FINANCE COMMITTEE

Tuesday 24 May 2005

Session 2

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FINANCE COMMITTEE
15th Meeting 2005, Session 2

CONVENER

*Des McNulty (Clydebank and Milngavie) (Lab)

DEPUTY CONVENER

*Alasdair Morgan (South of Scotland) (SNP)

COMMITTEE MEMBERS

*Ms Wendy Alexander (Paisley North) (Lab)
*Mr Andrew Arbuckle (Mid Scotland and Fife) (LD)
*Mr Ted Brocklebank (Mid Scotland and Fife) (Con)
*Jim Mather (Highlands and Islands) (SNP)
*Mr Frank McAveety (Glasgow Shettleston) (Lab)
*Dr Elaine Murray (Dumfries) (Lab)
*John Swinburne (Central Scotland) (SSCUP)

COMMITTEE SUBSTITUTES

Gordon Jackson (Glasgow Govan) (Lab)
David Mundell (South of Scotland) (Con)
Alex Neil (Central Scotland) (SNP)
Iain Smith (North East Fife) (LD)

*attended

THE FOLLOWING ALSO ATTENDED:

Ross Burnside (Scottish Parliament Access and Information Directorate)
Professor Arthur Midwinter (Adviser)

CLERK TO THE COMMITTEE

Susan Duffy

SENIOR ASSISTANT CLERK

Judith Evans

ASSISTANT CLERK

Kristin Mitchell

LOCATION

Committee Room 4

Scottish Parliament

Finance Committee

Tuesday 24 May 2005

[THE CONVENER *opened the meeting at 10:00*]

Budget Seminar

The Convener (Des McNulty): I welcome committee members and any members of the press and public to the 15th meeting in 2005 of the Finance Committee. I remind people to turn off their pagers and mobile phones. We have received no apologies.

The first item on our agenda is to consider a paper on the budget seminar that we held on 22 March, which contains a summary of the discussions that took place and highlights areas on which further discussion is needed. The framework for reporting outcomes, which is dealt with in paragraphs 8 and 9, is one such area. Following Michael Barber's presentation at last week's meeting, it has been suggested that staff should visit the delivery unit in the Cabinet Office; the paper asks us to agree to that.

Before I ask for comments from members, I invite Arthur Midwinter to remark on the budget seminar.

Professor Arthur Midwinter (Adviser): The paper is a fairly accurate summary of the seminar. Of the issues that I raised for members to discuss at the seminar, the one major continuing problem is how to deal with strategic outcome measures. Everything else proved to be fairly straightforward and there was wide agreement.

There are three options for dealing with strategic outcome measures; they can be contained in a separate document, they can continue to appear in the budget or we can ask the Executive to include in the budget a separate section on such measures. That third option would represent recognition that not only the budget but the whole range of Government activities, as well as outside factors, contribute to achievement of strategic outcome measures. Although I am quite happy for the Executive to set itself challenging targets on outcomes, we must acknowledge the context in which they are delivered. A wide range of factors is involved in delivery—not just the budget.

The Convener: On the approach that Michael Barber advocated, it might be more appropriate for us to ask the Executive to give us a highly targeted set of outcomes that reflect its key priorities and that are susceptible both to measurement and to the kind of trajectory analysis that Michael Barber talked about, than to ask a general question about reporting of outcomes across the range of targets that are set. Perhaps those are the outcome measures that we should ask the Executive to specify.

In other words, on health, for example, we should ask the Executive for three or four things that it really wants to say it is doing. A key message that I took from Michael Barber's approach was that we must hold the Executive to account for how it delivers on particular outcomes rather than request an approach that extends across the whole set of outcomes that are contained in the budget, which is probably unmanageable.

Professor Midwinter: Initially, my interest was in obtaining outcomes that operate at strategic level for economic growth, closing the opportunity gap and sustainable development, which cut across all portfolios, but I missed last week's meeting. Did Michael Barber say that different types of outcome measure were used south of the border?

The outcome measures for health are the easiest to examine, because they are all measures of health status. The evidence from Bob Black's paper and our own work shows that health status has been improving since the national health service was set up, so it is difficult to pin down how much is due to a change in that budget. Whether it would be possible to come up with a more measurable target that reflected solely the impact of the Executive's spend is a big question.

The Convener: Last week it emerged that, with big themes such as growing the economy or reducing child poverty, all sorts of complexities are involved. Many of the factors that influence the achievement of such goals are not directly attributable to Executive inputs or to action that it might take. It seems that the Prime Minister's delivery unit measures things about which it can be argued that Government can exercise some direct control, by reorganising systems to ensure that tightly specified outcomes are delivered.

Michael Barber seemed to say that the way in which to achieve change was to have ambitious delivery targets rather than ambitious outcome targets. Perhaps we should tell the Executive that it needs to produce a relatively limited number of targets on which ministers are expected to deliver. We would then be able to measure the extent to which they were achieved.

John Swinburne (Central Scotland) (SSCUP): Should we not list a number of areas on which we feel the Executive should give us definite targets?

The Convener: I think that we should be involved in talking about on which areas it would be appropriate to have specific targets, but it would be dangerous for us to say, “These are the things on which the Executive should give us outcomes.”

On health, for example, the Executive talks constantly about waiting lists and waiting times. From the evidence that we got last week, it appears that, in that regard, there has been significant and sustained progress in turning round the situation in England. If that is a key target for the Executive, perhaps it should be among the three or, at most, four objectives that the Executive produces for that portfolio. That is not to say that the overall health improvement outcomes are to be neglected, but they operate at a higher level. The key issue is to have targets that reflect what the Executive can deliver—in other words, delivery targets rather than outcome targets, which are a step beyond that. I suppose that delivery targets can contribute to outcome targets, but they are not necessarily quite the same.

Professor Midwinter: A similar theme emerged in the first review paper that I wrote. At the seminar, we had a lengthy discussion on what to do about outcomes. Although a number of the people who were present recognised the weaknesses of including outcome measures in the budget, they still felt that they should be included—some people were keen not to have such measures taken out of the budget or put somewhere else. It seems that what Professor Barber said is similar to what I had already told the committee, which is that the targets in the budget should reflect the activities of the Executive through the budget spend, rather than reflect a wider range of influences.

Mr Ted Brocklebank (Mid Scotland and Fife) (Con): I found intriguing the method by which the delivery unit monitors delivery regularly. It identifies Government priorities and assesses them monthly. The delivery unit has league tables for ministers and, if a minister finds himself near the bottom of the league for what he has managed to deliver over that month, he appears in the red column at the bottom of the league. No minister wants to be in the red column for very long, so improvements are made and no one ever stays at the bottom of the league, because ways of improving their position are quickly found. It would be wonderful if the Executive could adopt such a system.

John Swinburne: Ministers do not find ways of improving their position; their accountants and statisticians find ways of fiddling the figures to make it look as if they are in the top six.

Professor Midwinter: That is a standing problem with performance management systems.

The Convener: One can design a system so as to ensure that the statistics reflect reality.

Jim Mather (Highlands and Islands) (SNP): The Prime Minister’s delivery unit seems to be able to make the statistics reflect reality. The methodology that it uses is objective and is very much in line with a great technique that Tom Farmer used. He would examine his daily data for Kwik-Fit stations and would invite the bottom five guys—they were usually guys—to Edinburgh to have breakfast with him the next morning, which really concentrated their minds and provided an injection of reality. The delivery unit’s actions are in line with what we were told by Donald MacRae in evidence about how Lloyds TSB Scotland is managed—Lloyds TSB has 12 measurements, which each have owners who appear in a league table—and with the message that we got from IBM and Scottish Power at the budget seminar.

It strikes me that it would be interesting to share the data from the Prime Minister's delivery unit with the businesspeople who attended the budget seminar; we might get some good augmentation from that and they might bring even more to the table.

The convener’s idea about asking for key priorities with trajectories and defined target outcomes is terrific because that would take us to a new level and put us on the Executive’s side in terms of achieving outcomes. The exciting thing is that that would help to create a coalition of ministers and civil servants and would force them to have the same objectives. That would be terrific; we can see why Frank McAveety is excited about it, because at our previous meeting with Richard Parry and Robert Pyper he exposed his paranoia and concern about the lack of that. [*Laughter.*]

Mr Frank McAveety (Glasgow Shettleston) (Lab): Watch your back.

Mr Brocklebank: As we have pointed out, both meetings identified that there is no specific or explicit reward system in place. How might we reward people for delivering? Is that possible? It is difficult to see how they could be rewarded.

Alasdair Morgan (South of Scotland) (SNP): Which people are you talking about?

Mr Brocklebank: I am talking about ministers who achieve targets.

The Convener: Programme managers would be rewarded. I presume that that could be taken into account in people’s promotion prospects within the civil service. It is a career advancement issue; if someone has been a successful programme manager, that will—I presume—be reflected in their rating.

An interesting aspect of Michael Barber’s evidence was his statement that what is done in the delivery unit is separate from what is done in the Treasury. That is partly about performance, such as getting waiting lists down, and partly about reputation. If a department achieves savings, they are made available to that department and can be used to bolster its progress towards achieving its objectives. There is also an important cultural aspect. If a department creates savings but they go elsewhere, that is not an incentive for it to drive forward change, whereas if it gets the reputational benefit and the capacity to use the saved resources to invest in going further and faster, that is a good thing.

Mr Andrew Arbuckle (Mid Scotland and Fife) (LD): I support the idea that departments should get some of what they save, but I do not agree that they should get all of it if they have previously been inefficient. I am in favour of a focused approach with three or four targets, which will allow us to go deeper into a sector's performance. Also, people in other sectors will look on and say, "We could be next." That might improve their performance, so there is a lot of merit in the option.

The Convener: There seems to be consensus. I like Jim Mather's idea of taking the issue back to the businesspeople who contributed to our budget seminar and asking them whether there are refinements that would be appropriate in the Scottish context.

Do members agree that we should visit the delivery unit to find out about performance management? That would involve Susan Duffy and a couple of her colleagues going to London.

Members *indicated agreement*.

The Convener: We will also see whether we can set up a meeting with the businesspeople. Again, that will involve Susan Duffy; perhaps Jim Mather and I could also be involved. We will take the Barber slides and ask about the issues that arise.

What outcome are we looking for? Should we report to the Executive to tell it that we think that it should consider what we suggest?

10:15

Professor Midwinter: Under the current arrangements, the Executive will not review targets until the next spending review. The committee should get its position clear now and make a recommendation to the Executive. In the past, the Executive has changed things in response to formal recommendations. We will not get a major budget report until later this year, but the quicker the committee feeds recommendations into the Executive's thinking, the better. The Executive will report on the current targets after the spending review ends, but I suggest that it will revise the targets from January onwards.

The Convener: So you are suggesting a timescale for us to proceed—

Professor Midwinter: The committee should clarify its position by the autumn and make its recommendation before the new process starts.

Mr McAveety: Have we had a presentation on, or an opportunity to discuss, the approach of the Executive's change to deliver programme? It was claimed that some elements of Michael Barber's evidence are in the change to deliver programme and that there is equivalence between the two approaches, but I am not convinced about that. We could make a series of recommendations, but it would be an easy defence for the Executive to say that we had not addressed its modernisation strategy or asked for evidence and information on it.

The Convener: To be fair, John Elvidge was invited to come to the committee specifically in relation to the change to deliver programme. The genesis of that, as far as the civil service side is concerned, was the committee's desire to prepare a submission to the Public Administration Select Committee at Westminster. We are probably in a position to do that, but another element has emerged, which is performance management under the existing regime.

We probably require work—again, we look to Arthur Midwinter—on the key principles of performance management and which picks up on the delivery unit aspect, but which also reflects our understanding of where we have got to in Scotland. Perhaps the best way to proceed is to prepare a paper that sets out our ideas and to invite John Elvidge back to the committee.

Jim Mather: I suggest that we invite John Elvidge and others to read the *Official Report* of Michael Barber's evidence, in concert with the slides, and to give us their thoughts. It would be interesting to hear their reactions and find out their initial positions.

Professor Midwinter: Before we get to that stage, I would like to clarify the extent to which differing targets are in use within the Executive. We always concentrate on the budget but I am aware that there are hundreds of targets that we never see. I am not sure how the system as a whole fits together. We never see the business plans for particular departments, which include operational targets and delivery targets that are not in the budget. I am keen to get the system slimmed down so that it is manageable.

John Swinburne: Is it possible that the targets that we do not see outnumber the ones that we do see?

Professor Midwinter: Yes—there is no doubt about that.

Jim Mather: That demonstrates the big advantage of the delivery unit's approach. I suspect that, nowadays, people totally ignore the targets that are not top priorities. The top priorities have many subsidiary targets but, at the end of the day, being able to say, "We have dramatically reduced waiting times and delays in accident and emergency and we have cut the number of failing schools," is dramatic enough to galvanise people.

Mr Arbuckle: I am intrigued by the view that there are different budgets and different targets. The system seems to be like a ship with many different engines that do not work in the same direction. Surely Professor Midwinter has access to information on the budgets in the various departments—the Finance Committee should also be informed about those budgets. We are trying to ensure that there is efficient government, but we will have no idea whether there is efficient government if we do not know about the various budgets or systems.

Professor Midwinter: I did not say that there are different budgets—I said that there are different targets. There is only one budget, but as far as I am aware, there are business plans, operational plans and personal targets for staff. Therefore, a host of performance management systems of which we are not aware operate beneath the budget. I am worried about people spending a lot of their time working on targets rather than doing their jobs.

The Convener: I will try to draw together what has been said. We agree that there will be a visit to the delivery unit to discuss performance management. I suggest that Jim Mather and I, perhaps with Arthur Midwinter and Irvine Lapsley—who has done work on outcomes for us in the past—and the business representatives who were involved in the away day have a seminar in which the focus will be on the approach of the Prime Minister's delivery unit. We can consider that approach in a more informal setting and we will have a report to consider at our away day, which will be in late August. Issues could then be thrashed around in an informal meeting at which we could decide how to progress matters in our September agenda.

To pick up on what Jim Mather said, I suggest that in the meantime we send the Michael Barber slides and the transcript of what he said to John Elvidge. We could say that we found that what was said was particularly interesting and that, following our away day, we might want to discuss performance monitoring and target setting further with him in order to find out whether there are lessons for Scotland. Do members agree?

Members *indicated agreement*.

The Convener: Excellent.

Efficient Government

10:22

The Convener: Agenda item 2 is consideration of two papers on efficient government. Members will recall that when we took evidence from the Minister for Finance and Public Service Reform, it was suggested that a paper be produced that would suggest how we might continue consideration of the issue, which the clerk has done. There is also a paper by Arthur Midwinter that reflects on the Minister for Finance and Public Service Reform's evidence, and on information that has been gleaned from the answers to the questions that Arthur Midwinter asked the Executive on the efficiency technical notes.

I invite Susan Duffy to speak to her paper.

Susan Duffy (Clerk): I simply draw members' attention to paragraph 3 of paper FI/S2/05/15/2, which should not have been included because we decided not to attach an annex. We forgot to take out that reference, for which I apologise.

The Convener: I invite Arthur Midwinter to speak to his supplementary paper.

Professor Midwinter: It is a fortnight since the generally constructive exchange between the committee and the Minister for Finance and Public Service Reform. I am sorry that I missed last week's meeting because of health problems. For the committee's benefit, I would like to comment on the minister's preliminary remarks on arguments that the committee made and issues that it raised. I thought about my comments after I drafted my paper.

I was a little concerned by the minister's remarks, particularly his suggestion that the committee was entering into semantics. I think that that suggestion arose from a discussion—in which Alasdair Morgan was involved—on whether financial management savings are different from efficiency savings. The minister appeared not to care. The committee's wanting an intellectually rigorous approach does not mean that we are entering into semantics. It is important that we obtain clear definitions, otherwise we can never properly hold the Executive to account, and the committee did not enter into semantics. My paper mentioned that there is a wide range of savings apart from efficiency savings.

Secondly, I was concerned about the suggestion that someone—I think that it was Ted Brocklebank—was being hypothetical on the question whether money will still count as savings if local government does not meet its targets. All budgets are estimates and all assumptions—including the minister's assumption that the target will be met—are hypothetical. We should not be put off probing, or asking questions about, the assumptions that underpin such policies. Yesterday, I spoke at a professional conference. During the chat afterwards, the president of the professional association said to me that the association had been approached to put together a bid for the efficient government initiative across a range of authorities. The question was asked, “What’s in it for us?” That question is like the question that was asked at a previous meeting. We might all become involved in pursuing the efficient government initiative and in saving money and cutting costs, but those savings might go to another service. The committee is right to be concerned about whether local government and other agencies will meet their targets.

Finally, I want to say something about Gershon comparisons. We were chided for making comparisons on non-comparable matters, but it is important to record in the *Official Report* that it was the First Minister who first mentioned that we should make comparisons with Gershon. However, we were told that matters were not comparable. I disagree. To draw comparisons with what is happening down south is perfectly valid, provided that we stick to devolved services. The minister’s argument appeared to be that most job losses will be in respect of reserved powers down south. That is correct, but a range of services that form the basis of the Barnett formula are directly comparable and the targets south of the border are clear with respect to releasing cash; there is the target of 1.25 per cent per annum, of which at least half should be cash savings. My latest calculation on our impact on the departmental expenditure limit is a figure of 0.8 per cent. I hope that the committee will not be deterred by remarks that were made.

The committee needs to move on with respect to Gershon and to focus on implementation, because it is clear that the issue will not be resolved. The committee has done its duty and exposed the problems in the comparisons that have been made, which have been well reported in the media. I hope that the committee will maintain the intellectually robust scrutiny that it has adopted until now. If the Executive settles for less, we will expose its limitations.

Having got that off my chest, I turn to the efficiency technical notes. Broad support for our view was expressed in a letter from Audit Scotland, although it was very general. It has been agreed that there is considerable scope for improvement. The paper that is before members tries to move the process forward by setting out the information requirements that will allow proper scrutiny of the Executive’s performance.

It is clear that a mixed typology of savings is being offered. There are on-going savings, such as those in Scottish Enterprise’s six-year business plan, which would happen anyway. The outstanding issue with respect to financial management in response to policy is the inclusion of savings from the change in the pattern of the tourism network, which is clearly a policy decision that has been included as an efficiency saving rather than as an efficiency decision. Money will be saved by centralising the whole system.

Innovative approaches are being considered to achieve efficiency in procurement and joint support services. I was intrigued by some United Kingdom data; for example, there is a Ministry of Defence efficiency saving as a result of its reducing by two the number of submarines that it fits. It is difficult to see that as an efficiency saving.

Although things are being reported differently, it is clear to me from reviewing the process that efficiency savings have been wholly built into the spending review. Initially, the Executive took the view that efficient government is about releasing resources, that the spending review is about targeting priorities and that the two exercises are separate. From the figures that I have considered, £566 million of savings have already been entered into the budget and reallocated, and £259 million is not reflected in the budget. Unfortunately, that comes to a total of £825 million, which is different from the £745 million or the £900 million figures that the Executive has given. We need to clarify that.

10:30

There is in the documents one good example of what I would regard as an efficiency saving. I refer to the Communities Scotland development programme. By reducing the unit cost of building houses, it will be possible to increase output. However, all sorts of uncertainties remain. There is a range of savings, some of which are related to modifications of professional practice, some to results of technology, some to support services and some to administration.

Given how the budget operates, it is clear that cash savings must fall in a Scottish budget line. If the savings from Scottish Water do not fall in a Scottish budget line, they should come out of the figures, because money can be released to other services only if it comes from a Scottish budget line. We need to keep that in mind in future, when we get the information. I have on-going concerns about a number of projects, which we need to clear up.

I am pleased that the Executive is saying that it will monitor specific projects and not the departmental budget totals, which are wholly inappropriate for monitoring purposes. We should get reports on progress with savings in each project. My next point follows on neatly from the previous discussion. It is crucial that we should have a summary of the growth in outputs. In one of his publications, the minister said that growth under the Barnett formula, together with efficiency savings, should make possible a 5 per cent increase per annum in spending on public services. We need to monitor that over the three years of the efficient government process to see whether the increase is delivered. We can do so only by getting for each programme a baseline summary of what the department considers to be the main outputs. At the moment, we have the targets, which are not output measures. Measures could be physical, such as the number of roads that are maintained or houses that are built. They could be the number of teachers or doctors who are employed, or they could relate to transactions, such as grants that are paid to businesses. If the process is to work properly and we are to monitor it, we need each portfolio to define its key outputs.

We have asked for a meeting at official level to guide us on procurement practice, which we would find useful. I will arrange such a meeting now that I am back in harness. In each case, we need a clear summary of the number of jobs that will be lost. I tallied them up, and the net figure is 695. There may be more when the health service and local government units have made their savings. However, it is important that we keep the figure in perspective; it equates to 0.2 per cent of total public sector employment that is funded by the Executive. It is a very small number—nothing like the scale of job losses that has been suggested in some press reports.

We need clear lines of reporting and there are three areas that worry me, which are health boards, local government and the arrangements for procurement, which run across organisations. Those are the biggest savings items. In each case, the information that we have says that savings will result from a host of local decisions that will be taken on an operational and needs basis. That is probably a sensible way of dealing with the matter, but if the Executive does not know where the savings will fall, I wonder how it reached its judgment on how much could be saved in the first place. The savings may even by hypothetical.

I was particularly concerned by the proposal to report savings in the police through best-value reports. The Executive has already told us that efficient government is different from best value, because best value covers a much wider set of criteria. In the case of the police, we need to be sure that we get a fit-for-purpose report that reports efficiency savings, rather than just best value as defined by the best-value inspectorate.

I have a number of outstanding questions on specific projects, which I hope we will pass to the Executive for clarification. On the basis of the evidence that has been taken by the committee and the fuller knowledge that I now have of how the efficient government process is operated, I have tried to set out the information that the committee will require in order to carry out robust scrutiny of the Executive's annual report.

The Convener: Those comments are helpful. Are you still content that the five essential information requirements provide the right framework?

Professor Midwinter: I have tried in the paper to pad out and expand on each of the requirements. It would be useful for us to have a meeting with Executive officials after this meeting, to ensure that they are clear about what we seek. That would also be an opportunity for us to raise any other issues that members would like to have raised.

Jim Mather: I want to pursue the issue of the five essential information requirements. I would like to see a clear statement of what has been or will be spent to achieve the savings. We have been given some fairly inconsequential answers to that question. I am talking about capital depreciation, redundancy and so on. I would also like to see a clear statement of the additional throughput, output and outcomes that will be forthcoming from the realignment of spending. If we do not ask for such a statement, we will leave a pretty big gap.

In light of the presentation that Michael Barber gave to the committee last week, it would be sensible for us to consider the trajectory and profile of savings—their timing and the anticipated resource-release profile. When I was in business, savings were often put to me but there was latency, which in some cases could be extreme. It would make a lot of sense for us to document and formulate that.

The Convener: It may be possible for the issues that you raise to be taken up in the discussion to which Arthur Midwinter referred.

Professor Midwinter: That would be fine. Jim Mather's first point is especially pertinent. In the documents there is some information about the trajectory and profile of savings. It is clear that the money has been reallocated, regardless of whether the savings have been delivered. If a minister offers to make savings, he will be expected to deliver them. As a result, the money will be reallocated within the Executive budget.

Jim Mather: Paragraph 5 of the clerk's paper invites the committee to consider taking further evidence from Audit Scotland. We should clarify Audit Scotland's involvement, which is key. Its task is to validate savings and delivery in a way that we cannot, as we meet only weekly and are at arm's length from the process. It would be good for us to take evidence from Audit Scotland.

The Convener: Given the general principles that Audit Scotland applies, it is likely to be selective in its consideration of the issues. The intention is to have Caroline Gardner from Audit Scotland appear before the committee, so that we can hear from her at first hand. I hope that that will be possible in June, rather than September. We will get clarity from Audit Scotland about its role in the process. We can feed that into our considerations.

Jim Mather: Before the meeting in June, will Audit Scotland write to us to say what it believes its role to be?

The Convener: The purpose of inviting Audit Scotland to appear before us is to take evidence from it. We could ask it to provide us with a written submission in advance of the meeting.

Jim Mather: It would be helpful and allow us to move forward if Audit Scotland were to clarify its role in advance. Did Caroline Gardner attend our seminar in August last year?

The Convener: No.

Susan Duffy: Barbara Hurst was the person who attended our away day. Caroline Gardner was due to come, but unfortunately she could not make it.

Ms Wendy Alexander (Paisley North) (Lab): I will suggest one thing that we may want to invite Arthur Midwinter to do and I will highlight two issues in the paper that the committee should raise with the Executive.

Obviously, the issue of efficient government has dominated much of the past session. We have repeatedly been told to wait for the final figures, but it seems that we have now reached an end point. I agree with Arthur Midwinter on the need for comparisons with the Gershon review. The Executive has made such comparisons; indeed, last week it told the newspapers that like-for-like comparisons were needed. We are in the bizarre position that although the media were told last week that like-for-like comparisons were needed—the chief economic adviser and the First Minister have said that—we have none. We can do nothing about that, but it would help if the committee adviser itemised the end point. He produced a helpful one-page paper on the local government efficiency targets and a simple one-page paper showing the cash savings and the figures that he has described would help. The paper could say that the actual impact is 0.8 per cent and that the target elsewhere is 1.25 per cent and show the impact elsewhere. For our stewardship, that would round off the end point to the information that we have received.

We should raise with the Executive two implementation issues that deserve to be privileged as the important issues. The first concerns the point that Arthur Midwinter made about the Executive's promise that the measures will achieve a 5 per cent growth in output. As he has said, it is impossible to establish the veracity or otherwise of that without having a baseline summary. It would be disastrous if we had to wait 15 months for the first report before we had any sense of the basis for measuring the 5 per cent growth in output. As the Executive was able to specify a 5 per cent rise in output, it must have a baseline. It would be helpful to ask the Executive to tell us, department by department, the baseline from which it expects a 5 per cent growth in output to be delivered.

The second important point is that we should clarify Audit Scotland's role with the Executive. In its most recent letter, the Executive says that it would like Audit Scotland

"to provide an independent commentary",

but the original intention was that Audit Scotland would audit the system for the delivery of efficiency savings and confirm that those savings had been made. We should ask the Executive to explain the change.

All private sector organisations require to undergo an independent auditing process. Audit Scotland has written:

"More information is needed to remove the uncertainty";

efficiencies are not adequately specified;

"in some cases … sources or calculation comparisons are unavailable";

and

"there is a risk of double counting … efficiency gains".

If an auditor made those observations about a company's annual accounts, that would be the start rather than the end of the process. An independent audit would still be undertaken. The question to ask is whether a full independent audit will occur at any point in the process. If so, how will it be provided? More than £1 billion is at stake.

I am suggesting two questions on audit. First, why is an independent commentary rather than what was originally envisaged wanted? Secondly, will an independent audit of the kind that we require of other public bodies and of private bodies be undertaken?

I have two minor points to make. The first annual report is meant to be issued in June 2006. Why is progress not being reported regularly on the web? Fifteen months is a long time to wait when the web is used elsewhere to provide quarterly updates on progress, which is in keeping with the transparency that the Parliament has tried to achieve.

Members will recall that Arthur Midwinter's paper on the local government efficiency target suggested that local government accounts for 35 per cent of the Scottish DEL but is being asked to provide 49 per cent of savings. Clarity on that would help.

The Convener: We could take on board a few of Wendy Alexander's points in letters to the minister. We might hang back with the audit questions, because it might be possible to refine them after we hear from Caroline Gardner.

10:45

Ms Alexander: Transparency is required and the onus is on the Executive to ensure that what it does is not unaudited. Ultimately, Audit Scotland is an agency of the Executive. The decision whether to audit the efficiency savings is ultimately for the Executive and not for Audit Scotland.

The Convener: I agree, but when we hear from Caroline Gardner, one or two issues might arise.

Ms Alexander: Will you explain those issues? You have obviously had the chance to talk to her—you are being obscure.

The Convener: I have not had such a chance; I just do not want to enter into correspondence that requires further refinement.

Ms Alexander: I say with respect that the correspondence should be with the Executive. The Executive's exact commitment to us was that it would

"invite Audit Scotland to audit the system for delivering efficiency savings and to confirm that the … savings have been made."—[*Official Report*, *Written Answers*, 22 December 2004; S2W-12909.]

Whether that process happens is a matter for the Executive and not for one of its agencies. The Executive may have changed its view and said that it wants only an independent commentary. The Executive offered the Parliament a commitment about audit.

The Convener: I do not doubt that. I am focusing on the fact that we might be able to find out from Caroline Gardner what the Executive is asking Audit Scotland to do. We might be a bit clearer about questions such as what a full audit is once we have heard from her. The questions that you pose about audit are correct. I just want to be sure that we ask precisely the right questions.

Ms Alexander: The approach paper suggests that it would be September before we even saw Audit Scotland.

The Convener: I suggested that we would meet Audit Scotland in June.

Ms Alexander: That is fair enough. Do you think that Audit Scotland will be able to come to the committee before September?

The Convener: Yes. We can deal with your first questions immediately, but I would prefer to ask the Executive the audit questions after we have heard from Caroline Gardner, which I expect we might do on 14 June.

Ms Alexander: What will we do if Audit Scotland does not wish to fulfil the role? That will not exonerate us from ensuring that public moneys on such a scale are audited.

The Convener: We might consider that after we hear from Audit Scotland. That is precisely one of the matters that we must clarify.

Alasdair Morgan: Will the meeting to discuss time-releasing savings with the minister, Tom McCabe, take place only if we have the relevant paper in good time? It is due by the end of this month.

The Convener: There will be no point in having that meeting if we do not have the information that we need.

Alasdair Morgan: I have one trivial point. Arthur Midwinter mentioned tourist board savings. I do not think that they are efficiency savings anyway, but we heard in the parliamentary debate last week that implementing the new system is costing £6.5 million. By my calculations, we will begin to break even at Christmas 2012.

We must have details about outputs. The situation is not even static. The budget is still increasing, so we would expect our outputs to increase anyway. It is not just that we need to know what the outputs are now and how we expect them to change; we need to have a definition of how we expect the outputs to change as a result of budget increases as well as of the cash-releasing and time-releasing savings.

Professor Midwinter: I took the Executive to be saying that the total impact of the 3.5 per cent real growth plus the money that efficiency savings would release would be 5 per cent growth, which is well above the real growth in the budget. That provides the monitoring mechanism.

However, that assumes that public sector pay increases will remain within the inflation limit. There was an article that referred to a statement by Mac Armstrong that implied that all the previous additional moneys for health went into pay settlements, with the result that initiatives that happened south of the border, such as those on waiting lists, did not happen here, because of the lower percentage growth in the budget here. The

Executive has set itself a tight target, because its delivery assumes that pay increases will be contained within the inflation level, which certainly has not happened in the past few years.

Alasdair Morgan: I have two other points. Wendy Alexander made the good point that we will not get the report until June next year. That is interesting in the light of the discussion that we had last week with the director of the Prime Minister's delivery unit. Will something like the delivery unit drive the efficiency process through the departments, particularly those that have to make big savings? Will the people from such a unit report every month and say whether we are on track to make efficiency savings? If the Executive does not intend to take that approach, perhaps it should, because it will be too late if we wait until June next year to find out that we are not cutting the mustard.

It is clear that Audit Scotland has an important role to play. Its role was spelled out in the Executive's letter. That is what we mean by an audit, so we need to clarify that that is how the Executive sees it—is Audit Scotland being asked to confirm that the savings have been made?

The Convener: We need to get maximum clarity about the precise role of Audit Scotland. My understanding of what Michael Barber from the Prime Minister's delivery unit said was that the type of exercise in which it is engaged is not the supervision of an efficiency drive. That process is carried out by the Treasury and the unit is doing something different from that. We should not confuse those processes.

Alasdair Morgan: As long as somebody is doing it.

Jim Mather: Let us pull things together. Audit Scotland was helpful in its initial letter. However, we should augment that with the observation that was made last week that one month's activity in audit testing delivers 90 per cent of value. Let us take that on board as well as the effectiveness of the Prime Minister's delivery unit, which is based on regular review and reporting. It is a case of consistency. If we were to take that approach, the independent commentary and the full and proper on-going scrutiny would be forthcoming. That is what I suspect the people who are looking over our shoulders expect us to deliver.

Mr Brocklebank: I will pick up a point that Wendy Alexander made two weeks ago about the projected savings and efficiencies to be made in the health service. I confess that I did not fully understand the point at the time, but I had a brief word about it afterwards with Arthur Midwinter. Arthur Midwinter raises the matter in his briefing paper, where he states:

"The Efficiency Technical Notes make clear that the Executive is dependent upon a range of delivery bodies for reporting savings."

The paper then brings up the fact that those savings relate to health. However, what efficiency savings are projected in health and how are they to be achieved—in the front or back offices? How will that impact on waiting times and lists? I do not think that I have ever heard a figure for how much the savings in the health service will be, apart from a figure that Wendy floated, perhaps.

Professor Midwinter: I do not know whether Susan Duffy has totalled up that figure.

Susan Duffy: There is a table in the approach to scrutiny document that replicates the efficiency savings and shows the aggregate totals over three years.

Mr Brocklebank: Is that the £400 million figure that was floated?

Ms Alexander: It is the total cash.

Professor Midwinter: I thought that £400 million was what Wendy Alexander said could have gone into the health savings.

Ms Alexander: Exactly, if the cash-releasing element had been the same.

Professor Midwinter: I am just doing the sum for you now, Ted. The problem with the health savings is that some of them are not yet in the budget and are dependent on savings being delivered, particularly in procurement, where £50 million will be saved. That is not in the budget. Savings in drugs pricing are projected as £42 million, but we are not sure whether that means that the Executive has adjusted the budget line. Is that £42 million simply a calculation of the total saving if the unit cost per drug drops by 7 per cent? One could then calculate how much money one has saved theoretically, but one will save only if the budget line is reduced. There are problems with all those figures.

I calculate that health service savings will be £248 million, of which roughly £19 million is down to what are described simply as efficiency savings.

I mentioned before that in Michael Forsyth's day, a 1 per cent reduction was imposed automatically each year. The health budget would be determined and Michael Forsyth would then take 1 per cent off all the health boards and simply say to them, "You will save that money without there being any impact on service delivery." That was built in and it was assumed that it would happen. That is similar to what is happening now.

The Executive has concluded that the health boards can save £90 million. The efficiency technical notes say that that will depend on a whole range of local decisions made by the board. The arrangements for reporting, as I see it, are that one of the boards will report to the department. However, we need to get a national summary and, as members know, we had similar problems with the budget when we tried to get national figures for health in the past. We were told that such figures were just not available. So, we need to know how the overall savings have been made nationally and that they have been made without damaging service delivery.

We are dealing with an area of great uncertainty. Will the £50 million-worth of procurement savings be made? What will happen to drugs pricing? What about the undefined £90 million-worth of efficiencies?

Jim Mather: The figures for 2005-06 are also under question given the impact of the dissolution of Argyll and Clyde NHS Board.

The Convener: I was going to ask Andy Kerr this interesting question last week: debt write-off is fine, but what about the recurrent deficit of between £20 million and £30 million? That will impact on Greater Glasgow NHS Board and Highland NHS Board and is a serious concern for them.

Professor Midwinter: It says in the efficiency technical notes:

> "Savings will be made by improving productivity and use of existing resources through reductions in cycle times, process times and efficiencies, and better use of existing capacity.
>
> Specific information will follow."

There is the same uncertainty about how savings will be delivered in local government.

Jim Mather: The implicit point that the convener made is that efficiency savings that are £83 million in 2005-06 should be £108 million to overcome the deficit.

Professor Midwinter: I will get Alasdair Morgan to give me his reference to the tourism network because the proposal there is to save only £1 million, which is accounted for in the budget. If £1 million has been taken off, where will the £6 million cost of redundancy be found? Will it come from another budget?

Alasdair Morgan: It will be lying around somewhere, Arthur.

Professor Midwinter: Those things should all be included when we talk about real net savings.

The Convener: I hope that people are content with the approach towards documented savings that Arthur Midwinter suggests. I will send a couple of letters to the Executive arising from Wendy Alexander's comments. Perhaps we should send one now and the other after we have heard from Audit Scotland.

I will raise a couple of other issues with Arthur Midwinter. We are focusing on the Executive's proposed budget savings. Is it legitimate in that context for us to look across the rest of the budget and perhaps raise questions about areas where Gershon-type savings have not been identified? For example, it is remarkable that it has not been considered that the university sector has umpteen universities with back-office functions. There might be other areas of considerable budget expenditure in Scotland where, in theory, Gershon-type savings could have been achieved, but ministers have not identified them. Instead of focusing narrowly on what the Executive says, we ought to broaden it out and ask the Executive about areas at which it has not looked.

Professor Midwinter: It is funny that you should say that, because I had a call from a university secretary last week advising me that the university was thinking of making a bid to the efficient government fund for money to develop a project for combined purchasing by universities. The Executive would probably account for any savings that arose within non-NHS procurement savings, rather than within the university sector.

11:00

The Convener: Looking at the pattern across the budget, I see gaps where efficiency savings have not been pushed in certain areas as much as they might have been. As a result, instead of focusing narrowly on the areas that the Executive has identified, we should ask about the areas that it has not identified. Of course, that raises an efficiency argument with regard to the remarkable number of non-departmental public bodies that we have in Scotland. I can think of a set of interesting questions—and perhaps a few policy questions—that we should ask on that matter.

I also wonder whether efficiency can be used to drive more effective ways of partnership working between different parts of the public sector. That has been tried, for example, in joint future working between health boards and local authorities. However, it could be argued that, in a considerable number of areas, the existing arrangements do not necessarily lead to the most cost-effective methods of working. For example, the way in which the water authorities appear to operate might not be the most effective way for other public authorities to operate. If connection to water services is necessary for effective operation, it is very difficult to plan sensibly, effectively and systematically if there is no arrangement for reserving capacity. If we are looking for efficiency, we can legitimately examine how different parts of the public sector intersect to find areas that could be re-engineered to be more efficient. If we are focusing on efficient government, we should not confine ourselves purely to a savings exercise but should ask more fundamental questions about how the Government can operate more efficiently.

Ms Alexander: On that theme, I wonder whether Arthur Midwinter can answer a technical question on how we might examine efficiency savings department by department. Peter Wood's report, which we discussed some time ago, contained some interesting data that showed an 88 per cent rise in spend in rural areas, which would suggest that we might want to examine the Scottish Executive Environment and Rural Affairs Department's spend. Presumably, we would go first to "Building a Better Scotland: Spending Proposals 2005-2008: Enterprise, Opportunity, Fairness", which was published in December and which contains an itemised total of how much of the £745 million of cash-releasing savings will come from that department. We would then go to the efficiency technical note for SEERAD, because the totals will have changed since that first document was published and will not be comparable.

Am I correct in thinking that, although the figure in that document will probably change internally as efficiency technical notes are examined and refined over the next year and a half, it will stand until June 2006? Has the figure in the original efficient government document been overtaken by the figure in the efficiency technical note, even though it is difficult to discern from the note the total savings for any one department? Will that figure then undergo significant change over the next 15 months, although we will know nothing about that until a revised document appears perhaps 13 months hence? Is that how any of us or any member of the public would examine the plans for any one department?

Professor Midwinter: Yes, that is fine, and—

Ms Alexander: So the figure will change, but we will not know how it has changed. We should hold to the efficiency technical note that was published at the end of April.

Professor Midwinter: The significant thing about the three agencies under SEERAD is that the Executive has taken the money off their budgets. However, because the money for non-NHS procurement is not included in the budget, people can reallocate any savings that are made. Because there has been a cash reduction in each of the three agencies' budgets, the figure is fixed and the agencies simply have to live within it.

Ms Alexander: Is it easy for any of us, any member of the public or ordinary person to find out from the efficiency technical notes how the Scottish Executive Environment and Rural Affairs Department's total has changed since December? Is it possible to find out whether, let us say, the £100 million in savings that was going to come from SEERAD has risen to £110 million or has dropped to £90 million? After all, that figure will be in the public domain for the next 13 months. Is that information get-at-able or do we just not know?

Professor Midwinter: Does anyone have the original blue document? Can I check that and get back to you?

Ms Alexander: Yes. I suppose that my point is that if December's "Building a Better Scotland" document is no longer accurate and if the figures in the efficiency technical note now stand, there must be a high-level table that shows the make-up of what is now £789 million of cash-releasing savings. I realise that those figures will change umpteen times over the next 15 months without their being updated on the web, but at least such a table would give us some kind of starting point.

Professor Midwinter: I shall produce a summary table that is similar to the one that has been set out in the papers.

Ms Alexander: Will you try to have the figures validated?

Professor Midwinter: Yes.

The Convener: That would be really useful.

Professor Midwinter: Last week, during a phone discussion, we discovered that a project—under the health budget, we think—had been removed. Such a removal would alter the total figures, but we could not find the project anywhere in the document, even though there was still a number for it. Negotiations have obviously been going on with departments.

Alasdair Morgan: It is probably in the appendix.

Professor Midwinter: It is not there, either. It has simply gone.

The first of the convener's questions raised a very interesting issue and the suggestion is totally consistent with the spirit of the budget arrangements. Given that the committee can recommend spending priorities in the budget, I see no reason why the committee cannot suggest savings if it so wishes. However, although I probably know more about this budget than anyone outside the Executive, I do not know nearly as much as the Executive does, and the process of identifying savings might not be as straightforward as we think. We could certainly find out which aspects of the budget would be amenable to savings. As I said, taking Parliament's recommendations on savings into account would be perfectly in line with the spirit of partnership between Parliament and the Executive.

The efficiency argument about the number of NDPBs would merit an inquiry in its own right. It is interesting that reduction of the regulatory and policy agencies was one of the Gershon criteria but, given the list of proposals, I do not see where that will happen. Although one or two proposals almost verge on that approach, we do not seem to have taken that particular route. I believe that plans were afoot for Audit Scotland to co-operate and work with Her Majesty's inspectorate of constabulary in Scotland, Her Majesty's Inspectorate of Education and so on. However, I do not see any great change as a result of this exercise.

On the convener's second question, I have not even begun to think about how to approach efficiency in partnership working. Are you suggesting that the committee should examine those matters now?

The Convener: I feel that it does not make any sense to overlook certain issues, because that will mean that we simply go along the narrow tramlines of scrutinising what is put in front of us. Arguably, the Finance Committee's role is to cast its net a wee bit wider.

Professor Midwinter: Much of the drive behind shared support services is the recognition that the system has structural weaknesses. However, instead of reopening the matter, reviewing the structures and asking those fundamental questions all over again, the Executive has attempted to address the issue through the efficient government initiative. After all, local government reorganisation happened only 10 years ago and the structure of the health boards was reviewed recently.

The Convener: The fundamental question is whether an efficiency-driven process can deliver the kind of change that is required or whether structural realignment is needed. There are perhaps two stages: first, we could at the away day consider Wendy Alexander's suggestion that some budgetary areas might not have delivered such savings as they might have delivered. Maybe we can invite ministers and/or officials so that we can them ask why they did not consider an efficiency exercise in relation to, for example, more effective procurement systems across the higher and further education sectors or the SEERAD budget, which is not delivering the kind of savings that it would be expected to deliver. As we have done previously, we can pick two or three areas and ask questions on them.

Professor Midwinter: I have no sense of matters relative to one another. The communities budget has only one item, as does—I think—Scottish Enterprise's budget; the plan that it was already operating has been rolled forward, so we could examine that. Until now, I have been more concerned about the three big budget areas, because that is where the initiative will stand or fall.

The Convener: The interesting thing with the enterprise and lifelong learning budget is that the Executive has come forward with Scottish Enterprise and Highlands and Islands Enterprise, but it has not come forward with the big area of spend—apparently no savings are to be had in higher and further education, which is remarkable.

An inquiry into the number of NDPBs and more efficient ways of working would be more difficult to undertake, but we might need to do that.

Professor Midwinter: We should not address the structure of NDPBs solely on efficiency grounds. We need to get into much wider effectiveness questions. Obviously, you can save money just by reducing the numbers, but that is not the issue. The question is whether that is an effective method.

The Convener: There are two strands. The first is to say that as part of the efficiency exercise we will focus on two or three departments that have not delivered savings, and ask why they have not done so. A separate issue is the broader inquiry into NDPBs and the structure of government, including co-terminosity, how things work and joint working, and whether they are effective as a substitute for integration. Perhaps we need to look at that.

Professor Midwinter: I would be interested to hear from committee members who are ex-ministers about your experience of joint working.

The Convener: Or joint not working.

Dr Elaine Murray (Dumfries) (Lab): There was an attempt to address the NDPB question in 2002, when there was a small reduction in their number, but I recall that that reduction turned out to be much more difficult than had been anticipated. In terms of the work of the Cultural Commission, for example, some NDPBs could be brought together, but I do not think that that is Executive-wide at the moment; it is being driven in particular departments.

Professor Midwinter: The last time the NDPB question was addressed, it was a Henry McLeish initiative.

Mr Arbuckle: I return to the big issue. I may be showing my naivety, but the Executive is publishing a major document on efficient government and we as the Finance Committee are supposed to monitor finance. Our budget adviser is casting doubt on various aspects of the efficient government technical notes. However, as Wendy Alexander said, we will not know how matters have progressed until next summer. I find that strange and unsatisfactory and I do not know what we can do—I leave that to more experienced colleagues. We are a monitoring committee, but if we have nothing to monitor and we cannot say whether initiatives have worked, I do not know what we are doing here.

The Convener: Wendy Alexander has already made that point.

Mr Arbuckle: I am slower, that is all. [*Laughter.*]

The Convener: We need to map the way forward.

Ms Alexander: The end of the clerk's paper suggests that we should

"encourage subject committees to consider progress against efficiency savings in the appropriate portfolio during their Stage 2 scrutiny, once the annual report has been produced."

That is a result of our being driven by the Executive's not producing a report until June 2006, so subject committees will not examine the issues until autumn 2006. The last UK budget itemised savings that had been made within the Gershon context, so two budgets itemising the scale of savings elsewhere will have been produced before we have an official baseline or an update on our position.

11:15

One way round that might be to invite subject committees to examine the efficiency technical notes. If the Executive decides that it does not want to update them on the website, the best that subject committees can do is examine the efficiency technical notes that we have on cash savings and non-cash savings. We can invite the committees during their stage 2 scrutiny this year—which is less heavy in budget terms—to examine the efficiency technical notes, which would let us comment in December. We cannot account for why the Executive is not publishing the baseline, not reporting for 15 months and not providing information regularly on the website, but we could at least ask subject committees to examine the efficiency technical note for their area this autumn, when there will be a less heavy budget round because, frankly, subject committees will probably have a better handle than we do on some of the drill-down issues.

The Convener: Arthur Midwinter normally provides guidance for subject committees, so we can mesh that in.

Jim Mather: I support Wendy Alexander's suggestion, which would be highly productive. I do not wish to go tangential on you, but I want to get our bearings. In an article in *The Scotsman* on Friday, Bill Jamieson stated that the public sector in Scotland spends 55 per cent of gross domestic product. In the past, the figure was between 50 and 52 per cent. Clearly, it is the antithesis of efficient government if we carry on in that direction. Can our colleagues in the Scottish Parliament information centre corroborate or refute that figure?

Professor Midwinter: To be fair, I do not think that that is directly linked to the efficient government initiative. Budget growth is still above the level of growth in the economy, so that conclusion will almost automatically flow from that. I cannot remember which minister—either Tom McCabe or Jack McConnell—said that the efficient government initiative might lead to a smaller public sector, but I see nothing in the documents to support that, because the sums of money are remaining the same and the number of jobs that are going is small.

Mr Brocklebank: Is the figure 695 jobs?

Professor Midwinter: Yes, according to the documents that I have seen so far. However, the money is going to be spent elsewhere. In an interview that he gave to *Public Finance*, Jack McConnell said:

"The saving will finance 2,000 teachers … 1,500 special constables, nurses and doctors".

That is already much greater than the 695 job losses figure. The initiative is not an exercise to reduce the size of the public sector; it is an exercise to get more output from it.

Jim Mather: I accept the totality of what you say, but any ancillary evidence that pinpoints the growth of the public sector is useful in illuminating the situation.

The Convener: Arthur Midwinter is right that it is not so much an efficient government issue as it is about the broader issue of economic growth.

Jim Mather: Sure—but economic growth is the top priority, and it comes full circle.

Ms Alexander: There is no suggestion of paying back any money, so the efficient government exercise is entirely about the speed with which resources are moved from back office to front office—it is not at all about changing the aggregate public sector spend. However, Jim Mather made a point that is vaguely of interest to the committee, and I am sure that SPICe could provide information on it.

Clearly, when determining public spending as a percentage of GDP we can take two figures—we can either calculate the figure according to the money that is raised in Scotland, which produces a figure of about 43 per cent—below the European average—or we can calculate it according to what we spend in Scotland. The Barnett formula gives us more, which pushes us up to the top range of Scandinavian countries.

It is always useful to have an update on that. I am sure that Jim Dewar or Ross Burnside can produce a two-line note giving the respective percentages, depending on whether the figure is calculated on what we raise in Scotland or on what we spend. Frankly, economists have different views on whether the crowding-out effect of the second option exists when with the first option we are down in the low 40 per cents. The two figures of 43 per cent and 50 per cent might be helpful.

The Convener: I am told that there is a SPICe briefing on the size of the public sector. We could check whether Bill Jamieson has got the right figures or not. We will get that briefing circulated.

Jim Mather: How current is the briefing?

Ross Burnside (Scottish Parliament Access and Information Directorate): It was produced in April.

The Convener: We have had a good kick around of the subject, so I will summarise where I think we are going. We have agreed to take evidence from the Minister for Finance and Public Service Reform on the time-releasing technical notes. As Alasdair Morgan said, we want first to look at those in some detail, so we will try to time that evidence-taking session appropriately. We have agreed to take evidence from Audit Scotland on 14 June if possible. It has been suggested that we could take evidence from individual project managers in September and October. Are members content with that suggestion?

Ms Alexander: I am nervous about our getting into that, particularly if we are going to ask subject committees to examine the efficiency technical notes for their respective areas at stage 2. Given the burden of responsibility that is involved, is there a risk that that will become too onerous? I would prefer it to be up to the clerks, the convener and the adviser to decide when they see the work programme shaping up. I am not sure whether there is time available for us to go to the depth of scrutinising individual budgets; that is something that we want to encourage other committees to do more. I am happy to leave it to your discretion, convener, but I do not think that we should necessarily commit ourselves to the idea until we have more of a handle on the autumn work programme.

The Convener: We will review the various suggestions that have been made today; we will do so in the context of our autumn away day, and we will see how suggestions sit with what we plan to do.

We have agreed that the clerks and Arthur Midwinter will work with the Executive on the format of its annual report on efficiency savings. We suggest that that should perhaps not be just an annual report—there could be interim reports. We have agreed that guidance to subject committees should be included and we suggest that the committees examine the efficiency savings and technical notes that apply to their areas. On Arthur Midwinter's paper, Wendy Alexander made a number of suggestions, to which the committee is agreeable, about the additional information that we might seek. I propose that we do that through a couple of letters.

I spoke about other matters that we should consider. I ask members to allow me to speak to Arthur Midwinter and the clerks about particular areas that we would like to identify, asking the questions the other way around, in effect. I do not think that there is anything that I have not covered.

Jim Mather: There is also the general augmentation of the five key points that are outlined in the approach paper that is before us.

The Convener: Yes. I presume that Arthur Midwinter will be speaking to officials on some of the issues.

Professor Midwinter: Yes.

The Convener: We can clarify matters then. If there are any outstanding points arising from this discussion, we can deal with them in our letters to the Executive—that is the process that we will go through in June. We will consider the outline of our work in the context of the away day in August, which will inform our programme for next year.

We are also looking to produce a draft report to the Westminster Public Administration Select Committee, probably for the meeting at the end of June. I seek the committee's permission that we consider the draft report in private at the next meeting. That is a discrete piece of work, and we can send on some interim conclusions. We have agreed that we will consider separately other issues that are connected with the changing to deliver programme. Are members content with that?

Members *indicated agreement*

Reporter (Health Committee)

11:25

The Convener: The third item on the agenda is consideration of whether the committee should appoint a reporter to the Health Committee as that committee undertakes its post-legislative inquiry into the Regulation of Care (Scotland) Act 2001 and the Community Care and Health (Scotland) Act 2002. As committee paper FI/S2/05/15/4 indicates, we signalled at the start of the year that we wanted to be involved in the inquiry, but the Health Committee has not brought the matter forward until now. The paper sets out what would be required of a reporter. I point out that the Health Committee meets on Tuesday afternoons; I presume that some members of the Finance Committee are otherwise engaged at that time. I invite members' comments and, more pointedly, ask whether anyone wants to be nominated as a reporter. It is important that we consider the matter, but we are dependent on there being a member who is willing to take on that role.

I hope that that silence does not reflect reluctance.

Professor Midwinter: Far be it from me to make this observation, but Ted Brocklebank asks a lot of questions about health.

Mr Brocklebank: Strangely enough, I would be interested in taking on the role, but I have a major problem. There have been various delays in relation to the work of the Waverley Railway (Scotland) Bill Committee, because a pile of people were not informed of their right to object to the project, so the weight of work for that committee will increase before very long. I am afraid that that will probably be enough for me.

The Convener: I suggest that anyone who is interested in being a reporter e-mail Susan Duffy before the end of next week. That might allow people to consider the matter in private. My colleagues and I will go round and encourage people in due course. Are members content with the idea of appointing a reporter?

Members *indicated agreement*.

The Convener: We move into private session to consider the Family Law (Scotland) Bill, which is the final item on the agenda.

11:27

Meeting continued in private until 11:28.

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