

AUDIT COMMITTEE

Wednesday 25 June 2008

Session 3

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AUDIT COMMITTEE

11th Meeting 2008, Session 3

CONVENER

*Hugh Henry (Paisley South) (Lab)

DEPUTY CONVENER

*Murdo Fraser (Mid Scotland and Fife) (Con)

COMMITTEE MEMBERS

*Willie Coffey (Kilmarnock and Loudoun) (SNP)

*George Foulkes (Lothians) (Lab)

*Charlie Gordon (Glasgow Cathcart) (Lab)

*Jim Hume (South of Scotland) (LD)

Stuart McMillan (West of Scotland) (SNP)

*Andrew Welsh (Angus) (SNP)

COMMITTEE SUBSTITUTES

Derek Brownlee (South of Scotland) (Con)

James Kelly (Glasgow Rutherglen) (Lab)

Iain Smith (North East Fife) (LD)

Sandra White (Glasgow) (SNP)

*attended

THE FOLLOWING ALSO ATTENDED:

Mr Robert Black (Auditor General for Scotland)

Angela Cullen (Audit Scotland)

Dick Gill (Audit Scotland)

Barbara Hurst (Audit Scotland)

CLERK TO THE COMMITTEE

Tracey Reilly

SENIOR ASSISTANT CLERK

Joanna Hardy

ASSISTANT CLERK

Rebecca Lamb

LOCATION

Committee Room 6

Scottish Parliament

Audit Committee

Wednesday 25 June 2008

[THE CONVENER *opened the meeting at 10:01*]

Decision on Taking Business in Private

The Convener (Hugh Henry): I welcome everyone to the 11th meeting of the Audit Committee in 2008. I have received apologies from Stuart McMillan, who may or may not join us later depending on other committee commitments. I remind everyone to switch off mobile phones, which interfere with the communication systems.

First, do we agree to take agenda item 9 in private?

Members *indicated agreement.*

“Review of major capital projects in Scotland—How government works”

10:01

The Convener: For item 2, I invite the Auditor General to introduce the Audit Scotland report on major capital projects.

Mr Robert Black (Auditor General for Scotland): Good morning. Before I start, I ask Barbara Hurst to draw to your attention one or two small textual errors in the report. This is the first time that such errors have happened in the eight years of our presenting reports to the Parliament, and they do not affect anything substantial. However, it is right that you should be aware of them.

Barbara Hurst (Audit Scotland): We apologise for the errors in the report. They are minor proofing errors; nevertheless, they should not have happened. They are in part 3, which is on projects currently in progress. The report says that 10 projects had awarded the main construction contract, with two since reaching the contract stage.

The Convener: Sorry—which paragraph is that?

Barbara Hurst: It is in the second key message on page 19.

That should actually read that nine projects had awarded the main construction contract and three have since reached the contract stage. Paragraph 47 should read that four—not five—of the current projects are experiencing significant cost increases. There are a few other places where the same reference is made, but that is the significant one.

Let me apologise again. The errors should not have happened, and we will obviously learn the lessons to try to ensure that they do not happen again.

George Foulkes (Lothians) (Lab): May I ask one question? Are all of the projects that we are talking about directly funded projects under the old system? There are no private finance initiative or public-private partnership projects at all.

Mr Black: That is right.

George Foulkes: Thank you—I wanted to be clear about that.

Mr Black: This is the first systematic review of publicly funded major capital projects in Scotland. The scale of capital investment in Scotland's public sector is substantial, and it is growing. When we conducted the review, more than 100

major projects were in progress, with a programme value planned to reach £10.5 billion by 2011 as new projects come on stream.

The Scottish Government, its agencies and non-departmental public bodies, and the national health service completed 43 projects in the five years up to March 2007. We looked at the performance of all of those in respect of costs, the time taken and the quality of what was specified.

In addition, we looked at 15 current projects. I emphasise that the report provides a snapshot in time for those 15 projects. The Audit Scotland review took place between October 2007 and February 2008, and the projects will have moved on since then. For example, one of the projects reviewed was the Stirling-Alloa-Kincardine rail link, which as we all know is now fully operational.

It is also worth commenting on the long gestation period for such major projects. Most projects took more than two years from initial approval to completion and, in some cases, the time was longer—some projects started before devolution. The guidance on how to estimate costs and on project management has evolved since then and some of the projects would be approached differently if they were being started now. We need to be aware of that context.

I will highlight the report's main findings under three headings: the performance of completed projects; the performance of projects that are still in progress; and project management and governance issues.

First, I will talk about the performance of completed projects. Any project has two key decision points. The first is when the project is given the go-ahead. The early cost and time estimates on which key decision makers base the initial project approval must be as accurate as possible. I shall return to that in a moment, because that is one of the report's main findings on the early stage in the life of projects. The second key decision point for any project is shortly before a contract is awarded. Once a contract is agreed, significant changes to a project are likely to be costly and disruptive and may threaten value for money.

Exhibit 2 in the key messages summary and exhibit 5 on page 12 of the main report illustrate the main findings of that part of the work. They show that, in general, the achievement of cost and time targets improved significantly as projects progressed. Initial estimates of time and cost were often too optimistic, but the general picture is of improvement when contracts are awarded.

Four fifths of projects were completed within 5 per cent of the contract price. The combined final cost for all completed projects—about £800 million—was just 1 per cent more than the

combined contract price when the contracts were let.

The project team did not analyse reasons for cost and time variances for all 43 projects, but it examined five completed projects in some detail. Exhibit 7 on page 13 shows three completed projects with large cost increases—they are marked with red traffic lights. Most cost increases are attributable to inaccurate cost estimates, but external factors contribute from time to time. One example of an unforeseeable external factor was the need for the scope of the Beatson oncology centre project to be changed to comply with new regulations on radioactive materials that were imposed after the London bombings in 2005.

As I hinted, the main area of weak performance that the report highlights is the unreliability of initial forecasts at the project approval stage. Only about two fifths of all projects were completed within the costs that were estimated when the projects were initially approved. For 25 projects whose cost estimates were too low, the final cost was on average 39 per cent higher than the initial estimate. The risks will be clear to committee members: more projects will be started than can be afforded; and the rising costs that are encountered as projects are implemented will crowd out other highly desirable projects that are due to start later. Therefore, I have recommended that the Scottish Government and public bodies improve early cost estimating and planning.

I will not talk about performance against time in the same detail. Suffice it to say that a similar picture of overoptimistic initial forecasts of timescales applies, but that estimates of the likely completion date when contracts are awarded are much more reliable. The phenomenon is equally evident in relation to time as it is to cost.

There is good evidence that public bodies get the projects that they have specified. However, more could be done to assess the outcome of projects and to show the benefits to the public. For example, few projects reported using measures such as design quality or environmental performance. Almost half of projects had not been evaluated after completion to assess whether the benefits had been achieved and had justified the investment.

I turn to projects that are in progress. Clearly, it is not possible to report on the results of projects that are in progress, because audit has perfect hindsight and imperfect foresight. Given that more than 100 projects, worth nearly £5 billion, are currently in progress, it would be impractical to examine every one. However, the project team did assess the progress of a sample of 15 on-going projects against the same criteria of time, cost and quality. Those projects had a combined estimated cost of almost £2 billion, which amounts to about

38 per cent of the combined value of all on-going projects. The team looked at at least one project in each of the main Scottish Government portfolios.

As I mentioned, my report provides a snapshot, and the status of projects will have moved on since the time of the assessments. Nine of the projects that we examined had reached the main contract stage and three have subsequently done so. Given that they have reached that stage, there should be an increase in the certainty of the cost estimates that are now being applied. However, four of the current projects had significant increases in project costs before reaching the contract stage.

The two projects affected by the largest increases were both transport projects. The first is the project to complete the M74 in Glasgow. At the time of our report, the latest cost estimate was £692 million. The second was the £85 million Stirling-Alloa-Kincardine rail link. The cost of both of those projects has more than doubled since the original project approval and both have been significantly delayed.

Given the size and importance of those projects, we have included a more detailed summary of the progress of each between pages 22 and 24 of the report. We did not carry out a full, detailed audit of those specific projects, but the team did sufficient work to provide a high-level picture of the history of both projects for the committee's information. Both projects are now the responsibility of Transport Scotland, but I emphasise that both projects predate the establishment of Transport Scotland, which came into existence in 2006. Transport Scotland inherited the projects. It immediately assumed responsibility for the M74 project when it was established, and it took on the Stirling-Alloa-Kincardine rail link in August 2007.

I turn finally to project management and governance. Good project management and governance are essential to deliver projects to cost, time and quality. Although room for improvement exists in some areas, the general conclusion in the report is positive. Overall, project management and the governance of individual projects are broadly effective. We give examples in the report of the Scottish Prison Service and Transport Scotland completing large and ambitious programmes within the contract costs.

However, in general, there is a need for improvement in the early stages of a project and, in particular, as I have said, in the early cost and time estimating. The report also highlights the scope to improve project appraisals and to ensure that good quality business cases are prepared for every project.

One of the issues that we touch on is competition. The report highlights difficulties in

attracting competition in some projects, despite a sound approach being taken in most cases. That is due in part to increasing national and international demand for contractors. Projects are also experiencing higher levels of inflation in construction costs, which reflects the high demand for construction services. The current market means that there is a risk that suppliers might be less willing to compete for capital projects. Looking ahead, I think that there might be risks if the public sector does not adjust to those changing market conditions.

The Scottish Government has been taking steps to strengthen the strategic oversight and control of the capital programme, which is a commitment that it inherited from the previous Administration. I encourage the Scottish Government to continue to strengthen leadership, co-ordination and management of investment programmes throughout Scotland. One of the significant benefits of that is that it would help the Scottish Government to ensure that its investment programme as a whole is properly matched to the capacity of the market to deliver projects, so that competition is achieved.

I make a number of recommendations throughout the report, which are brought together on page 5 of the key messages and repeated on page 4 of the main report. Most of those are intended to reinforce existing good practice and are directed at the Scottish Government and public bodies in general.

In addition, we have done a lot of detailed work behind that, and Audit Scotland is publishing on its website a more detailed good-practice checklist that will, we hope, help public bodies to identify whether any action is needed to improve the management and governance of any current major projects.

I hope that the report is a useful contribution to public reporting on the performance of major capital projects. There is a requirement for regular and consistent public performance reporting in such a large and important area of public spending. It is interesting and significant that the report is the first to bring all the information together.

As ever, my colleagues and I are happy to answer any questions that the committee may have.

10:15

The Convener: There are clearly some serious issues, with implications for not only the short term but the long term. I am intrigued by your saying, for example, that overall project management and the governance of individual projects are broadly effective. You gave some examples, such as the

Scottish Prison Service delivering some major projects. However, you said that improvement is needed in early estimating of cost and time. Competition can help to keep prices down and there is a worry about how the public purse achieves value for money if there is no competition; but, whether or not there is competition, do we have sufficient expertise to be able to deliver effectively at the scoping stage of a project—identifying what is required, how long it might take and how much it might cost—or do we need a fundamental reappraisal of the competence of some small organisations to carry out major projects?

Mr Black: Expertise is an important issue. At various points in the report, we highlight the absolute importance of having good project management and good advice for people who are commissioning projects. If you stand back from the report, you will find evidence of some things that did not go well because of a lack of expertise but also of things that went well when good teams were brought together to deliver.

For example, we describe in some detail the Stirling-Alloa-Kincardine rail link, which was originally commissioned by Clackmannanshire Council. There were significant problems in the early stages of that project, which might have been due in part to the fact that the team that was in place was insufficiently strong to drive forward the project, particularly in the early stages when it was putting together a business case of sorts for it.

Contrast that, as I did in my opening remarks, with Transport Scotland and the Scottish Prison Service. The prison service has completed 10 prison projects with a total cost of almost £200 million and brought them in on target; Transport Scotland has completed nine projects that cost more than £160 million and has brought them in on target. That highlights the importance of getting expertise.

At the centre of Government, there has been a commitment to strengthening strategic capacity and the advice that is available for major capital projects. When the infrastructure investment programme was announced in 2005, much was said about what was needed to strengthen strategic project management, oversight and advice. Those have been developed subsequently, but more needs to happen to create a strategic framework for major projects and to make good advisory services available at the centre.

Murdo Fraser (Mid Scotland and Fife) (Con): The report is interesting and there is a lot of meat in it that we must consider. I will examine some of the conclusions on page 12 in part 2, which examines the historic position on projects that were completed between 2002 and 2007.

You observe at paragraph 26:

“Only two-fifths of completed projects met the initial cost estimate”.

In other words, three fifths did not. At paragraph 28, you say:

“The final cost of these projects shows an average overrun of 39 per cent against the initial cost estimate”.

That is a staggering statistic, especially given that we are dealing with public funds.

Part 3 of the report is entitled “Projects currently in progress”. Although I appreciate that the report is only a snapshot, the number of reds that appear in exhibit 10 seems to suggest that the current situation has not improved on the historic one. Do you have any sense that lessons are being learned and that the situation is currently improving, or are we just carrying on doing what we did before?

Mr Black: The advice that I am getting from the team is that the lessons that come out of the report are indeed being taken seriously. In my opening remarks, the message that I was trying to give the committee was that some of the current initiatives need to be developed and strengthened. As I also said, the report is a snapshot in time of the turn of 2007-08, when the work was undertaken.

The team is closer to that work so I invite Angela Cullen to offer her thoughts on whether we think the trend is an improving one.

Angela Cullen (Audit Scotland): We echo the Auditor General's opening remark that the long duration of some of the projects, from the early estimates to where they are now, has not helped. However, things are improving. More guidance was issued over the period, which means that cost estimates now generally include allowances for risk, optimism bias and building and construction inflation. That means that estimates now would be more robust than those that were prepared eight, nine or 10 years ago—some of the projects that we have been looking at, even though they are current, were started as long ago as that. Things have moved on since 2003. In addition, the Executive issued new guidance on project management in 2005, and that has helped to improve the situation and to build in better cost estimates in the early stages.

Murdo Fraser: Thank you; that is helpful. I have another question on a slightly different subject. Mr Black, in your response to George Foulkes's question, you said that all the projects mentioned are funded by traditional funding methods. If you were drawing a comparison with PPP/PFI projects, would we see a different pattern from the one we are seeing in the traditionally funded projects? Would the situation be similar or would we see fewer cost overruns in PPP projects?

Mr Black: Unfortunately, I regret to say that we cannot really answer that question because an audit of all PFI projects would be a significant task in its own right. PFI has evolved since its inception well over a decade ago. Just as in the report we give a qualified positive message that the scoping and management of big capital projects is improving, it is true to say that there was a lot of learning by doing in the early PFI deals. It is rather difficult to draw a comparison, and it would have been overly ambitious for our study to attempt to do so.

Murdo Fraser: Nevertheless, it would be a very interesting and useful piece of work, particularly given the current political debate.

Mr Black: There has been a lot of academic and specialist research on the subject over the years. In the interests of helping the committee, I invite Dick Gill, who is an expert in the area, to give some general thoughts. However, I ask you to bear in mind the fact that they will not be based on audit work that we have undertaken.

Dick Gill (Audit Scotland): As Robert Black has said, a lot of research has been done into the performance of PFI projects in the public sector in the United Kingdom. To use a bit of a cliché, most PFI projects do what they say on the tin: they deliver projects on time and on cost.

One reason for doing this study was that we did not have a research base in Scotland on the delivery of traditionally funded projects. When we last reported on PFI in schools back in 2002, we highlighted the danger of using stereotypes when making comparisons with poorly performing public sector projects. We feel that we have added a lot of value with our analysis of all completed traditionally funded projects.

We have adopted a rigorous standard. We have considered how projects have performed not only against the contract estimates—which is the traditional measure of performance for PFI—but against the initial estimates when the projects were first approved. That is a demanding standard, and our findings have to be seen in that light. I am not aware of any research that has considered PFI in the same way, and I do not know whether PFI projects are subject to the same degree of initial uncertainty. It may be that a similar pattern of overoptimism is seen in the early stages.

Willie Coffey (Kilmarnock and Loudoun) (SNP): I would like to ask Mr Black a couple of questions on project planning and the outturn side of projects. In your report, you say that a clear need exists to improve estimates at the early stages—the design stages and the planning stages. I know that you do not have a magic wand, but how might companies and public bodies

improve? Everyone is looking for a magic solution to how to become more accurate in forecasting.

Does your team have any take on how much time is invested, as a proportion of projects' total duration, at the planning and estimation stage before approval is given? From my experience in industry, the shorter that time is, the more likely the estimates are to be totally inaccurate in the long run. That may be stating the obvious, but we have to learn lessons. In the projects that you considered, had any of the companies adopted recognised quality standards or tools to allow them to make more accurate forecasts?

At the project outturn stage, is there any requirement for companies to do what we call project close-out—to examine what they have done and ask what has and has not worked well, so that lessons learned can be fed back into the process for future planning and delivery? If more attention is paid to the earlier stages of project planning and to the lessons that can be learned at the end of projects, more future projects will stand a better chance of being delivered on time and on budget.

Mr Black: Your first point concerned when projects are specified and put together. We make the straightforward recommendation that a well-specified outline business case is an absolute requirement. That business case should consider what the project is intended to achieve, the options for delivering that result and the procurement routes that should be followed. All that information should be related to a good and robust assessment of the risks of delivery, and to some kind of judgment on the preferred procurement route. In the assessment of risks, attention should be paid to some of the more recent guidance that has been produced by expert sources in the Government on the importance of recognising optimism bias. People tend to take a positive view of what is likely to happen. If all those elements were built into outline business cases, decision makers would be better informed when they came to taking key decisions in principle on whether projects should go ahead.

We do not use the expression "close-out" in the report, but we do suggest that all major projects should be evaluated reasonably soon after completion—within months—to assess whether benefits were truly achieved, whether value for money was delivered and whether lessons can be learned.

There is no doubt that the extensive work that Audit Scotland undertook in the first year or so of its existence on the Holyrood Parliament project produced guidance that was taken very seriously by Government, as I am sure Mr Welsh will recall. That guidance was built into some of the current thinking.

10:30

Angela Cullen: Part 4 of our report concerns project planning and how to improve early estimates, and it highlights some of the things that the Auditor General has mentioned about building in an allowance for optimism bias, risk and construction inflation and the need to have a really good outline business case that clearly indicates the outputs and benefits that will be realised from the project, as well as how they will be measured. The report contains some options for what could happen in future and in procurement. There are different procurement routes, depending on what might be best for the project and what might suit the market.

Willie Coffey: What about the use of quality standards, methods and tools? We have seen a couple of frightening examples—there was no provision for inflation in one project, which is fundamentally silly. That would not happen if a recognised standard was adopted. Is there any guidance to say that construction companies and other bodies must comply with recognised quality standards and methods before they may present tenders and estimates?

Mr Black: I might ask the team to help answer the question about quality standards. We make the general point that there is insufficient evidence that quality standards are clearly specified and built in at the outset.

The point about inflation is interesting. I want to put what we say in our report in context. The team found that there was no explicit allowance for inflation in the early projects. Latterly, the standards have changed, and there is now an explicit allowance for inflation. If we went back a number of years, we would find that the conventional approach in Government was to price everything at constant prices. People took a decision between project A and project B based on an equivalence that simply used current prices. To keep things simple, the built-in assumption was that future inflation would be the same in the construction industry as in the rest of the economy. It was further assumed that Government revenues would rise broadly in line with inflation, if not at a rate greater than inflation.

One of our most significant recommendations to Government is to press ahead and ensure that construction cost inflation is factored in as a separate consideration from what might be happening in the general economy. In one of the exhibits towards the end of our report, we have a chart showing a simple trend projection of what will happen with construction inflation. Could someone help me with the page?

Angela Cullen: It is exhibit 13, on page 29.

Mr Black: Exhibit 13 is not dreadfully scientific, but it essentially shows construction cost inflation compared with general inflation. It highlights the absolute need to ensure that we recognise the significant risk.

I invite the team to comment further on quality standards.

Dick Gill: We have not made specific recommendations about public bodies adopting specific quality standards. A number of the bodies that we looked into had formally adopted methodologies, either in their own constituency or within the construction companies concerned, such as the projects in controlled environments—PRINCE—method, but I do not think that every public body is required to do that.

A key message from part 4 of our report, which considers project management and governance, is the importance of having a systematic and holistic approach to project management. That is one of the main messages that has come out of evaluations of construction projects in recent years. Public bodies must be systematic and holistic. We have a high-level model in part 4, which we articulate in more detail elsewhere in the report. I beg your pardon—it is in part 1 of the report. I am referring to exhibit 3 on page 8, which provides a high-level summary of the standards that need to apply to major projects.

We have also published a good practice checklist for public bodies, as a supplement to the report, which explores in much more detail the five areas of good practice that are highlighted in exhibit 3 and invites public bodies to ask themselves which features they have incorporated into their practice. I would not claim that such an approach is as systematic as, for example, the PRINCE methodology, but it encourages public bodies to challenge themselves and to ask whether they are confident about all dimensions of projects. We encourage such an approach, but we make no specific recommendations on quality standards.

The Convener: Mr Gill said that with PPP we get what it says on the tin—we know what we are getting. Mr Black referred to concern about inflation in construction costs. When someone has tendered for a project, provided an estimate and signed a contract, who should bear the risk of subsequent changes? That takes me back to my question about how effectively people scope, make and supervise contracts. Are people sufficiently skilled to ensure that the public sector does not bear all the risk and that the party who is awarded a contract takes on a proportion of the risk?

Mr Black: That is an extremely important issue. In exhibit 14, we tried to capture in a single table

the six major procurement routes and their advantages and disadvantages. Underlying the different procurement routes are assumptions about who bears the risks. The table shows some of the issues that arise. For example, if the construction management model is used, it is difficult to control cost increases. Members might recall that that approach was taken to the Parliament building project at Holyrood and that cost increases were an issue.

If the design and build option is taken, whereby the procuring party goes to the market and attempts to secure a fixed-price, lump-sum contract, the successful contractor must bear the risk of costs for which they did not allow, which means that the contractor bears the cost of remedying problems that arise after the project's completion. Professional judgments are needed when a procurement route is being chosen, so it is important that good professional advice is available to the procuring party.

Jim Hume (South of Scotland) (LD): There has been inflation in the construction industry during the past 10 years. Figures A and B in exhibit 5 show the difference between projects' final outcomes in relation to initial estimates and estimates that were made after contracts were awarded. It would be interesting to know whether the gap between initial estimates and contract estimates was narrower more than 10 years ago, when inflation in the construction industry was lower. If so, that might suggest that inflation in the building industry will level off. You do not forecast such a levelling off, but it might happen—indeed, we might already be witnessing it to a small extent.

As Hugh Henry MSP said, the reason for this inflation is competition, which is always to do with supply and demand. Because demand over the past 10 years has, of course, been high, we have needed to increase supply. Is there a skills shortage in the construction industry and, if so, how much is it affecting inflation in contracts? Of course, one solution to the question how we increase supply might be to break down contracts to make the tendering process more accessible and easier for smaller businesses.

Mr Black: With regard to construction inflation, I am not sure that we can add much to what I have already said about the context within which the Scottish public sector has to procure major construction projects. All the expert opinion seems to be of the view that because of changes in the global economy, there is every chance that construction inflation will continue to run ahead of general inflation and that, given the comparatively small size of the Scottish public sector relative to the United Kingdom and, indeed, the world, there is a risk that, well into the future, it will be difficult

to attract competition for major and sometimes quite complex projects. I do not think that we can, as they say, buck the global trend. The issue is certainly serious, which is why it has never been more important to ensure that the best possible advice is available within the Scottish Government to people who wish to procure such projects.

Another issue that is worth mentioning but that is probably less relevant to large one-off projects is the advantages that can be gained in packaging projects. As I am sure committee members are aware, the Scottish Government has worked quite hard to package projects in the schools programme so that they appeal to the market. We have not audited that activity recently, but there is some evidence that such an approach is delivering the expected results.

Speaking off the top of my head, I find it difficult to see how many very large projects can be divided up and subcontracted. However, the organisations procuring such projects would have to examine the matter on a case-by-case basis.

Does the team have anything to add?

Dick Gill: It is difficult to see how Mr Hume's suggestion regarding small to medium-sized enterprises would work with what are, by definition, very large projects. However, I remind the committee that we have recommended that the Scottish Government

"strengthen strategic direction and investment planning through a senior, government-wide, investment coordination and challenge function".

How we engage with SMEs to grow the Scottish economy and so on is an important strategic question that might be tackled more effectively through enhanced and strengthened leadership in the Scottish Government. I am afraid that I do not have an answer to that issue this morning, but I imagine that the Government could take a little bit more of a lead on it.

Jim Hume: You probably do not have any information on this, but do you know whether more than 10 years ago, when inflation in the construction industry was similar to normal inflation, the difference between initial estimates and contract estimates was as marked as it is now or has been over the past 10 years?

Mr Black: We certainly do not have any reliable comprehensive information on that matter, because it refers to the situation pre-devolution. Audit Scotland and I deal with what has happened post-devolution, and in gathering data we tend to avoid going back to pre-devolution days. I wonder whether anyone on my team has any general knowledge of previous days with regard to that issue.

The short answer seems to be no. You have stumped us, Mr Hume.

10:45

Andrew Welsh (Angus) (SNP): I rather wish that the Auditor General had not mentioned the Holyrood building experience, which sends a shiver down the spine.

The report clearly sets out the problems that are involved in complex situations. It also, crucially, sets out options for improvement and systematic and holistic strategies, and refers to expertise, experience and project management. Large capital investments are not new. How does the system work? At the heart of this, are we looking for in-house Scottish Government expertise and, therefore, continuity, or are we looking to buy in such expertise? Where is the project management weakness that has led to cost and time overruns? Where should action be taken to get proper project appraisal and management? That is what the report is crying out for. Where should we be looking?

Mr Black: As I mentioned in my introduction, the picture is moving and things are changing all the time. At the centre of Government, there is now an infrastructure investment group, which is the main oversight group. It is chaired by a senior civil servant and is charged with ensuring that big projects deliver the policy objectives and come in on budget. That provides a degree of strategic oversight.

Within the Government, two main groups support capital projects. The first is a construction advice and policy division, which is available across the Government to provide support on issues such as construction procurement policy, how to set up programmes and project delivery. The second group is a financial partnerships unit, which helps with procurement methods and partnership options. In addition, there is the construction procurement forum, which is designed to link into construction-related activities. So there are bodies within the Government that should have a significant role in ensuring that, at a strategic level, programmes are well specified and delivered.

We welcome those developments. However, as Dick Gill outlined a moment ago, we think that there is still scope for the Government to take matters further. Within parts of Government that have pursued significant capital programmes, such as prisons and transport projects, expertise has built up, and we are seeing the benefits.

Andrew Welsh: Ultimately, we need an integrated co-ordination and control system to gather everything together and to watch the time sequences.

Mr Black: Yes, and the Government has got that, in principle; the framework exists.

George Foulkes: I agree with Murdo Fraser that the report is valuable. When we reach item 9 on the agenda, it will be interesting to see how we can follow it up.

You said that more projects have been started than can be afforded. Exhibit 10 summarises the 15 projects that are currently under way. The latest cost for the M74 completion is £692 million—no doubt, there will be a further latest cost—and the latest cost for the Glasgow airport rail link project is £300 million to £400 million. Then there are all the other projects. Off the top of my head, I recall that there are commitments to a second Forth crossing, a Borders rail link, an Edinburgh airport link, other rail projects, other roads projects and three prisons—each with 700 places—not to mention hospitals for which we do not have the funding. Additionally, your report on improving the school estate said that a lot of work needs to be done on schools. How are all those projects going to be funded?

Charlie Gordon (Glasgow Cathcart) (Lab): Do tell us.

Mr Black: I apologise if I misled the committee. I hope that I did not say that more projects had been started than can be afforded. I was attempting to say that there was a risk that, if the initial cost estimates were lower than the cost estimates when the contracts were let, over time, the Government could find that their affordability was in question and projects would get crowded out or there would be problems with the public finances in Scotland as a whole.

I will not go into detail on the projects in exhibit 10, but it is important to recognise that the latest cost that is quoted for the M74, which is by far the biggest contract in the list, is based on a contract price. The contract was let on a lump-sum, design-and-build basis, so the risk of cost overrun has passed to the contractor. There is, of course, an issue about the professional judgment in deciding whether it was right to transfer all the risk, because there is a lot of uncertainty in that project. Other projects are still at the pre-contract stage, so risks might still be associated with them.

Your final question about the affordability of the future programme is a question for the Scottish Government rather than for me.

George Foulkes: I agree. However, you might be able to help us with one thing. At the moment, as you say in the report, the only mechanism that is available to the Scottish Government is traditional funding, because PFI/PPP has been abandoned. There is no way in which to fund new projects other than through traditional funding. Is that correct?

Mr Black: You will need to take advice from the Scottish Government on the current position with regard to funding streams. As the committee will be aware, the Government is currently developing the policy in that area.

George Foulkes: There might be plans for the future, but I am not clear about how any of the projects that I mentioned—or any other public procurement projects—are to be funded, other than by the traditional method.

The Convener: You have identified that there is an issue, but we will take it up directly with the Government. It is about looking forward rather than looking back.

George Foulkes: I was hoping that the Auditor General might be able to help us, given the deep knowledge and experience that he and his team have in the area, but, wisely, he is not answering.

Mr Black: Convener, I have perfect hindsight and lousy foresight.

Charlie Gordon: I apologise for my late arrival, convener, which was due to a transport asset that probably needs more investment. I will understand if my question was covered before I arrived.

I congratulate Audit Scotland on its informative report, which is superb. It is a useful tool that I will keep to hand in the future. It recommends that the Scottish Government should

“build whole-life costs into business cases and subsequent project reporting”.

I have some experience of that. With a PPP deal, things can be straightforward. Because the maintenance of the asset is often covered, there is no need to worry about aspects of revenue funding for perhaps 30 years. However, how can one arrive at notional running costs if procurement is via the traditional route?

It is not unknown for politicians to take decisions to create a new capital asset and then, shortly afterwards, due to short-term budgetary pressures, to starve the asset of adequate funding for running costs. Indeed, that is happening as we speak in councils throughout the country. Are you confident that you can get more transparency and remind decision makers that there is an opportunity to take a view about running costs even if the procurement method has been a so-called traditional one?

Mr Black: Mr Gordon raises an extremely important issue. As Dick Gill mentioned, we produced a report on managing the school estate, in which we identified that while the whole-life maintenance costs of PFI-type schools projects were allowed for by definition, there was a risk for non-PFI schools projects, of which there are not many these days. In such projects, proper

allowance for whole-life costing might not be identified or might be squeezed when there are budgetary constraints.

If I make a giant leap of inference, from long experience in local government, I recall from my days as a chief executive and before that maintenance budgets were often squeezed, because councils had to strike a legal budget. Mr Gordon is right to say that that risk is evident today. For that reason, we say that across government there should be clearly specified and transparent business cases that allow for the running-cost element of projects. I hope that the progressive development of our best-value approach to council audit will allow us to challenge them to ensure that they take those matters into account. In my experience, because issues such as school maintenance are so important, the running costs of projects are as much of an on-going commitment as are staff costs.

The Convener: It would be much easier to make a valid comparison if we looked not only at the construction costs of a project but at the maintenance costs over the project's life. Those costs could be compared with the total cost of PPP projects. At the moment, we do not always compare like with like, which is unfortunate.

Charlie Gordon: I am very satisfied with the Auditor General's answer. He makes an interesting point about our being able to exert direct influence on local government through best value. However, I make the point yet again that there is no duty on the rest of the Scottish public sector to pursue best value. I think that there should be.

The Convener: I thank the Auditor General for his comments on the report. Later in the meeting we will consider how we intend to proceed.

Audit Scotland (Annual Report 2007-08)

Audit Scotland (Work Programme)

10:56

The Convener: Item 3 on the agenda is consideration of Audit Scotland's annual report. I invite the Auditor General to comment on the report.

Mr Black: I am pleased to be able to present, before Parliament goes into recess, the Audit Scotland annual report for the past year. The committee will recall that Audit Scotland's accounts and annual report are presented formally to the Scottish Commission for Public Audit, which holds Audit Scotland and me, as the accountable officer, to account for our use of resources and performance. However, given that the Audit Committee receives most of our reports, I thought that it was important to present our annual report to it, and to summarise briefly some of the main features of our work in the past year.

For the past year or so, scrutiny of public performance has been a significant policy issue in the Government; Parliament has also been concerned with it. Members will be aware that earlier this week the Government announced significant changes to scrutiny arrangements. In the report, we discuss the significant role that Audit Scotland has played in assisting the development of thinking about those arrangements.

Audit Scotland's primary roles are to hold to account and to help to improve. I hope that throughout the annual report members will find evidence and case studies of how our work has supported accountability and helped improvement, not least by our presenting reports to the committee so that members can take issues further than we can. For example, the Audit Committee took evidence on three of our national reports: "Dealing with offending by young people", "Police call management—An initial review" and our comprehensive "Overview of Scotland's health and NHS performance in 2006/07". In addition, I need not remind the committee that it held evidence-taking sessions on what we call a section 22 report—a report linked to the accounts of an audited body—that I issued on Western Isles NHS Board.

That leads on neatly to consideration of the enormous amount of business that we conduct that does not really surface in the Audit Committee. I refer to the audit of more than 200

public bodies in Scotland. As the report indicates, in the past year Audit Scotland and the firms that work with it produced more than 200 final audit reports. Those audits are the foundation of our work and are part of the key mechanism for providing independent public assurance that public money is used appropriately. I expect the reports to be used by boards and others who are in charge of public bodies to improve oversight and performance of those organisations.

11:00

We do a lot of work on taking our findings and expertise out into the wider world of government. Teams from Audit Scotland made presentations to more than 50 external conferences, seminars and training events, and we serve on well over 50 external bodies and working groups. That is a way in which we share our expertise and knowledge and help improvement, but we also learn from doing it. We always, however, ensure that we observe the independence and objectivity of the audit process. In other words, we never contribute on policy matters, but where we think that there is audit evidence of how things can be done better, we will take part. That external work now takes up quite a lot of our time.

Another highlight of the year, as the committee might recall from our previous meeting, is that we completed a further round of the national fraud initiative. We identified significant savings and overpayments—the cumulative savings for the exercise in the past few years amount to about £37 million.

Over the summer, we will consult on two matters. First, we want to consult on our priorities for the next five years. We will go to audited bodies and stakeholders in government and the Parliament to ask for their views about what our priorities should look like. That work will inform a fundamental review of our corporate plan, which we hope to publish in the autumn. Secondly, we will consult very soon on the forward work programme of studies. Under the next agenda item, I will inform the committee about the process that we intend to put in place for that.

Before our new programme starts in earnest, we will present to the committee work that we already have in the pipeline. I will place on the record the reports that will come to the committee for the rest of the year and through into the early months of next year. During the summer months, a report will come out on the new general medical services contract—the general practitioners' contract. Also during the summer, we will present a report on palliative care services, which is to do with services for people with terminal illnesses. We will present an update on day surgery and look at the use of consultants—not national health service

consultants, I hasten to add, but professional consultancies—in government.

We will produce a report on NHS asset management, a long-heralded report on the monitoring of the rail franchise and a report on diagnostic health services. Towards the end of the year, we will have the financial overview of the NHS in Scotland. We undertake a review of the overall performance of the NHS system and health services in Scotland every second year. That will be a review of the financial performance of the NHS in Scotland. Finally, we will produce a report on energy efficiency in the public sector and how well the Government is doing on promoting and improving energy efficiency.

That is a brief overview of the last year and of what is in the pipeline. Under the next agenda item, we might touch briefly on the arrangements for putting in place our future programme. I am happy to take questions or comments.

The Convener: Will you comment on the forward work programme now? We can then have a discussion on the two items together.

Mr Black: Surely. As I mentioned a moment ago, we will consult during the summer on the forward work programme, on which we value very much the opportunity to hear the views of people such as committee members. That is absolutely central to providing support to the committee as part of our work in scrutinising the performance and use of resources in public bodies in Scotland. I am always conscious that we can take issues only so far on the basis of audit evidence and that the committee can probe issues where it is difficult for audit to go. The committee has done that on a couple of occasions—I do not think that I need to give examples. It is really important that we have a shared understanding that we are addressing the issues that really matter.

The consultation paper will come out soon—within a few days, we hope. It will be a joint exercise with the Accounts Commission, which has oversight of local government. It will set out a long list of potential topics that we have identified as being areas in which we might undertake examinations. With the convener's agreement, we will send the consultation paper to members of the committee so that they have it over the summer. If members want to make any suggestions or discuss any ideas, please get in touch with us: we would be delighted to deal with members individually in any way that is appropriate. We certainly intend to bring the consultation paper to a future meeting of the committee for a general discussion before we take final decisions. The more informal the discussion, the greater the value we will find in it.

The Convener: Do members have questions or comments on either item 3 or item 4?

George Foulkes: One of the pages in the report—does it have page numbers?—contains a section on “Further supporting democratic scrutiny”. I think that it is page 16. As I said at a previous meeting of the Scottish Commission for Public Audit—by the way, that is a great body that has some good people on it—I know from other things that I do that Audit Scotland's work in developing countries is very well thought of. We should commend the Auditor General and his staff for their good work in helping those countries.

Another point for which they should be commended is mentioned on the page—you should have better numbering—on Audit Scotland's staff profile, which is 50 per cent female. That is very encouraging. As we can see, there are females in very high levels within the Auditor General's staff. Other departments—and, looking around me, the committee as well—could learn from that.

On the future work programme—I look forward to that summer reading—I welcome the fact that we will have a report on consultants, which I think is long overdue. I must not prejudge the report, but I am looking forward to seeing it.

I also welcome the fact that Audit Scotland will report on monitoring of the rail franchise. In doing that, will Audit Scotland consult the service quality incentive regime—SQUIRE—inspectors, who monitor the performance of the railways? I did not know about them before, so I wonder whether those inspectors were listened to when the rail franchise was renegotiated. I would find that very interesting. Will Audit Scotland's report discuss the work of the SQUIRE inspectors and what they found?

Angela Cullen: Yes.

The Convener: That was a short answer.

Andrew Welsh: We have heard an impressively massive range of activities to improve on and prioritise good practice and value for money. Audit Scotland's work is summed up on the annual report's front page:

“Holding to account and helping to improve”.

Without doubt, Audit Scotland is a major national institution that does superb work for the public good. I just want to say well done and thanks.

Willie Coffey: I was about to make a similar comment. If Audit Scotland has managed to secure £37 million of savings through the fraud initiative—just one initiative—the savings that come elsewhere in the public sector through the work that Audit Scotland does must be almost incalculable. I know that that would never be said in the annual report, but it should be said and it should be recognised. The value of Audit Scotland's work must be pretty high in financial

terms as well as in the good practice that it promotes.

Turning to the future work programme, is there any scope for Audit Scotland to do a bit of work on introducing best value to the wider public sector? As Charlie Gordon mentioned previously, public bodies more widely should be able to gain the benefits of best value. Might Audit Scotland have a role in promoting that and in helping such bodies to deliver?

Mr Black: The short answer is yes, absolutely. We see that we will have a significant role in that. As the committee is well aware, best value is a statutory duty that is enshrined in legislation for local government, but there is equally a duty on all accountable officers in the public sector to achieve best value. That is captured in documents that almost have the strength of law, so accountable officers are required to accommodate best value. We need to recognise that different parts of the public sector operate under different governance arrangements and therefore have their own performance and accountability arrangements. However, the fundamental principles of best value—which, to capture them in a phrase, are to use resources wisely, well and properly—extend across the whole of the public sector.

In the health service in particular, we have developed an audit toolkit that will allow us progressively to assess the performance of health bodies against the core criteria of best value. We like to think that, initially, the final reports of the health board auditors that I mentioned will reflect that analysis and that, in the future, we will be able to reflect the extent to which best-value principles are applied in our reports to the Parliament on the performance of the whole health service.

We are committed to best value in principle and are starting to do things in practice.

The Convener: As you have heard, the committee values the work of Audit Scotland, which is of an exceptionally high quality and makes a difference to the quality of life and use of resources throughout Scotland. We commend you for that.

We may want to engage with you to influence your future work programme. We would encourage you to consider best value, which was mentioned by both Charlie Gordon and Willie Coffey, and how best that can be approached, notwithstanding some of the issues that you have raised.

Mr Black: Just before you move on, as this is the last meeting before the recess let me thank the committee for its support. As I mentioned earlier, we can take issues only so far in holding bodies to account, and it is this committee on behalf of Parliament that finishes the job by, for example,

taking evidence both in hearings and in writing from accountable officers.

Finally, I should say that I do not do the work—it is Audit Scotland that does the work for me. I have a fantastic team, so it is great to have the opportunity to pay tribute to what it does for me. I will make sure that your kind remarks are relayed to the staff whom you do not meet terribly often, if ever.

The Convener: Thank you for that.

Auditor General for Scotland Reports (Responses)

“A performance overview of sport in Scotland”

11:12

The Convener: On item 5, we have received a response from the accountable officer to the Auditor General’s report. Are there any comments?

Andrew Welsh: Paragraph 7 of the response states:

“There is evidence that Active Schools is making a contribution to helping pupils meet the recommended daily activity levels of 60 minutes accumulated activity per day”.

Where is that evidence? What does “making a contribution” actually mean? What exactly is the £12 million each year producing? The response refers to “making a contribution” rather than delivering, so I would like a better idea of what is being delivered.

Some of the wording in the responses appears to be positive, but is in fact vague. Paragraph 15 states:

“Although there has been no follow up survey, we have evidence of progress.”

“Evidence of progress” can mean a lot or a little. There has been no follow-up survey, and only one example has been chosen for illustration. I would like an explanation of that situation. Similarly, in paragraph 17 we are given no explanation of the low participation in the west of Scotland because officials do not currently have one. I would like them to get one.

I would like clarification on those points because such comments can be slipped into letters, but I do not like the vagueness in the language: either the officials know or do not know.

The Convener: We will follow through on Andrew Welsh’s comments, and we will reflect again once we have a response to them.

“Police call management—An initial review”

11:15

The Convener: Do members have any questions or comments to make on the reply from Robert Gordon?

George Foulkes: I want to make two points. First, the reply on the single non-emergency number is totally unsatisfactory, particularly the paragraph that states:

“This is a complex area, and we shall continue to monitor the developments ... We will carefully consider the business case for a Scottish pilot”.

In other words, they are going to do absolutely—I cannot swear, can I?—nothing. I do not know whether it was Tracey Reilly who circulated to members the interesting article entitled “Don’t keep us hanging on!” which shows that Chicago got moving on a single non-emergency number because there was someone there with some initiative instead of a civil servant who sits on his behind all the time. If I were a Scottish nationalist—heaven forbid—I would think that that is one area in which Scotland could lead the way and show what can be done. Pilot schemes are already under way in five English areas. Instead of monitoring those schemes, why are we not taking the lead? Scotland is a clearly identifiable area in which such work could be carried out effectively. All we need is someone in the Scottish Government with some initiative and get up and go to get things moving. We should pursue the matter.

Murdo Fraser: I completely agree with George Foulkes. The response on the single non-emergency number is extremely disappointing. Robert Gordon basically says that a single non-emergency number is a good idea, but it would be too difficult to establish one, so nothing will be done. We need to press people to pursue the matter more vigorously.

Willie Coffey: The committee’s first question to Robert Gordon was on police response times for attendance at various incidents. The paragraph in his reply entitled “Performance Indicators on response times” is a wee bit woolly; it uses phrases such as:

“without diminishing the momentum behind the move towards meaningful national reporting”.

The public need something better than that. We need to be clearer about whether and when the police can report to the public, how the police perform in getting to incidents that the public call about, and whether the police do not get to such incidents. Those are important aspects, so I hope that such matters will be addressed in the reporting standard that will come to us next year. We must make progress.

Andrew Welsh: The reply boils down to a no. However, as I found out this week, it can be impossible to contact the police by telephone. That is the reality for our citizens, so we must get the problem addressed properly.

The Convener: Perhaps we should ask for a further response in the light of Willie Coffey’s comments. We can also make it clear that we are dissatisfied with the response on the single non-emergency number and that we will reflect on how

we can progress that matter by inviting others to the committee or by working with other parliamentary committees. We will not let the issue drop; we will return to it.

The issue to do with the Association of Chief Police Officers in Scotland has profound implications. Robert Gordon's letter states:

"The Scottish Government routinely engages with ACPOS along with other stakeholders".

ACPOS is a company limited by guarantee, and, as the letter says,

"The appointment of Directors is a matter for ACPOS itself",

which is hugely significant. All the individuals concerned are of the highest integrity and competence, and I would not wish to cast aspersions on them.

However, I think that there is an issue with structures and accountability, because it is clear that the local authorities, the police boards and Government ministers have no control over a private company. How do we effect accountability? It is not good enough to say that ACPOS, unlike the chief constables, is not part of the tripartite relationship, but to accept that the Scottish Government routinely engages with ACPOS. The issue needs to be examined further.

George Foulkes: That was the second point that I intended to raise. I agree with the convener 100 per cent. The memorandum of understanding says that

"Scottish Ministers will pay grant to ACPOS",

and that the organisation's annual report and accounts go to Companies House.

There is a related matter that I wanted to ask the Auditor General about, which relates to both ACPOS and the Scottish Police Services Authority. The SPSA gets grant in aid of £83.6 million. I presume that the Auditor General has responsibility for keeping an eye on that, but does he have any responsibility for keeping an eye on the money that ACPOS gets from the Scottish Government?

Mr Black: Lord Foulkes is correct. I have to arrange for the audit of the SPSA, just as I do for other public bodies, but because ACPOS is a company limited by guarantee, it is not possible for me to be its auditor. The memorandum of understanding says:

"the Auditor General for Scotland shall ... have rights of access during the course of its Appropriation Account reviews or for the purposes of value for money studies."

I think that that implies that through the audit of central Government finances, it would be possible for people working on my behalf to examine the money that is spent in the form of the grant aid that is provided to ACPOS as a company. To give

you an idea of the level of spend, I understand that in 2007-08 the Scottish Government provided about £338,000 in direct funding to ACPOS. Funding of that order of magnitude is comparatively small, certainly in comparison with the amount of funding that the SPSA receives.

The Convener: I suggest that we take up with the accountable officer the matter that Willie Coffey raised and that we go back to the accountable officer on the non-emergency phone number, which we should also ask the minister to reflect on, given that it will ultimately be a political decision. We could ask the minister to comment on the relationship between the private limited company and the Government before we reflect on what we should do.

Jim Hume: I declare an interest as a member of Lothian and Borders police board. I, too, am not happy about the lack of urgency in Robert Gordon's response. Paragraph 3 of his letter states:

"It is currently not feasible to report meaningfully on a consistent basis".

However, given that police boards report on the response to non-emergency calls in some shape or form, it would be possible for us to be reported to. It would be up to us to decide whether the reporting was meaningful or consistent.

I presume that we will have to reply to the invitation to visit the Fife Constabulary contact centre that Robert Gordon has issued to us; perhaps we have already done that.

The Convener: I have visited the centre. If anyone else wishes to visit it that would be fine, but I am not sure that I would necessarily wish to arrange a committee visit. If individual members wish to visit the centre, they are free to do so. We will reply accordingly.

George Foulkes: I would like to jump back to the SPSA, which I understand is now running forensic services for the police. That has resulted in a £4 million reduction in the grant to Lothian and Borders Police. I have had a complaint from a constituent about a DNA test not being carried out on the ground of cost. If such decisions are starting to be made, it might be necessary to examine the services that the SPSA provides. What would be the mechanism for doing that?

The Convener: That is a separate issue and something that George Foulkes will need to pursue as an elected member; there might well be issues for you to take up with the Justice Committee. We could go into that legitimately only in response to something that Audit Scotland and the Auditor General have done.

George Foulkes: We can look at that in our summer reading for our future programme, I guess.

The Convener: Okay. We can agree to what has been suggested and move on.

“Overview of Scotland’s health and NHS performance in 2006/07”

11:25

The Convener: Members have seen the response from the accountable officer. Are there any comments or questions?

Andrew Welsh: The NHS is developing a national database and looking for a pilot project. Is there any timetable attached to that? The letter says that a data-collecting form is being piloted and a system developed to look more closely at drugs-related deaths through a standard national database, but there is no indication about a timetable.

The Convener: Okay. We can question that.

As there is nothing else, we will ask for that information and then come back to the subject.

**Scottish Government
(Progress Reports)**

11:26

The Convener: Members have a report on Government progress reports from the clerk to the committee. Paragraph 16 asks the committee to agree that the reports be requested in May 2009 and September 2010. Members will be asked to identify key recommendations for inclusion in the next progress report once the Government’s response to the Western Isles NHS Board report is received. We are also asked to consider any work themes that might be coming up. Are there any comments or questions? Do we agree with the report?

George Foulkes: May 2009 seems to be a long time away; it is half way through the parliamentary session, effectively. I wondered if we could sensibly request the reports earlier than that.

The Convener: I will ask Tracey Reilly to comment.

Tracey Reilly (Clerk): It could be earlier than that, but the progress reports process is designed to cover formal recommendations arising from committee reports. At this stage, we have only got the Western Isles NHS Board report, which would be subject to the process.

The first progress report is set for quite a way through the parliamentary session to allow the committee to build up a sufficient body of work to which the Executive can respond. It is to keep track of our previous recommendations and ensure that they do not get lost.

George Foulkes: Okay; that is a good explanation.

Murdo Fraser: On the point about emerging themes, I suspect that one year into the parliamentary session is probably too early to identify any specific themes emerging from our work. I do not detect huge enthusiasm in the Parliament for holding a committee debate on the Audit Committee’s work.

The Convener: We are also being asked to reflect on whether timeframes should be attached to any of the recommendations that we intend to pursue through the progress reports. We can deal with that as and when required.

Other than that, are we agreed with what is suggested in the clerk’s paper?

Members *indicated agreement.*

The Convener: That brings us to the end of the public part of the meeting. I thank everyone for their attendance. For those who are about to embark on a holiday, have a good break.

11:29

Meeting continued in private until 11:42.

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