that the context is important, but the problem is that time is passing

by. We made some specific, straightforward comments, but I am dissatisfied with the process and the answers that we received. I hope to be proved wrong. I hope that the chartered teacher scheme, for example, will be a tremendous success, but its success will come down to what actually happens. That is why I mentioned the need for efficient government.

The Convener: In this case, impatience is a virtue.

Margaret Jamieson: Andrew Welsh forgets that the agreement exists between the employers, the Scottish Executive and the trade unions. Even though we are held in high esteem, nothing will get in the way of the agreement.

I return to the evidence that we have. The Scottish Executive expresses concern that there is insufficient drive to ensure an appropriate take-up of the chartered teacher scheme. The review will give teachers who are considering the scheme, those who have considered it and those who have been through it an opportunity to give their views.

The biggest issue for teaching staff is funding for the course. If we want clarity on that, we should ask the Executive what the timetable is for the ministerial review and what it will include. Will it involve further discussions with the trade unions and the Convention of Scottish Local Authorities as the representative body of the employers? At the end of the review, what will be the implementation stream? I share Andrew Welsh's concern that there will be 32 variations in implementation. That would not be right for the young people of Scotland, who should get the best. We are training plenty of teachers and we should encourage those who are very good to become chartered teachers.

Mr Welsh: I note that the Executive states:

"We are writing this week to interested stakeholders".

I give it due credit for that.

Margaret Jamieson: It is the end bit that I am interested in.

Mr Welsh: Exactly.

The Convener: Auditor General, I would welcome your—or your team's—comments.

Mr Black: I have one or two thoughts that might help to inform the committee.

There are two points about the general context. First, as I am sure the committee knows, the Education Committee recently took evidence in a round-table discussion on the teachers agreement. The issues that have been mentioned this morning were explored in some detail during that discussion.

Secondly, we are committed to return to the teachers agreement and to carry out a further

performance audit in about two years' time. That relates to the point about value for money that concerns the committee. We will enter discussions with HMIE about that. We have provided for the report in our forward work programme.

I have one or two thoughts on specific points that were made. Robin Harper mentioned, rightly, the mixed set of objectives that must be applied to the teachers agreement. In our report, we mention some of the categories that the department as a whole needs to find ways of analysing and reporting added value on. As I have said on a number of occasions—not least to the Education Committee the other day—Audit Scotland certainly does not subscribe to the view that there is a simple, linear relationship between extra pay for teachers and improved exam results. It is for that reason that we tried to point out, both in our report and to the Education Committee, some of the areas in which the service as a whole should try to obtain some measures.

10:15

Some members have expressed a general sense of impatience about progress. We thought carefully about producing the report, because it was suggested to us that a report would be rather premature, given that the scheme is relatively new. However, we felt that it was possible to publish an interim report—we chose the title specifically—that would highlight issues for the future. In general, we are encouraged by the positive response from the Education Department that it is addressing the concerns in our report. In particular, positive comments have been made about the commitment to consider the system of performance measures in the round and about outcome agreements in the context of the public service reform agenda.

Perhaps the response from the department does not fully cover the challenge that the committee presented on the impact on head teachers of reduced class contact time. The committee asked the department how it would address the unintended consequence of the agreement that head teachers had to spend an increasing number of hours on providing classroom cover. We have not really had a response to that, which is a significant issue for HMIE to follow up and for us to address in our report in a couple of years' time.

I invite Antony Clark to paint in any other issues that he thinks are important.

Antony Clark (Audit Scotland): I echo Bob Black's overall statement that the department's response is broadly positive, but the committee may want to ask the department for further information about several aspects of the response once the department has completed its

developmental work or finished its discussions with the Scottish negotiating committee for teachers. As the committee has said, the settlement is a partnership agreement and some elements can be progressed only in partnership with teaching staff and employers' representatives.

The one issue that I will highlight is that which Bob Black picked up: the department's response is perhaps less than full on the impact on head teachers of reductions in class contact time. The evidence to the Education Committee was that that problem is large; it was also picked up in the HMIE report.

The point that was made several times in the earlier discussion about looking to the future was important to how we approached our report and is important to how we intend to do our follow-up work. We intend to work closely with HMIE in determining how we approach our follow-up. We want to ensure that we pick up on the changes in the education policy landscape that have taken place since the agreement was made. The world has not stood still; big changes have occurred in the curriculum. We know from producing our report that structural changes have taken place in education authorities through the introduction of faculties. We want to see whether the building blocks on which we reported are delivering the long-term benefit and change that we all expect from the investment that has been made in the agreement.

Susan Deacon: I will pick up on several strands of what has been said. I suspect that I am in legacy mode again. I was struck by Andrew Welsh's concern that a review was being offered as action in response to us. I am often the first person to rail against the use of reviews and consultations as proxies for action, but it is important for the committee to acknowledge that such processes are sometimes important and appropriate. The chartered teacher scheme is a good example of an appropriate subject for such a response, because we cannot simplistically say, "Oh yeah, there's a problem here and we'll fix it," unless we know what the solution looks like, which requires a proper process.

Margaret Jamieson's comment was spot on. When the Executive says that it acknowledges an issue and says that it will undertake a review, almost as a matter of principle, that should be timed and we should know the implementation process for that review. All too often, we hear only the statement, "There will be a review." The committee is well placed to make that more generic point about Executive responses to such issues.

The Convener: Following the briefing from the Auditor General and Antony Clark, and comments from Andrew Welsh, Margaret Smith and Susan

Deacon, I suggest that I write to the Executive on members' behalf to ask about the timescale.

I draw to members' attention the fact that the Education Committee previously signalled to our committee an interest in our work in this area. At its meetings on 17 and 24 January, that committee took evidence from a variety of bodies in the field that were involved in the negotiations around the settlement and its application. Nevertheless, I do not think that we would get in the road or stand on the Education Committee's toes if we were to invite the Executive to explain the timescale. Coincidentally or not, the timescale was announced at the same time as we published our report. It is in keeping for us to seek clarification in that regard as the two events seem related.

We will have the *Official Report* of this meeting by tomorrow, which will give the clerks enough time to draft and issue a letter and to seek a response in time for our meeting on 27 February. We do not normally apply such a tight timescale, but if we stick to a simple question and answer rather than seeking a long response, the timescale is fair. Are members content for me to go down that route of clarifying the timescale and related points?

Members *indicated agreement.*

The Convener: As there are no other points that members want me to pick up on, we will focus on the timetable. I thank members for their comments, which the department will be able to take into account when it reads the *Official Report*. I thank the Auditor General and Antony Clark for their advice.

Audit Scotland (Work Programme)

10:22

The Convener: We will receive a briefing from the Auditor General on the Audit Scotland forward work programme and performance audits for 2007-08 in particular.

Mr Black: The committee will recall that we consulted you last year on the forward work programme as part of a comprehensive consultation exercise that we carried out with almost 400 bodies across Scotland that are stakeholders in the work that we undertake. The response was very positive and we received several useful suggestions about how our proposals might be developed.

What you have before you today is a report that outlines our work programme through to the end of 2008, although some of the topics will be reported on in 2009. The schedule is flexible because we must take account of unforeseen factors. It is not entirely clear when it will be best to slot some of the studies into the programme, but we have committed to covering them at some time over the next couple of years.

There are some completely new projects and some follow-up studies on which work is already in progress and the results of which will be reported in the next few months. Some of the studies are specifically for the Accounts Commission because they focus purely on local government. A number of them that cover the rest of the public sector are being undertaken for me. However, one of the most significant parts of the programme is the joint studies that we now undertake. They reflect Audit Scotland's ability to look across the public sector as a whole. As committee members are well aware, many of the big challenges of delivering better public services involve public agencies joining up. Joint and cross-cutting studies feature prominently in our forward programme.

It is important that the range of work that we undertake reports on major themes in the delivery of public policy. Therefore, members will see in the programme performance audits that relate to environmental sustainability, education performance, the health service, workforce issues and community safety. All are important public policy areas.

We have also included projects that will contribute to post-legislative evaluation, which I think will grow in significance—that is recognised within the Parliament. Post-legislative evaluation is about considering the impact of policies that were implemented through legislation in the earlier

years of the Parliament. It is also important to have projects that reflect the aims of best value. Last, but by no means least, I have made a commitment that we will continue to monitor the efficient government agenda through the audit process and report on it in future years.

The completion dates for some of those projects has to be uncertain at this point, because we must retain the flexibility to respond to issues as they arise. Nevertheless, I hope that the report gives you a good general indication of the areas in which we will be working in the next two years in response to the extensive consultation that we undertook.

Susan Deacon: I am not sure whether this is a question; perhaps the Auditor General could regard it as user feedback. I have found it interesting to follow the evolution and development of Audit Scotland's work programme over a number of years. The preamble to "Audit Scotland Programme of Performance Audits 2007/08" understates the shift that has taken place. There is a need to communicate the extent to which the approach is shifting. I have heard and read about the move towards taking a thematic approach, looking at the quality of public services from the user's perspective and undertaking more joint studies with other bodies. Those are dramatic changes, but the reader of the report could be forgiven for missing those messages and simply seeing the list of topics. There is a good story to tell and it needs to be told wherever it can be, to give the public a sense that the audit process is growing, evolving, developing, improving and learning from experience.

Mr Black: Thank you for those comments. Two or three thoughts occur to me. First, it has taken a few years for Audit Scotland to develop the capacity to deliver in some of these areas. I am a great believer in underpromising and overdelivering, rather than the reverse. I am pleased with the way in which Audit Scotland is now getting to grips with some of the big thematic issues in the joint studies. I agree entirely that the quality of services as experienced by users is fundamental to the whole concept of best value.

We should take on board the point that we should find ways of demonstrating our work more fully. My main thought is that I am convinced that the programme of work will provide a body of evidence that is primarily of value to the committee in the next session of Parliament. We are already seeing a trend whereby a number of the reports are being picked up by the subject committees. Therefore, there is an issue to do with how best we can use the resources of Audit Scotland and the work of the Audit Committee to inform, with good solid evidence, some of the work that is undertaken by the subject committees. That is something to consider for the future.

10:30

Margaret Smith: It is probably no great surprise that I want to offer thoughts about the report on "How government works: major capital projects", which is due to be published in spring 2008. We have touched on that issue a few times. A great number of capital projects from trams to airport rail links are going on around Edinburgh. It has always been a concern to me that, given the length of time that such projects take to get from concept to fruition, we may be missing a trick if we do not have internal and external staging posts. It should not be only the Executive or the promoter that examines whether a project is on track in terms of cost and best value. My question is whether Audit Scotland should do that, given that I am talking about on-going processes. I want to investigate whether you think of your work in this area as being a backward look at what has happened in specific projects or a wider approach. Should Audit Scotland have a role in major capital projects while they are on-going, which is potentially a radical departure for you? Some of the projects take the best part of a decade to get from a general acceptance that they will go ahead to the point at which, after the fact, you can consider how far they went over budget and whether they provided best value for money.

Mr Black: The extent to which the audit resource can comment in real time on the planning of major capital projects is one of the most significant and problematic issues for Audit Scotland and me to consider. We may have a role in that, but I would not want to step into it without reaching a well-informed understanding with the Scottish ministers and the Executive, and the Parliament, about an appropriate role for Audit Scotland in such matters.

To go back to first principles, it is clearly the responsibility of accountable officers to put in place proper systems for planning, managing and implementing capital projects. As part of that, they are responsible for ensuring that they have good robust evidence to inform the process and, last, but by no means least, that they have in place a good risk assessment that allows for and quantifies as far as possible the risks that are associated with issues such as possible unforeseen increases in costs. However, we have dipped our toe in such work in the past. The most significant example of that is undoubtedly the Holyrood project. At the request of the Audit Committee in the first session of Parliament, we undertook a series of reports in real time as the project progressed, for reasons that I am sure we all recall clearly. I like to think that those reports provided a public account of what was happening in the project and guidance about how project planning and management might be improved in real time. However, that was probably an

exceptional case and we are certainly not resourced to carry out such work for other major capital schemes. We must consider carefully the proper accountabilities of the Executive versus those of the audit process.

Another area in which we have been active is private finance initiative and public-private partnership schemes. I expect the auditors who are appointed to individual public bodies to monitor major schemes and to provide in their final reports a commentary on whether the procedures and systems that are in place for taking those major decisions are fit for purpose. However, that stops short of providing assurance on the numbers, because we are not resourced to do that. That role is for the management of those public bodies.

A third matter on which we have carried out recent work, as I am sure Margaret Smith will recall, is the transport spending programme, on which we provided an overview. The general message that we gave to the committee in our report was that, with major road schemes, the final cost has been by and large in line with the tender prices.

Of course, the major capital spend on the public transport schemes still lies ahead. Such schemes are different from more conventional road schemes in which one goes to tender, takes the tender prices, decides what the estimated cost is and budgets for that cost. There are issues to do with providing assurances on major capital projects to the Parliament. For that reason, we will progress a study that will consider in the first instance the Scottish Executive's control, sponsorship and management of major projects and that will monitor progress against time and cost budgets. However, for the reasons that I have given, I am reluctant to get into real-time evaluations. We are not resourced to do so, and doing so would confuse accountabilities. That said, I am concerned about ensuring that Audit Scotland adds as much value to the process as it can, and there should therefore be dialogue on the matter with the Executive and the Parliament over the next few months. I apologise for giving such a long answer, but the issue is important.

Margaret Smith: I want to pick up on a couple of things that you have said. I think that we would all agree that the Parliament building is an exceptional case, but there was a way into the process for Audit Scotland, through a request by the Audit Committee. You were involved with the project for a long time. Given your reluctance to carry out real-time evaluations, did the Executive and others accept that your consideration of the Parliament project at key points along the way as opposed to taking a day-to-day, hands-on approach had a certain value? Was that why Audit Scotland was invited to come on board?

When your study considers good risk assessment, for example, will it provide a general evaluation of the information about projects that is made available to the Executive and the Parliament? If we cannot rely on Audit Scotland to do such things for public transport schemes in particular—you made a distinction between those schemes and other schemes—we will essentially rely on Scottish Executive civil servants or external consultants. From my involvement in such matters, I know that much of the information comes from external consultants who are, in effect, on the payroll of the scheme's promoter. Does any evaluation take place not only of whether information from external consultants represents good value for money but of whether it gets risk assessments right?

Mr Black: Your first question was about whether we would respond to invitations to become involved in projects. It is true that an essential pre-requirement for my asking Audit Scotland to be involved in the Holyrood project was a formally recorded invitation from the Audit Committee that was endorsed by Scottish ministers. On that basis, the Parliament and the Executive requested us to consider the project. It was therefore entirely appropriate for us to do so.

The Holyrood project exercise was extremely resource intensive for us, and other projects had to be pushed somewhat to the side. It took place in Audit Scotland's first year in existence. We were establishing a new organisation, so the period was extremely demanding. However, the significant point for the present purposes is that involvement at that level does not come without costs, so it must be carefully thought through. That said, in any circumstances in which the Parliament, particularly with the support of the Executive, wanted Audit Scotland to consider an issue such as the one outlined by Margaret Smith, we would think about it carefully.

In my initial comment, I said that the issue is complex and challenging for us. A significant consideration is that when the Executive employs consultants, it is employing experts. Audit Scotland is not an expert in everything. We have certain core skills in public performance reporting, but we are not in a position to second-guess the work of consultants. At the heart of what the committee might reasonably expect the Auditor General to do from his current resources is using the on-going audit process to provide an assurance about the procedures and systems that are being put in place by the Executive to plan and implement major projects.

Robin Harper: I have another interest to declare: I am a member of the Howard League for Penal Reform. I notice that prisoner population is one of your projected studies. That is very welcome indeed. The programme states:

"We will also compare, where information is available, how prisoner numbers are managed in other countries."

Have you mapped out the subheadings for that part of the investigation yet?

Mr Black: Not at this stage. We are still at the scoping phase for that study so we are not yet in a position to provide any information.

Robin Harper: When do you think that the study will start?

Mr Black: Perhaps Barbara Hurst can recall what the timing is for the study.

Barbara Hurst: We are doing quite detailed desk research on the subject at the moment, so I think that we will have a project brief within the next couple of months. We should start work in earnest over the summer and be able to report later.

Margaret Jamieson: Obviously, the prisoner population rises and falls and that is all down to the determination of the courts. Will the study brief include sentencing by courts and individual sheriffs and judges? Will it also examine the change in policy towards putting greater emphasis on the rehabilitation of prisoners?

Mr Black: It is appropriate for Audit Scotland to undertake that study because we are particularly well placed to examine the whole system. We can consider the impact of sentencing policy on prisoner numbers, but it almost goes without saying that it would be well beyond our brief to comment on the sentencing policy itself.

The committee will recall that we have already undertaken a limited piece of work on rehabilitation and training in the Scottish Prison Service. We reported on that some time ago. We therefore have a ground of knowledge from which we can go further as part of a wider and more ambitious piece of work.

Margaret Jamieson: My other question is about the study on strategic procurement. My interest lies in some of the issues that have been raised with me by small and medium-sized enterprises in my constituency. They can understand the procurement reforms that are contained in the McClelland report, but they believe that there is insufficient understanding of the impact on the local economy of going down that road and cutting them out. Will the study consider those issues or will it look only at how strategic procurement is delivering best value for that stream?

Mr Black: Margaret Jamieson has expressed concerns about that issue in the past, and it is entirely reasonable that we should undertake to do our best to consider it. The core of the study is the consideration of the McClelland reforms and the action plan that they outline in effect. The aim is to

examine how that is implemented. Given the concern that has been widely expressed about the impact of the plan on small and medium-sized firms, we should see when scoping the study whether we can throw any light on the area.

10:45

Margaret Jamieson: That would be welcome.

I have a question about a report that is not in the book. Earlier, you spoke about having to undertake reports at the request of the Executive, the committee and others. I notice that for further and higher education you will look only at estate assets. Recently the committee conducted an inquiry into Inverness College and made a wide range of recommendations. The financial situation at James Watt College of Further and Higher Education will not be a surprise to you or to members of the committee. A report that has been made available to me, as an Ayrshire MSP, claims that the college has an historic deficit. That led me to contact the clerks to the committee because, according to my recollection, in eight years there has been no section 22 report on James Watt College. I am concerned about someone using the term "historic deficit", because previous years' accounts do not substantiate the claim that there was a deficit. Will you look at issues of that sort? I do not have the official further education development department report, but I have a leaked document. Reading it was like rereading the report for Inverness College. We have made recommendations that the Executive has accepted, but sometimes I wonder whether people out there listen to us. I am sorry about the rant.

Mr Black: I am very aware of the concern in Parliament and among the public about the situation at James Watt College. I will take a moment or two to remind members of what we have said in the audit process in the past.

The first year in which we had responsibility for the college was 1999-2000. In that year, it returned a fairly healthy surplus of more than £500,000, but at the time it had an accumulated deficit of £1.8 million. That pattern was set in the early days. Some of the early concerns that we expressed related to the need for the college to take on significant borrowing of more than £8 million in 2000, on an annual income of £23 million. We highlighted the fact that there was a risk at the college.

In 2001, we mentioned James Watt College again in our overview reporting. The issue about which we were concerned at three colleges, one of which was James Watt College, was the significant debtor balances arising from delays in the payments relating to European Union funding. The college was clearly under significant pressure.

In the various overview reports and in the work that the committee has undertaken, we have encouraged the Scottish Further and Higher Education Funding Council to be more proactive and strategic in its oversight of the colleges' business plans and issues of on-going concern. It has done so and has set up a team called FEDD—I forget what that stands for, but it is a wonderful title—which is more engaged with colleges than we are. Against that background, we need to be tuned into the need to avoid excessive auditing and inspection. We have worked hard to develop good working relationships with the funding council, given that it has developed a capacity in the area, and have good communication arrangements with it. The funding council is now quite active in requiring colleges that are under pressure to put in place recovery plans.

As I am sure the committee will be aware, one of the colleges where a recovery plan has been required is James Watt College, because of the operating deficits that have emerged. For the record, the situation in James Watt College that we reported in our last overview of the FE sector was that it had a small accumulated surplus in 2005 and was forecast to have a small surplus again in July 2006, so the situation has gone downhill quite rapidly in the past year. That is why the funding council is actively engaged with James Watt College. We do not yet have the final audited accounts or the final report from the auditor on the college, but I intend to consider seriously issuing a section 22 report once the accounts are laid in Parliament.

Margaret Jamieson: I welcome the comments on FEDD. However, my concern, which I think is shared by other committee members, is that it was perhaps not quick enough to act in relation to Inverness College. We all hoped that Inverness College would be the wake-up call to it. However, from the report on James Watt College, it seems that although there was a “high-level systems report” in March 2006, it was not updated until November 2006, despite the fact that the financial performance of the college went rapidly downhill in that period. The viability of a college is at risk.

My other concern, which was also an issue at Inverness, is about the information that was provided by the principal to the board. It appears that the shutters are down out there and nobody is implementing our recommendations. One of the issues that the committee had was that it was up to the colleges to take on board our recommendations. We perhaps need to pursue the matter. However, I am happy that the Auditor General is going to consider issuing a section 22 report once he has got the external auditor's report, because that would alleviate some of the

issues that the staff and local politicians are concerned about.

The Convener: I can probably say on behalf of the committee without fear of contradiction that we would hope that the recommendations that we made with regard to Inverness College have been taken on board and have had some effect. It seemed at the time that the report that we published was useful and that the inquiry process was helpful both to Inverness College and to the funding council. Obviously, it is necessary to wait until reports are published, not least the audited accounts, which the Auditor General can consider, before any action can be taken on James Watt College. No doubt a legitimate copy of the FEDD report will also be available at some stage if a future Audit Committee requests to see it.

It is proper to raise those issues on the agenda, but they may be revisited by the committee at a later date. We do not even have to put it in the legacy paper, because if the matter requires to be considered, it is the committee's duty to place it on the agenda. I thank Margaret Jamieson for bringing the issue to the committee's attention and the Auditor General for informing the committee of the process, the history and how he can respond once the evidence is before him.

Are there any other questions before we close the item on the forward work programme? I thank the Auditor General. I hope that it has been a useful exercise for him to explain the work of Audit Scotland in the next year.

Auditor General for Scotland Reports (Responses)

10:55

The Convener: We are running 15 to 20 minutes behind our planned timing.

Item 5 is consideration of responses to five reports by the Auditor General for Scotland. For the benefit of those who are attending or listening to our meeting, I should explain that the committee decided that, rather than hold inquiries into the five reports, it would be better to write to the relevant Scottish Executive departments and ask for their responses. We made that decision partly because the committee is coming to an end due to the forthcoming dissolution of Parliament and partly because we thought that the approach would encourage a quicker response.

The five reports are “Informed to care: Managing IT to deliver information in the NHS in Scotland”, “Catering for patients: A follow-up report”, “Overview of the financial performance of the NHS in Scotland 2005/06”, “The Efficient Government Initiative: A progress report”, and “The 2005/06 Audit of the Scottish Fisheries Protection Agency”.

We will consider the responses to the reports one by one but, in the interests of time, if members have no comments on a report, we will not discuss it; we will simply say that we welcome the response.

The first report is “Informed to care: Managing IT to deliver information in the NHS in Scotland”.

Susan Deacon: I am conscious that I missed the meeting at which the committee considered the report in detail, but I read it at the time and I have refreshed my recollection of it.

I read the Executive’s response. I am looking for colleagues or Audit Scotland to disabuse me of the most tremendous sense of groundhog day. I have read the words so often that I feel I could paper the walls with them. I do not know how many e-health strategies there have been in the past decade. I know that there has been progress, but I am firmly of the view that the pace of change in the field is like that—I do not know how that will be captured in the *Official Report*, by the way.

Margaret Smith: A steep curve.

Susan Deacon: The pace of change is like that, but the pace of change in the NHS in Scotland is—

The Convener: Less steep.

Susan Deacon: Thank you, convener.

Everything I read in the response confirms that view.

I do not know whether Audit Scotland is in a position to comment, but I have a specific question. The response is a lengthy document about revised governance structures. I know that Audit Scotland picked up on the governance structures and I appreciate that the Executive has responded directly to that, but another tremendously elaborate process and structure is being put in place to manage Information Technology.

I would like to know the specific background, qualifications and experience of the various people who are heading up the work. Do they have experience of managing major IT projects or are they generic, generalist civil servants? I would like to hear an assessment from Audit Scotland—in so far as it feels able to provide one—of whether the work will get us to the next stage or whether, in two or three years’ time, another committee will be reading the same words but with the names of the projects, initiatives, strategies and structures updated.

For the past decade we have been able to go to almost any part of the developed world and stick a card in an automated teller machine in the wall and get access to our bank account, but patients’ records still cannot be accessed if they move around different parts of the national health service in Scotland. That is not acceptable.

I just do not feel that there has been the required pace of change. I am happy to be disabused of that feeling, but I would like to know specifically who is heading up the revised governance structures—I do not want to know their names, but I do want to know about their skills, qualifications and experience. I would also be interested to know about the relationship between the various IT suppliers.

11:00

The Convener: Do members want to make any other points on the IT report before I invite Audit Scotland to comment?

Mr Welsh: Given what we complained about before, it is refreshing that every committee conclusion or recommendation has been agreed.

The Convener: They are not committee conclusions. The report is by the Auditor General.

Mr Welsh: I beg your pardon. I withdraw the reference. The Scottish Executive response to the report includes statements such as:

“Boards will be so required. ... This is now being implemented. ... This approach has been adopted. ... Revised governance arrangements have been the subject of wide consultation and have met with acceptance.”

That is somewhat refreshing, given earlier responses that we have considered.

Mr Black: I acknowledge and appreciate the concerns that Susan Deacon expressed about the response. I am not sure that Audit Scotland or I can help you much more at this stage, because we are not in a position to anticipate how the new structures and arrangements will work in practice. The Audit Committee might want to bear that in mind and, in future, invite the accountable officer to describe how the governance and management structures are operating. This is all new and current and I am not sure that we can help much more.

The Convener: Would we invite the principal accountable officer to do that?

Mr Black: The relevant person would be the accountable officer of the Health Department. The principal accountable officer is Sir John Elvidge.

Barbara Hurst: I acknowledge what Susan Deacon said. We were conscious throughout the audit and drafting of the report that the proof of the pudding is in the eating. It was like trying to audit a moveable feast, because the systems were still being put in place. We are not going to walk away from this area. We have regular meetings with all the auditors in the health service and it is clear that information management is a high-risk area throughout it. We will keep the matter under serious review.

Susan Deacon: Thank you.

The Convener: The next response to consider is that on "Catering for patients: A follow-up report". There are no comments from members or from the Auditor General, so we will simply note the response.

The third response is to "Overview of the financial performance of the NHS in Scotland 2005/06". There are no comments from members. Auditor General, do you have any comments?

Mr Black: No.

The Convener: We note the response.

The fourth response is to "The Efficient Government Initiative: A Progress Report". We received quite a detailed response from John Elvidge. There are no comments from members. Auditor General, do you wish to comment?

Mr Black: No.

The Convener: Again, we note the response.

Finally, we come to the response from Dr Andrew Goudie, head of department, on "The 2005/06 Audit of the Scottish Fisheries Protection Agency". Members will recall that we were concerned about some health and safety issues, but we have received a fulsome response that covers other areas too. Are members content with that?

Members indicated agreement.

The Convener: Do you wish to add anything, Auditor General?

Mr Black: I will make a brief general comment. We endorse what Andrew Goudie says about the position on the key point—the extent to which health and safety policy can be assessed. There seems to be a difference of opinion between Pinsent Masons and the Scottish Executive procurement directorate, but no party is in a position to determine what a court would find on the issue. Dr Goudie also says that

"the difference of opinion on this point was not regarded as having any bearing on the validity of the overall conclusions".

That is true—there were other factors that had to be taken into account.

Another issue of concern was the extent to which experience could be taken into account. The letter is right to say that it is entirely appropriate for experience to be taken into account at the selection stage, but not at the final stage of choosing the contractor.

The Convener: That covers all five of the responses. Does the committee agree to note the responses?

Members indicated agreement.

The Convener: Before we move into private session, I return to item 1 on the agenda. The clerk has reminded me that consideration of our draft annual report will be on the agenda of the committee's next meeting. It would be useful for us to agree now, rather than at that meeting, to consider the report in private. Is that agreed?

Members indicated agreement.

The Convener: Having tidied up that matter, I suspend the meeting, which will reconvene in private session. I ask members to be back by 11.15.

11:07

Meeting suspended until 11:25 and thereafter continued in private until 13:35.

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