

LOCAL GOVERNMENT AND TRANSPORT COMMITTEE

Tuesday 6 June 2006

Session 2

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LOCAL GOVERNMENT AND TRANSPORT COMMITTEE 16th Meeting 2006, Session 2

CONVENER

*Bristow Muldoon (Livingston) (Lab)

DEPUTY CONVENER

*Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP)

COMMITTEE MEMBERS

*Dr Sylvia Jackson (Stirling) (Lab)

*Paul Martin (Glasgow Springburn) (Lab)

*David McLetchie (Edinburgh Pentlands) (Con)

*Michael McMahon (Hamilton North and Bellshill) (Lab)

*Mike Rumbles (West Aberdeenshire and Kincardine) (LD)

Tommy Sheridan (Glasgow) (SSP)

*Ms Maureen Watt (North East Scotland) (SNP)

COMMITTEE SUBSTITUTES

Colin Fox (Lothians) (SSP)

Mr Bruce McFee (West of Scotland) (SNP)

John Farquhar Munro (Ross, Skye and Inverness West) (LD)

Dr Elaine Murray (Dumfries) (Lab)

Murray Tosh (West of Scotland) (Con)

*attended

THE FOLLOWING GAVE EVIDENCE:

Caroline Gardner (Audit Scotland)

Alastair MacNish (Accounts Commission)

David Pia (Audit Scotland)

Gordon Smail (Audit Scotland)

CLERK TO THE COMMITTEE

Martin Verity

SENIOR ASSISTANT CLERK

Alastair Macfie

ASSISTANT CLERK

Rebecca Lamb

LOCATION

Committee Room 4

Scottish Parliament

Local Government and Transport Committee

Tuesday 6 June 2006

[THE CONVENER opened the meeting at 14:01]

“Overview of the local authority audits 2005”

The Convener (Bristow Muldoon): I bring today's meeting of the Local Government and Transport Committee to order. Our sole item on the agenda is an annual report from the Accounts Commission. I welcome Alastair MacNish, the chair of the Accounts Commission. Supporting Alastair are Caroline Gardner, the deputy auditor general and controller of audit; David Pia, the director of performance audit for local government; and Gordon Smail, a senior manager for performance audit from Audit Scotland. I welcome all four of you and give you the opportunity to make some introductory remarks.

Alastair MacNish (Accounts Commission): Thank you for giving us the opportunity to share the 2005 overview report of local government in Scotland.

There is no doubt but that local government faces major challenges at present. They include the Scottish Executive's drive for public sector reform, modernisation and efficiencies; councils' on-going duty to deliver best value and to lead in community planning; the loss of experienced senior officers and members over the next 12 months; and, not least, increased financial pressures such as pension liabilities, single status and equal pay settlements when central Government funding is levelling off.

The commission's findings highlight the need to redouble effort, along with partner organisations, to improve the quality of service provision and minimise unnecessary bureaucracy; to provide better medium and long-term financial planning using improved performance management information that is fit for purpose; and to set clearer strategic objectives and match resources to both local and national objectives.

Despite the challenges, this is the most encouraging overview report in my time as chair of the commission since 2001. Financial stewardship remains generally sound across all councils. This is the sixth year-on-year improvement in council tax collection. Every council in Scotland has improved its collection rate for the year, apart from Orkney Islands Council, which is already at the

top. There has also been a significant improvement, throughout Scotland, in municipal waste recycling, although the amount of biodegradable waste that is being sent to landfill is still above the Executive's target for December 2006. There is more flexible use of home care services, especially out-of-hours and weekend provision, and more transparency in the use of reserves compared with 2004. That was a big issue last year.

On behalf of the commission, I congratulate local government in Scotland—both members and officers—on its total commitment to and engagement with the best value process. The councils' openness and honesty in their self-assessment appraisals has been a credit to them. It is my opinion that such commitment and engagement are required throughout the entire public sector in Scotland, not just in local government.

We would be happy to answer any questions that members may want to ask.

The Convener: Thank you very much, Alastair. I will open up the questioning, after which other members may come in. How well prepared do you believe local authorities are to deal with the range of cost pressures on them, which you highlighted in your introductory remarks—pensions provision and equal pay, for example—as well as the likelihood that increases in central Government funding to local authorities will be at a more modest level than they have been in recent years?

Alastair MacNish: Local authorities' financial planning is sound and has been for many years. There are indeed major financial pressures on them. The unallocated reserves are down to 2 to 2.3 per cent. That is partly because, if offers are made under the single status agreement or equal pay conditions, the funding can go into a specific reserve but, if they are not, the money will stay in the general reserve. There is a difference between those sorts of allocation.

Authorities are providing for what they can see ahead of them. There is not a local authority in Scotland that does not think that it needs more money to deliver high-quality services. As far as the audit is concerned, we are satisfied that the general financial stewardship is sound, although more money would always be welcome.

Mike Rumbles (West Aberdeenshire and Kincardine) (LD): In my experience, the big issue with local authorities and funding is that of so-called underfunding. Whether it is the McCrone settlement money or the money for free personal care for the elderly, whereas the Scottish Executive might say that it is fully funding the programmes, councils say, “Hang on a minute; you are not fully funding it.”

The latest issue to hit the press involves Argyll and Bute Council not spending money on free personal care because it does not have any more money to spend. The Executive says that it has the money. You are an independent person in an independent group that audits such situations. I would like to know—as would other committee members, I am sure—what the real situation is. We cannot have constant war between the two sides. Surely you, as the independent auditor, are able to tell us what the situation really is.

Alastair MacNish: It will probably not surprise you to hear that it is a mixture of things. When the McCrone committee was first set up, figures for the total cost were bandied about by local government. To date, councils have funded the McCrone settlement. It is perfectly valid to ask what pressure that puts on other resources. Ever since the distribution formula was established back in the 1970s, there has been an issue about its fairness to different areas of Scotland with respect to rurality, urban deprivation and so on. There have also been specific, ring-fenced moneys under individual settlements.

The matter has never been resolved to local authorities' satisfaction. Our view is that authorities have managed to live with it. Your question is about best value or value for money with regard to what fell off the table as a result of funding those two settlements. To date, local government has funded all the settlements that have been made. The pressures mount, however. There are pension liabilities, the single status agreement and so on. The figure from the Convention of Scottish Local Authorities is £560 million. As far as the Accounts Commission and Audit Scotland are concerned, authorities have met those challenges as they have gone along.

Caroline Gardner (Audit Scotland): The only thing I can add to what Alastair MacNish has said is that there are some areas where we have been able to examine in more detail the match between what has been spent and what the requirements have been. The most recent example is in the report, which we published a couple of months ago, on implementation of the teachers' agreement following the McCrone settlement. We were able to track through the Executive's estimates of what it would cost, the funding that was made available to cover the settlement and the amounts that were spent by individual councils. Overall, there was a pretty close match—the gap was very small.

Such transparency is not routinely present, however, and we would like there to be more transparency around the estimates and what is actually spent. That is likely to become increasingly important for efficient government, which involves some big, high-level assumptions

about the savings that might be possible, which will feed into the assumptions about the resources that will be needed in key policy areas such as free personal care. The main lesson that has come out of our work is about more transparency.

Mike Rumbles: You have a specific role in that regard. Neither local government nor the Executive is served well if there is argy-bargy between the two sides. I mentioned the recent case of Argyll and Bute Council saying that it does not have enough money for something, and the Executive claiming that it received the money that was required.

You produced the audit for the McCrone settlement. Even now, I have Aberdeenshire Council telling me that it did not get enough money for McCrone, yet your report says that 1.5 per cent of the allocation was not spent. The Accounts Commission and Audit Scotland have a much bigger role in taking that battle away and ensuring that we have an independent and transparent publication that says, "Look, these are the facts." I suspect that problems within the COSLA arrangement get transposed into statements that the Executive is not providing proper funding. I am pleased to hear you say that you need to be a little more transparent. In fact, I would like to see you being a bit more up front when you hear of disputes; in such circumstances, it might be useful if you came forward and said, "Actually, these are the facts."

Alastair MacNish: The difficulty there is that McCrone was a six-year programme. At the end of it, we were able to say, "These are the facts." As you will understand, that was very difficult at the start. The figures that were being bandied around were very different.

As Caroline Gardner said, the figures were not consistent throughout all authorities. Although the total figure was just about right, some councils claimed that they were vastly underresourced and had to top-slice to meet the payments that were required. We should not underestimate the degree to which the distribution formula that is used in local government is a cause of disputes between councils. Councils may accept the overall settlement, but individual councils will always argue that they should get a greater share. In rural councils in particular, it is felt that the islands allowance is not sufficient. Free personal care has to be balanced differently.

Mike Rumbles: I used to be on the Health Committee, which is about to produce a report on free personal care. The Executive tells the committee that free personal care is fully funded. COSLA, in evidence to the committee, said that it accepts that it is fully funded. You have a role in saying that it is fully funded and that, overall, councils are doing well, but your role might be to

say, "Well, actually, while the 32 councils taken together might be fully funding free personal care, there is an issue in this council and in that council." Councils such as Argyll and Bute are crying foul, which must mean that other councils are getting a greater share of the money. I would have thought that your organisations have a role to highlight what the facts are in the round and what the facts are in the 32 councils.

Caroline Gardner: You are right: we are uniquely placed to look across the Scottish public sector from the Executive to councils, and to all the other public bodies that spend public money, but the sort of transparency that we are talking about is not easy to achieve with all the other things that are shifting at the same time, which is why it took us a while to get under the skin of the McCrone agreement. Probably the best thing I can say at this stage is that we are just about to start consulting on our work programme for the next couple of years, and free personal care is one of the issues on which we will be consulting. The committee's views on whether that would be a fruitful area for us to consider would be welcome.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): On page 23 of your report, you conclude:

"Councils need to report to the public in a more balanced way, covering areas requiring improvement as well as successes."

Will you expand on that?

Alastair MacNish: Yes. This probably comes as no surprise to those round the table, but there is a tendency for councils to promote what they are doing well, in council magazines, newsletters and so on. We are conscious of the need for balance.

The best value audit is the exception: the 14 councils that we have audited so far have been absolutely truthful about what they need to do better and what they are doing well. It has been a genuine self-appraisal. If it had not been best value, it would have been a waste of time. It does not matter where you are, you need to look at yourself and say, "We need to do X, Y and Z better." We were concerned that councils would hide the poor performance and justify the positives. In fact, they have been up front. Councils' poor performance would have come out in the audit anyway, because the national statistics would have shown that they were not performing particularly well on X, Y and Z.

The concern that you identify in our report is about councils' formal public reporting, which we considered in the first 14 best-value audits. Councils need to give a more balanced picture and say, "Here is where we are; but we need to pursue and reprioritise X, Y and Z, to achieve our long-term or medium-term aims." That is an issue

not just in one or two councils but in many councils.

14:15

Fergus Ewing: I will give an example from Highland Council—you know what I am going to say. There has been much controversy about the council's proposal to put out to tender the care of elderly people who are currently looked after in a number of publicly owned care homes in the Highlands, including homes in Grantown-on-Spey, Fort William, Kingussie, Inverness and Nairn, in my constituency. The proposal was narrowly passed recently. Although the approach reflects a major change in policy, the council elected not to hold public meetings to present and explain the policy to the public and give people the opportunity to ask questions and receive correct information about the purpose and detail of the policy. That led to anger and confusion on specific points, which could have been avoided.

When a council proposes a major change that is likely to generate concern and local meetings to find out what is happening, would it be sensible for the council to hold public meetings and make available its officials, to ensure that the policy is properly presented and reported? In the case that I describe, the public should have been able to participate in local democracy; they should not have been excluded by a fiat from the chief executive that decreed that there would be no public meetings.

Alastair MacNish: In my experience over many years, public meetings are often—although not always—held to discuss major issues, because such meetings provide an opportunity to test the temperature in the community and receive feedback. You raised the matter informally with me about 10 days ago and I took it up with the auditor, who will have another look at Highland Council's position vis-à-vis the new set-up for those care homes. It is unusual not to hold public meetings, but it depends on how expansive the consultation was and whether all aspects were covered. The auditor will consider such matters.

Fergus Ewing: I appreciate that helpful answer.

If a local authority is carrying out for the first time an exercise such as the tender of services for the elderly, what procedures are in place to assist the council in progressing the exercise as competently as possible? For example, if staff in the council's audit department lack experience of such matters, can they receive support from the Scottish Executive or from local authorities that have undertaken such an exercise? Can a local authority avoid having to learn on the job at possible cost to the council tax payer?

Alastair MacNish: In my experience at South Lanarkshire Council, if we were undertaking an exercise for the first time we would trawl councils throughout not just Scotland but the United Kingdom to find examples of best practice and discover what we could learn from other authorities.

The Improvement Service, which was recently set up by the Scottish Executive, represents a major step forward in that it is an external agency that can help local authorities. One or two of the smaller authorities struggle to find the breadth of experience that is needed to implement innovative proposals, so the Improvement Service will help.

I have to say that COSLA should be playing a far greater role in giving authorities help and assistance, if they ask for it. COSLA has been around for a long time and it has experience that it could use to help authorities with major developments in their areas.

Fergus Ewing: Does that mean that it has slipped up in the past?

Alastair MacNish: Over the past few years, COSLA's advice to local authorities has certainly not been as effective as it was. I think COSLA would acknowledge that. That is why it has made changes over the past three or four years.

Fergus Ewing: Can you give any examples?

Alastair MacNish: I am delighted to say that I cannot off the top of my head.

Michael McMahon (Hamilton North and Bellshill) (Lab): In your introductory remarks, you referred to the section of the report that deals with council tax collection rates, in respect of which there are obviously good signs. Notwithstanding that, council tax collection rates in Scotland remain low compared with those in England. What is your perspective on why that is the case? What solutions can you suggest to improve the situation?

Alastair MacNish: The figures that are quoted in the report are for council tax collected within the 12 months. I do not mean to be complacent, but we are now up to just under 93 per cent of all council tax collected in the 12-month period. That is a vast improvement. If you go back 10 years, there was a huge gap between the collection rates in England and in Scotland. Our percentage was down in the mid 80s and England was up at around 93 or 94 per cent, but the gap has narrowed dramatically. I know for a fact that councils across Scotland are trying their hardest and are being more and more direct about collecting as much as they can within the 12 months.

Caroline Gardner: There is also a technical difference in what councils here are collecting.

Council tax in Scotland, as you all know, includes water rates, whereas water rates in England are collected separately. In fact, I heard on the news this morning that one of the English water companies is being criticised for its level of outstanding debt. We have not been able to do an analysis that lets us compare like with like, but there is a technical difference in the basis of the figures that we are talking about.

Michael McMahon: Do you think it is steady as you go?

Alastair MacNish: I would not take the pressure off at all. All I know is that an awful lot of effort is going into the collection of council tax, and it has been successful year on year. Last year, there was a full 1 percentage point improvement, but the day we take the pressure off is the day it might just start to level out. We need to get as close as we can to collecting 100 per cent within the year.

The Convener: We regularly hear reports about the significant number of people who qualify for council tax benefit but do not claim it. Could councils do more to make people aware of their right to claim such benefits? Is the efficiency with which such benefits are processed an issue that you have considered in any detail?

Alastair MacNish: Caroline Gardner can give you a detailed answer, but I could not agree more with what you say. Some of the councils that have the highest returns are extremely good at ensuring that benefits are paid. Council tax collection statistics are based on those who are due to pay and exclude those who receive benefits, so a lot of councils work hard, as my old council did, to ensure that benefits are paid to those who require them. Where that is done well it helps dramatically, and the system allows for the payment of proper benefits.

Caroline Gardner: Alastair MacNish is absolutely right: all the guidance that is available to councils about council tax collection and council housing rent collection suggests that they should not be seen as collection exercises in their own right. Rather, it is a question of getting to people early, ensuring that they are aware of their entitlements and processing both the initial claim and any changes as efficiently as possible. When we looked in some detail a couple of years ago at housing rent collection, there was a clear correlation between doing benefits advice and benefits processing well and overall collection rates.

Ms Maureen Watt (North East Scotland) (SNP): I would like to ask about the reference to the police in paragraph 202 on page 33, which states:

"There is wide variation between forces in clear-up rates, ranging from 35.7% in Grampian to 62.5% in Central Scotland".

From your overall perspective, can you find any reason for that huge discrepancy?

David Pia (Audit Scotland): We report the figures that each police force records. We do not analyse the reasons for variations in clear-up rates.

Ms Watt: Many organisations such as the police and local councils would say that there are different ways of collecting the data. Is that the case?

David Pia: That may be part of the reason for the variations, but the purpose of the performance indicators is to highlight what the reported figures show us. The figures will certainly prompt questions and they should enable the bodies that must account for the performance of the police to explore the reasons for the variations.

Caroline Gardner: In the past few years, we have done a lot of work with Her Majesty's inspectorate of constabulary and the Association of Chief Police Officers in Scotland to ensure that consistent definitions are used. That work should be starting to feed through, so that there is more consistent reporting of crimes. However, as David Pia said, following up the reasons behind variations is more the responsibility of the police inspectorate.

Ms Watt: Okay, but if there are inconsistent performance indicators and different ways of collecting data, work will obviously take a long time to feed through the systems. In other words, we ought to take the whole lot with a pinch of salt.

David Pia: There is guidance that tells police forces what they should represent and what data should be collected. We can start from the assumption that the data are consistent, but people will often challenge performance indicators by saying that the explanation for the different figures has as much to do with the figures that are used as the performance of the police forces.

Alastair MacNish: I accept that the answer to the member's question is not particularly good. I return to what I said in my introductory remarks. One of our major concerns is inconsistent performance management information across local authorities, including information on police forces and fire services. We are concerned that statutory performance indicators—SPIs—are not as good as they should be and that they are unacceptable in some areas.

Local circumstances must be considered, but I hope that the consistency that is required in information about the police and fire services, for example, will come. We are about to open best value audits of the police in two areas in Scotland, which will be a considerable help in standardising or clarifying matters. I have had long arguments

with chief constables about whether serious crime is rising or falling, the numbers that are recorded and so on. The issue needs to be bottomed out; there needs to be consistency. I accept that there is inconsistency across Scotland. The SPI information does not necessarily mean that Grampian is in a poorer position than Central Scotland. However, as I said, the answer to the member's question is not particularly satisfactory.

David Pia: All the bodies concerned are aware of the importance of having information that is as consistent as possible. A project that is being led by the Justice Department and which involves Her Majesty's inspectorate of constabulary, ACPOS, COSLA and Audit Scotland is considering the whole framework of police performance information. The objective of the project is to improve the framework so that it gives us much more accurate information that can be examined in the comparative way the member suggests.

Ms Watt: May I ask about another matter, convener?

The Convener: You may ask one more question before I bring in other members.

Ms Watt: I want to ask about common good funds, of which local councils are often custodians, and in which there can be huge amounts of money and assets, such as land and buildings. Have you explored common good funds in any way? Are there guidelines for administering them? Have you come across councils that do not have a clue about what assets and buildings belong to a common good fund?

14:30

Gordon Smail (Audit Scotland): Common good funds form part of councils' accounts, so they are audited as part of the wider accounts. No separate opinion is given on common good fund accounts, but they are dealt with as part of audits. Auditors examine them as they would any part of an authority's accounts and determine where the risks may lie. As you rightly say, some common good funds are of substantial value, particularly in the cities. We deal with issues that the public raise in correspondence, and common good funds come up quite often; there is a lot of interest in them.

On auditors picking up issues, there are asset management issues with identifying where assets are. There is often an added complexity with common good assets because they are mixed in with the council's assets, although they are required to be accounted for separately. For a number of reasons—often historical ones—it is difficult to determine where assets should sit. Some assets are substantial buildings and plots of land, which is particularly important as areas of towns start to be developed.

Auditors are examining common good funds more and more, but they are doing so against all the financial risks and issues that they need to consider as part of audits.

Dr Sylvia Jackson (Stirling) (Lab): On page 5, the report states:

"Councils face substantial financial pressures, and they need to take a more strategic approach to the management of resources and risks."

Are there particular problems with smaller councils? Will you expand on that statement?

Alastair MacNish: The main problem is not necessarily small councils. National priorities are put to local authorities to develop, and authorities have to marry their resources to them. We are concerned about them marrying their resources to local priorities that are important to their communities and council members.

The larger the sum that a council has and the bigger its area, the more it is able to transfer resources across headings to a certain extent; the smaller the council, the more difficult it is to do that. However, the financial pressures from pension liabilities, equal pay and the single status agreement are comparatively consistent, and Audit Scotland is concerned that councils' medium and long-term financial planning is often not satisfactory enough to ensure that those pressures do not jump up and surprise them and leave them suddenly with a black hole for which they have not planned. It is the duty of each council, its director of finance and its chief executive to ensure that it does not get into that situation if it is at all possible to avoid it.

The current pressures are significant, but the increased pension contributions have been made and councils have managed to continue to provide services. However, we are not complacent, because that is a serious issue for councils. All councils need to address their long-term strategy on local and national priorities, but the best-value reports are clear that some councils have fallen down on that point. That was a big issue in two of the smaller councils—you would have to read the best-value reports to find out more because that matter is not covered in the overview report—but it would be wrong to say that only the small councils have a problem, because the problem can cross over to authorities that have large slices of the overall cake in Scotland.

Dr Jackson: Do smaller councils have greater difficulties than larger councils with any particular areas? Did you analyse the effect of size?

Alastair MacNish: Council size is always a problem for education. Let us take rurality and the number of pupils in a school as an example. The cost of a small rural school is far greater than that of a large school in an urban area, because the

council is able to maximise the economies of scale for the latter. Care for the elderly is another area of responsibility in which size is a problem. It is difficult for a council to get the necessary quality of and expertise for home care if its population is sparse. Sparsity is a big issue.

I hate to return to the distribution formula, but back in 1975 it was supposed to take all that into account. Not one small authority would say that the formula has done that properly.

The other side of the coin is urban deprivation. The large authorities say that the formula does not provide sufficiently for urban deprivation. The formula provides for the number of elderly people in councils' communities. The large authorities argue that some small authorities are overprovided for, because although they have large elderly populations they are reasonably affluent, whereas some large authorities have very poor elderly populations and they must find funding for them from the overall budget. The issue is complicated and does not relate to only very small councils.

Dr Jackson: Along the same lines, what have you ascertained about how the size of councils affects the implementation of the cabinet model of decision making?

Alastair MacNish: As you probably know, I was the chair of the leadership advisory panel that considered in 1999 the political structures in local government. It was suggested that we would say that everyone should have a cabinet, but we chose not to go down that road; instead, we recommended what fits each community. At present, almost 50 per cent of councils have a sort of cabinet set-up and the rest still work with committees. Smaller councils and rural councils tend to work on a committee basis.

I am not saying that one or the other model is perfect; I have concerns about both models. If they are properly orchestrated, cabinets are good, but they need close scrutiny. Cabinets must be subject to proper scrutiny, like parliamentary committees' scrutiny of the Scottish Executive. Committee systems must not go into free fall by going into too much detail and missing the important national and local strategic priorities that are required to develop councils' areas. The subject is fascinating. The introduction of proportional representation next year might change the landscape.

Dr Jackson: Where the cabinet style is appropriate, does it help the process?

Alastair MacNish: Where scrutiny of the cabinet is vigilant and correct, it can help the process. However, scrutiny must be independent and genuine; it cannot just involve going through the motions. Where scrutiny is genuine—no matter

what the system—it benefits the community that the council serves.

David McLetchie (Edinburgh Pentlands) (Con): I will return to one aspect of the discussion about council tax collection before moving on. In response to a question from Michael McMahon, you said that collection rates have improved, that the gap between Scotland and England is narrowing and that performance is improving generally. You said that we should keep the pressure on to improve performance and finally to close the gap.

You might be aware that the other week Parliament discussed the Bankruptcy and Diligence etc (Scotland) Bill. In researching for that debate, I became aware that councils in Scotland issue more than 200,000 arrestments against wages and bank accounts as part of achieving the improved performance of which you spoke. Are you concerned that proposed changes to the law on the ability of councils to arrest wages and bank accounts might have an adverse impact on the improved performance?

Alastair MacNish: It is wonderful to have colleagues from Audit Scotland with me to answer such questions.

Caroline Gardner: To be frank, we do not have a view on the impact of the bill. We see arrestment as the back-end of a series of processes that starts with issuing bills on time, ensuring that people are aware of the range of ways to pay, encouraging direct debits and taking follow-up action quickly when somebody falls into arrears. We hope, therefore, that arrestment orders become an issue of last resort rather than a central plank of councils' policies to increase council tax collection rates. However, we will consider what the bill proposes and where it might have an effect.

Alastair MacNish: It would be a tragedy if any proposals limited councils' ability to collect council tax. The Accounts Commission is clear that someone who is due to pay council tax should pay it promptly when it is due. If anything were introduced in legislation that would affect that, it would not benefit the community that local authorities serve or the Scottish people in general.

David McLetchie: I am heartened to hear that you will consider the bill's proposals. I accept that arrestment orders are the back-end of the process of trying to improve performance rates, but well over 200,000 applications are involved. Clearly, arrestment orders must have an impact on getting the extra few percentage points that improve performance rates.

I want to ask about your report and developments relative to the Executive's efficiency savings that are to be achieved by 2007-08. As

you are aware, about £220 million of cash-releasing savings, as they are called, are to be achieved by local government, which is expected to produce between a fifth and a quarter of the total efficiency savings that are to be generated. I appreciate that you have just reviewed 2004-05 and that that is three financial years away from 2007-08, but is it your understanding that the efficiency programme will gradually achieve its targets by 2007-08? In other words, will there be an accrual of savings over the next few years that will result in £220-odd million of savings being achieved in local government by 2007-08? If not, is there intended to be a big bang, so that the £220 million of savings will suddenly be achieved in 2007-08?

Alastair MacNish: A big bang would not work. The efficiency savings must be incremental, and they have already started. The figure for the savings to date is £120 million. However, I personally—not the Accounts Commission—have issues with what is deemed to be an efficiency saving and what is deemed to be a saving for other reasons. This is not the appropriate time to go into that, but there is a balance to be struck. There are efficiency savings and there are other savings that it would be good practice to achieve but which are not necessarily efficiency savings, for example savings relating to the workings of backroom staff. Councils are starting to develop savings and are trying hard to marry them to the targets that are to be achieved, so there are on-going savings that should add incrementally to the 2008 target.

The Accounts Commission requires to satisfy itself, through Audit Scotland, that savings are genuine efficiency savings and are not the culmination of various factors that have efficiencies in them but that include other factors, such as what we used to call the cost of current-level-of-service adjustments that the director of finance would whip off you within 10 seconds because he said that they had nothing to do with efficiency. For example, if the school population was falling, a council would lose X hundreds of thousands of pounds. There is an argument that part of that is efficiency savings because the authority makes strategic decisions about the size of schools and so on. I accept that argument, but there are other sides to it.

The argument about efficiency savings is complex, but the simple answer to Mr McLetchie's question is that the savings must be incremental.

David McLetchie: I appreciate the complexities of defining what is, for example, a time-efficiency saving, a time-releasing saving or a cash-releasing saving, and whether something is a saving and whether it is an efficiency, and so on. Are you satisfied that in terms of your ability to

measure all that and to report to us on performance, you are working from the same base as that of the Executive? If the minister tells Parliament that the Executive seeks to achieve cash-releasing savings of £220 million from local government by 2007-08, and you assess the savings, are you assessing the same thing that the minister talked about?

14:45

Alastair MacNish: I get the impression that my colleagues are getting nervous in case their chairman says something that they might regret later. My position is clear: the Accounts Commission must satisfy itself that the efficiencies that we identify are genuine efficiencies that are along exactly the lines that the Executive has indicated and they are not made up of various elements. The Accounts Commission, through Audit Scotland's best value audit and the annual audit, will ensure as best we can that that is transparent. If it is not transparent, we have a right and a duty to declare that we are not comfortable with it.

The Improvement Service has carried out a review of progress to date, of which I have seen a draft copy. We need to examine that and to take an independent view. The great thing about the Accounts Commission is that we are genuinely independent and if what we find does not tie in with the Executive's target—for whatever reason—I will be the first to say so. We will go into the details of what we believe is different. There will be a big dialogue about whether there is consistency. I have already had such a debate with some of my chief executive colleagues and with members of the Improvement Service, who say, "Oh yes, that is an efficiency saving." We will report back on that.

David McLetchie: I want to follow that through. You said that you will check what you find against the Executive's baselines or definitions to identify whether the target is being achieved. Earlier, you said that the process had to be incremental and that the target could not be achieved in a big bang in 2007-08. Can we take it from that that when you come back to us next year, you will be able to say in your report on 2005-06—which you are now reviewing and which is one of the first full years in which the Executive has put in place all its efficiency plans—how far along the road to achieving the target councils are, and that you will be able to do the same for 2007-08?

Alastair MacNish: Yes, on two counts. First, we will have that information or, if we do not, we will state that we do not have it and why that is the case. Secondly, it will be my final report, so—

David McLetchie: It will look good.

Alastair MacNish: No. I will be more dangerous in my final report.

David McLetchie: There is one other subject that I want to raise—your comments on public-private partnerships and school projects. In paragraph 101 of your report, you say:

"there is pressure on market and management capacity, and competition"

as a result of the scale and number of such projects. Could you expand on that? In your view, is the situation likely to get worse or better, given the number of other major capital projects that seem to be pending in Scotland and, indeed, elsewhere in the United Kingdom?

Alastair MacNish: One of the Accounts Commission's concerns has been about the growth in capital expenditure across the authorities. As the overview reports, such expenditure is rising significantly, for a variety of reasons. That is partly to do with the use of PPPs.

If you remember, we produced a report on what, in those days, were referred to as private finance initiatives, in which we accepted why they were used but said that they were not everything that people thought they were. There are a number of issues associated with PPPs. They are the only game in town when it comes to upgrading the school estate, given the numbers of schools and the finances required. At the end of this year, we will do a further study on where we are at with the use of PPPs throughout the local authority sector. PPPs are a growing issue. They involve 20 or 30-year contracts, of which we are into only the second or third year. Value for money is always mentioned, but 30 years is a long way down the road. PPPs were the only way in which local authorities could tackle a pretty dire school estate.

The Accounts Commission has expressed concern about the fact that capital expenditure is growing. As long as local authorities take that into account when they consider their local and national priorities and their financial set-up, that is fine. Provided that they make allowances in their budgeting, we will live with that. There will be difficulties only when they go over the top. To date, all that we have done is raise the issue that capital expenditure is rising. Through the modernised audit process that we are developing, the auditors will take that further in the next two years. PPPs and capital expenditure are major issues.

Paul Martin (Glasgow Springburn) (Lab): Your report raises concerns about some local councils' policies on reserves and balances. You say that only half of them have provided information with which you are satisfied. Is the Accounts Commission keen to do further work on that?

Alastair MacNish: The figures on reserves are the best news that the Accounts Commission has had about the impact among local authorities of our actions last year. Virtually all authorities now have a reasonably transparent policy on the issue. The overall unallocated reserve is down to 2.3 per cent, which would be deemed reasonable even for Audit Scotland's reserve. Some authorities have an unallocated reserve of 5 or 6 per cent. For example, Moray Council has a large unallocated reserve, but that is because it requires a contingency for flood alleviation. The same goes for single status and equal pay. Councils that have not made an offer to trade unions or staff cannot put the money for it into an earmarked reserve, so they have to leave it in the unallocated reserve.

The great thing is that the public in each council area are being told about the situation, which is a major step forward, because at least they can challenge decisions. A lot of nonsense was spoken last year about how councils could reduce council tax massively. Part of that was caused by the press release that I issued highlighting that nearly £400 million of reserve was unallocated. Councils had not defined what that money was for, but now they have, so we are in a far better situation. We are not complacent, but a significant move forward has been taken to improve transparency in local authorities.

Paul Martin: The chart on page 16 of the report shows that Glasgow's unallocated reserve is 2 per cent, whereas the figure creeps up for the more rural authorities. It seems that the more rural the authority, the greater the reserve. Orkney Islands Council is not mentioned. Is there a reporting reason for that?

Gordon Smail: Neither Orkney Islands Council nor Shetland Islands Council are included in that chart. Their reserves are substantially higher than those of other councils, for reasons to do with the oil industry. Rather than include councils that were way off the scale, we tried to take account of local circumstances. We showed the spread in the other authorities, without saying what we think is an appropriate level of reserve, because that must be determined locally.

Paul Martin: The chart shows that East Dunbartonshire has a reserve of 5 per cent. Are you satisfied with that?

Alastair MacNish: We are not concerned about any of the reserves in the 2004-05 audit. The councils have to make the decisions on that issue. However, we deem that the reserves of the 32 councils are reasonably appropriate. We could argue that, because my old council, South Lanarkshire, has such a low reserve, it should hope that no major disasters occur, because very little is left in the pot. However, although the percentage is low, the reserve is still millions of

pounds. The auditors considered the figures seriously because of the issue that arose last year. We are comfortable with the situation, but we will revisit the issue during the 2005-06 audit. The councils had drifted, but they are coming back on board. Every council will have a strategy for 2005-06.

Paul Martin: I want to return to David McLetchie's point about PPP. The Accounts Commission has raised concerns about the way in which we have managed and used what Alastair MacNish said is the only show in town. If the show was the original show that was in town some years ago—public capital investment—would we not still face the same management pressures?

Alastair MacNish: The amount of money that would have been required could not have been found instantly. The big advantage of PPP is that the money is spent over a longer period. Our main complaint about PPP was that we were not getting the best rate, because the Treasury rate might have been cheaper. Significant sums of money are involved. Councils could not have come up with sufficient money to carry out the projects simply by going out to the market.

Paul Martin: So the investment packages in the early days of Strathclyde Regional Council were not used as an analogy.

Alastair MacNish: Strathclyde Regional Council was huge and covered a third of Scotland. In effect, it was a small country and it could therefore live with that system of capital expenditure. When we moved to a system of 32 councils, the vast majority of them could not cope with that system, which is why PFI was introduced. That helped significantly, but there is now a move to variations of the method. Councils no longer use simply PPP; there is a balance between PPP and traditional methods. As one of the best-value reports states, we have gone down part of the road with the traditional method and taken some of the PPP method on board. A balance makes sense for the future. We cannot continue to roll out projects under PPP.

Paul Martin: The fact that they are public-private partnerships takes some pressure off the councils involved in the management of capital projects. Instead of the council, the contractor has the responsibility for the management arrangements.

Alastair MacNish: There still need to be very astute officers in the council to make sure that the private contractors are up to speed and that they tie in with the contract that they have signed.

Caroline Gardner: It is probably worth adding to that that the study to which Alastair MacNish referred is a follow-up to the schools PFI report that we did three or four years ago. It is

deliberately broadening the scope to examine the management of the schools estate. The study is considering not just PPP deals but the range of ways in which councils are now investing in the school estate. We hope that we will be able to draw out some lessons about where the benefit and advantages lie.

The Convener: A number of members want to ask supplementary questions. Because we have a bit of time, I am prepared to take them, provided that members keep their questions quite tight.

Fergus Ewing: I want to ask about roads. In paragraph 195 of your report, you refer to the Audit Scotland report of November 2004 "Maintaining Scotland's roads". At that time, councils estimated the backlog of maintenance to be £1,500 million. I believe that the Society of Chief Officers of Transportation in Scotland—the local authority engineers who deal with roads—produced a programme that would cost £4 billion over 10 years to carry out the necessary work to clear the backlog and bring the roads up to standard. Obviously, it is a serious problem, not least in my constituency of Inverness East, Nairn and Lochaber, which is 5.2 times the size of greater London and has a huge network of roads, many of which are single track, and each of which has its own portfolio of potholes.

The roads budget is always the first to be plundered when other budgets are under pressure. Does that not lead to slippage and the predation of the roads budget in some councils? It is not really their fault, but it does not help to tackle the colossal problem of giving people in rural communities a decent road on which to travel that does not threaten to endanger the stability of their motor vehicles.

Alastair MacNish: The report was very clear that almost 50 per cent of the Scottish roads for which local authorities have responsibilities have serious problems. The local authorities have started to tackle that and there has been significant additional expenditure on roads maintenance. That is why we are starting to see a drop in the number of roads requiring to be improved, although the figure still stands at 41 per cent.

It is dangerous to look back, because the evidence is only slightly more than anecdotal. However, because of the mild winters, many areas of Scotland underspent their roads budgets. It could therefore be argued that it would be prudent to reduce the roads budget and put the money somewhere else. The winters are still mild and the money was spent elsewhere. Roads managers will say that that money should be redirected back to the roads. The local authorities take the issue very seriously. Apart from the fact that it costs them a fortune to maintain the roads, there are claims

against them for damage caused by potholes and so on.

It is not just about rural areas. Some urban areas have serious problems with roads maintenance. I am delighted with the response of local authorities to that report, but a lot more needs to be done. I hate to say it, but they might need additional financial support. I do not think that they will cure the problem without an injection of significant additional money. That is not just our suggestion—the problem is there, everyone can see it and something needs to be done about it. We would argue that the local authorities have to prioritise what they want to spend their money on, but when they only have a certain amount in the cache, it is very difficult.

Fergus Ewing: Thank you for that answer. There is certainly no railway alternative in most of my constituency; nor is there likely to be in this millennium.

The Convener: I have a small supplementary question. You alluded to the choices that local authorities face. Do you recognise that not all local authorities took the opportunity afforded by the mild winters to take money away from roads and divert it to other services? Some local authorities used that capacity to invest in roads and, as a result, some of them have improved the standard of their roads.

15:00

Alastair MacNish: The argument has always been that authorities whose roads are well maintained—I do not intend to say which authorities those are, but that is clear from the studies—kept their roads budgets fully funded and were able to improve the roads as they went along. It is now so long ago that it would be difficult to go back and check whether that was totally accurate.

I think that there is a major problem. "Maintaining Scotland's roads" was well received—the press were very good with it—and it has made a difference. Sadly, we need to go further, as there is a lot more to be done. You will know better than I do that, in your constituencies, the state of the roads is a major issue.

Fergus Ewing: That is why I raised the matter.

Michael McMahon: I refer you to page 17 of part 2 of the overview report, on managing resources. I refer specifically to paragraphs 96 to 98, on accounting for assets. This is to help me, as I am not an accountant. You talk about the problem of repairs being considered capital rather than revenue costs. If a council spends £1,000 on a repair but puts it down as capital expenditure, what is the benefit to the council of transferring

that to a revenue account as long as it is accounted for?

Alasdair MacNish: I will make a poor attempt at answering that question and my colleagues will then give you the right answer.

There was a big issue in South Ayrshire, where the external auditors refused to sign off the accounts because they believed that the council had capitalised spend instead of counting it as revenue expenditure. There are rules about what is revenue and what is capital expenditure. The council was holding out to be able to keep the expenditure in the capital account, probably because that would have helped its overall balance sheet at the end of the year. The auditors maintained that they would have to qualify the accounts, and the spend was changed to revenue expenditure.

You will probably get a more appropriate answer from my colleagues.

Michael McMahon: Before I do, can I just check something? Is paragraph 97 an example of a widespread problem or is it a specific problem?

Alasdair MacNish: It is a specific one. South Ayrshire Council was the only council in Scotland that we had a problem with.

Gordon Smail: It is a specific case of something that we come across frequently, although not usually involving sums of that magnitude. There is an issue with councils following proper accounting practice. The accounting is quite important. If the money is required for a repair or something that has value over time, it is right to capitalise it. However, it is important that a quick repair job—something that has no lasting value—is recognised in the year in which the expenditure is incurred. The council should not take the benefit of something over a number of years—for example, by capitalising some sort of expenditure and writing it back to the accounts over 30 years—if the repair, for example, to a council house, will really last only for maybe five years. It is about matching the benefit with the expenditure. It is attractive to councils to put spending into their capital account, as that avoids the pain of that expenditure being put through the revenue account in the particular year.

Alasdair MacNish: Some of us would argue that that is creative accounting, but that is what accountants get paid for. In this case, the auditors were right to say that the expenditure could not be capitalised.

Mike Rumbles: In the interests of transparency, the more information that we have, the better. The document is very good. As you say, it is an overview of the local authority audits. It would be extremely helpful to have a comparative table for

each of the comments that you make. You have that information, otherwise you could not draw comparisons. You give a comparative table on page 16, but it concerns only one issue. It would be extremely useful to have such tables in an annex or appendix to the report.

Alasdair MacNish: Every year, we issue the statutory performance indicators, of which there are about 70, and there is comparative information on every one of them. Until this year, we issued small pamphlets in three or four tranches, but they were misused. The media would get hold of them and highlight one particular issue that was out of kilter with the overall mix. We now publish statutory indicators on our website, and copies are available. If we started to include them in the document, it would become very bulky. However, we can give comparative information in all those areas. The type of chart that is on page 16 is very useful because at a glance it lets you see the situation, although it does not give you all the facts.

Mike Rumbles: Given that you have produced a comparative table for one issue, why have you not done so for the others?

Alasdair MacNish: We could do so, but the issue is the size and bulk of the document.

Mike Rumbles: Could you look at the matter for next year?

Alasdair MacNish: We can certainly look at it. I am not dead against the suggestion, but I wonder how big the document might become. If it made sense, neither I nor the commission would have a problem with it.

Caroline Gardner: We spent quite a lot of time considering the issue this year. We went through versions of the report that ranged from half the size of the current document to 10 times its size. The answer probably lies in the smarter use of technology to create a version on the web that has hyperlinks if someone wants to explore the information behind the report. We always try to strike a balance between accessibility and showing all the evidence that we have to support the report. The information is all in the public domain, but it is not all in the report.

Alasdair MacNish: The commissioners constantly raise the same issue and ask whether more information could be included in the overview. It is a question of striking the right balance, but I am happy to consider the matter again.

Ms Watt: You talked about the different ways of running councils, such as a cabinet system or a committee system. Some councils—even in my own area—seem to go through constant change in respect of amalgamating senior management

responsibilities. Other councils have not done as much of that. Are you in a position to say whether councils that have changed their senior management structures are better at delivering best value and efficiencies than those that have not done so? Some councils seem to have spent a fortune getting rid of senior executives but have ended up having to take on consultants at vast expense.

Alastair MacNish: That is a very difficult issue. The strength of a smaller corporate management team is that it acts corporately. To take my own example, South Lanarkshire Council had 17 directors in 1995 or 1996. It is very difficult for 17 directors and a chief executive to act corporately. The number was reduced to seven and the team acted more corporately. Does that make for better services? It certainly makes for easier strategic management of the authority. However, it costs money.

A problem that will come without any reorganisation is the loss of senior officers in the next 12 months. I know for a fact that seven or eight people at chief executive level will go this year, but many more than that may do so. That comes back to the problem that we had in 1995—although some of us benefited from the situation—when far too many experienced officers were allowed to leave the service. We were then left with fairly inexperienced people taking over very large authorities. It will be fine in councils that have good succession planning arrangements set up, but when a council is not in that position there will be serious problems. The Scottish Executive's drive for public sector reform will also be part of the process. The loss of experienced senior officers will have a significant effect on how councils will be run after the elections in 2007.

Ms Watt: With all due respect, I do not think that you have answered the question. Have you seen councils that have changed their senior management structures perform better? Do councils score higher on performance indicators when there have been changes in senior management? Has too much effort been concentrated on senior management when staff morale may be low and management of departments in other parts of the organisation may not be good? For example, perhaps things could be organised better at other levels to deliver better customer care.

Alastair MacNish: If the senior management and corporate management set-up is not good, I am afraid that it does not matter what the quality is below. If the top is not organised properly, there is a serious problem. I do not know of an authority in Scotland that has not revisited its management structure since 1995. They have all downsized in respect of the chiefs. That does not mean to say

that they do not still work on 12 or 13 areas corporately, but I think that every authority in Scotland has examined its management structure.

However, a balance needs to be struck. An authority could reach the point where it had only two or three people running around like headless chickens, but that would never work. I do not suggest that for a moment. A critical mass is needed to provide leadership and direction, but the best-value audits clearly show that we are moving in the right direction. The first 12 best-value audits show that authorities that have strong corporate leadership at both member and officer level are successful and those that fail on those points have serious problems. I could not agree more that middle management needs to be strengthened so that it can deliver services including right down at the front line but, unless the top management is orchestrated in a way that delivers quality, authorities will have real problems. The same principle would apply to any private sector business.

Dr Jackson: I have a quick question on roads further to the question that Fergus Ewing asked. You mentioned the good work that had come from the Audit Scotland report that was mentioned. However, roads maintenance is still a major issue, given the percentage of the road network that the overview report says needs further maintenance. How does the commission plan to aid councils not only to keep tabs on the problem but to inject a bit more action on the issue?

Alastair MacNish: We have tried to encourage the use of a traffic lights system of red, amber and green for the roads maintenance programme. I think that quite a lot of authorities now use that. We are constantly looking at the issue, as David Pia will explain.

David Pia: We are in touch with the road engineers association SCOTS, which carries out the annual road conditions survey. That survey is the key measurement of the state of the roads. At some stage, we will carry out some kind of follow-up work to check what progress has been made since the publication of our original report. It is plain that a lot of action is being taken on roads maintenance at the moment, but we cannot tell to what extent that is due to the favourable trend in local government expenditure and to what extent it is due to a shift in priorities. We will look at those sorts of issues in our follow-up work.

The Convener: That brings us to the end of our questions, so I thank Alastair MacNish, David Pia, Caroline Gardner and Gordon Smail for attending today. The overview report was the only item on our agenda today, so at this point—

David McLetchie: Convener, I want to raise a matter when our guests have left the table.

The Convener: There are no other items on the agenda.

David McLetchie: I know, but I indicated previously that I would like to raise a point at this stage in the meeting.

The Convener: You may do so very briefly, but we will not discuss an issue that is not on the agenda. If you want to raise an issue briefly, I will listen to it, but I will not have a widespread discussion on an issue that is not on the agenda.

David McLetchie: That is fair enough, but it is entirely up to other members whether they are willing to accept that.

I am grateful to have the opportunity to express my point of view on a matter that the convener and I have discussed in correspondence. As members will recall, at last week's committee meeting, we discussed Mr Crawford's request that his proposed abolition of the Tay bridge and Forth road bridge tolls bill be allowed to proceed to the next stage without the need for further consultation. As members will be aware, we subsequently received correspondence giving further details—I refer to the letter of 1 June from Mr Patel in the Scottish Executive Enterprise, Transport and Lifelong Learning Department—about the nature of the consultation on bridge tolls that the Executive has just launched.

It will be apparent to members that the Executive's consultation will be quite extensive. It will be undertaken independently and consider all the aspects of the tolls on the two bridges. It will report to the Executive by the end of this year. It will also examine the findings of the first two phases of the tolled bridges review to which Mr Crawford referred last week—

The Convener: David, I ask you to come to a conclusion.

David McLetchie: Since your meetings normally last until half past 5, I do not think that five minutes is too much of an imposition on people's time.

The Convener: However, I am indulging you on an item that is not on the agenda.

15:15

David McLetchie: The letter explains that the Executive's study will include

"an analysis of evidence submitted to Ministers in the course of this study"

and it invites people to make further submissions to the Executive. I maintain that the situation is materially different now from what it was when we considered the matter. Indeed, having read in some detail the *Official Report* of our meeting, I point out that, in considering Mr Crawford's

request, not a single member—apart from Mr Crawford who, I should say in fairness, alluded to the study in his summation—referred to the Executive's further review. Indeed, no committee member exhibited any detailed knowledge of the content of the consultation that the Executive is now launching.

I put it to committee members that, although the general principle that we should not revisit previous decisions is correct and one that I would normally support, the fact is that, within 48 hours of our consideration of whether Mr Crawford's proposal required further consultation, the Executive had launched another major consultation on the same subject.

By a narrow majority, committee members believed that it was appropriate that Mr Crawford should consult people on his proposed bill. However, does anyone seriously expect that an individual MSP, with the resources that are at his disposal, will be able to match the quantity and quality of the Scottish Executive's forthcoming consultation? On top of that, the debate will be informed by all the other evidence that has already been garnered and to which Mr Crawford referred.

I hope that I will have the support of colleagues in suggesting that, given this material change in circumstances, it would be only fair to invite Mr Crawford to next week's committee meeting to discuss the issue properly. Although I do not agree whole-heartedly with Mr Crawford's approach to the issue, in fairness we should reconsider his request in light of the material change in the circumstances. The matter changed significantly between the period when we made the decision and what then happened.

Mike Rumbles: Convener, can I ask a question?

The Convener: Very briefly.

Mike Rumbles: This item is not on the agenda. If we are allowed to do this, can we raise any matter that is not on the agenda? It would be more appropriate to have this discussion privately outside the formal meeting.

The Convener: You are correct that the matter is not on the agenda, but I do not want to set a precedent for taking items that are not on the agenda. The only reason why I permitted Mr McLetchie to raise the issue at this point is that, as he had raised the matter with me in private correspondence, I wanted other committee members to be aware of that. I intend to respond to Mr McLetchie, but I do not intend to open up the discussion further beyond this point.

In response, I stick to the position that I outlined in my e-mails to David McLetchie. There has not been a substantive change in the position. I do not

wish to create a precedent whereby we regularly revisit decisions because someone believes that the position has changed when in fact there is no change of substantive merit. I think that committee members who have shown an interest in the issue would have been well aware of the actions that the Executive intended to undertake. The issue was debated in the Parliament on 30 March, when Parliament backed the position that the minister outlined. On that basis, I believe that the decision was taken by members in full cognisance of the overall situation. I do not intend to put the issue back on the agenda. I believe that the decision that the committee took last week was fully debated and considered. That is my ruling.

At that point—

David McLetchie: I want to ask a point of technical clarification. Do the standing orders provide that the content of the agenda is purely for the convener to determine?

The Convener: Yes. The content of the agenda is agreed between the convener and the clerks.

David McLetchie: So no other member at any time can invite, ask or request the convener to put an item on the agenda.

Mike Rumbles: Members can do so informally. That is why I suggest that this meeting should be closed and we should have an informal discussion on whether it should be put on the agenda.

David McLetchie: I would be very happy to have such a discussion. I would like to request that we informally discuss the issue next week.

The Convener: I will decline that request on the basis that I have given my ruling. At this point, I will close this meeting of the committee.

Meeting closed at 15:19.

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