

PUBLIC AUDIT COMMITTEE

Wednesday 17 June 2009

Session 3

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PUBLIC AUDIT COMMITTEE

12th Meeting 2009, 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)
*Cathie Craigie (Cumbernauld and Kilsyth) (Lab)
*George Foulkes (Lothians) (Lab)
*Anne McLaughlin (Glasgow) (SNP)
*Nicol Stephen (Aberdeen South) (LD)
*Andrew Welsh (Angus) (SNP)

COMMITTEE SUBSTITUTES

Derek Brownlee (South of Scotland) (Con)
Linda Fabiani (Central Scotland) (SNP)
James Kelly (Glasgow Rutherglen) (Lab)
John Farquhar Munro (Ross, Skye and Inverness West) (LD)

*attended

THE FOLLOWING ALSO ATTENDED:

Mr Robert Black (Auditor General for Scotland)
Angela Cullen (Audit Scotland)
Phil Grigor (Audit Scotland)
Tricia Meldrum (Audit Scotland)
Claire Sweeney (Audit Scotland)

CLERK TO THE COMMITTEE

Tracey White

SENIOR ASSISTANT CLERK

Joanna Hardy

ASSISTANT CLERK

Jason Nairn

LOCATION

Committee Room 1

Scottish Parliament

Public Audit Committee

Wednesday 17 June 2009

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

Decision on Taking Business in Private

The Convener (Hugh Henry): I welcome members to the 12th meeting in 2009 of the Public Audit Committee. I remind members and others to switch off any electronic devices. I welcome staff from Audit Scotland and everyone else who is present.

Do members agree to consider agenda item 9 in private?

Members *indicated agreement.*

Audit Scotland (Annual Report)

10:01

The Convener: Agenda item 2 is a briefing from the Auditor General for Scotland on Audit Scotland's annual report for 2008-09.

Mr Robert Black (Auditor General for Scotland): It is a pleasure to present to the committee Audit Scotland's annual report for the previous financial year. As we say in the introduction to the report,

"There has never been a greater need for independent assurance about financial performance, risk management and support for improvement in the public sector"

in Scotland.

As we know, we are in a time of recession, with the prospect of severe public spending constraints in the future. It therefore becomes all the more important for all public bodies to focus on their performance and on improving economy and efficiency. We have continued to support that through the performance audit reports that we produce, and by bringing those to the Parliament, mainly through the committee, as part of the process of democratic scrutiny of the public sector.

In the past year, we produced about 30 public performance reports and presented them to the Public Audit Committee. Those included important reports on drug and alcohol services, day surgery, palliative care, the First ScotRail passenger rail franchise, major capital projects, sport in Scotland, prisoner numbers and central Government's use of consultants. That is just a sample of the range. In addition, we completed more than 200 annual audits, each of which involved the preparation of a final report. The reports are available on the Audit Scotland website.

Some of that work led to section 22 reports, which were considered by the committee and which are itemised on the annual report. The committee decided to take evidence on a number of those reports, which, if I may say so, adds greatly to the impact and effectiveness of Audit Scotland's work. In my view, the fact that the committee takes findings that are produced for it in my name, explores the issues and then holds Government to account in various ways is one of the great strengths of the Scottish Parliament model, as I have said on many occasions. Lying behind those 200 or so final audit reports are about 900 separate reports that were produced for the 210 public bodies that we audit. Those cover a wide range of areas, such as financial systems, partnership working and the management of information and communication technology.

Of course, the Public Audit Committee sees only a part of what Audit Scotland does. In addition to all the work that I have just mentioned, which is slightly lower on the horizon, we also support the Accounts Commission. Audit Scotland has now completed all the best-value reports on Scotland's 32 local authorities, and those have been considered by the Accounts Commission, which has made findings. Most councils have now developed improvement plans on the back of their best-value audits. Planning for the next round of best-value work is proceeding well. The annual report outlines the principles that will be applied to the next round of best-value audits. For example, there will be greater emphasis on considering outcomes, partnership working, the experience of service users and economy, efficiency and effectiveness. Finally on the best-value theme, I am pleased that we are making rather good progress in promoting a common best-value framework throughout the rest of the public sector in Scotland.

In the past year, Audit Scotland has also assumed the key role of supporting the Accounts Commission in helping to reduce the overall scrutiny burden on public bodies in Scotland and to increase the impact of scrutiny. The commission has taken on a co-ordinating role in relation to other scrutiny bodies. That includes the development of a shared approach to risk assessment, on which Audit Scotland is leading. I think that that offers the prospect of streamlined scrutiny and of an increased likelihood that the scrutiny activity will address the risk and performance issues that matter in the relevant public bodies, which are principally local authorities.

I will briefly mention two others areas of work that might be of interest to the committee. First, we continue to run the national fraud initiative, which has now identified about £40 million of inappropriate payments and has led to at least 75 successful prosecutions. Secondly, I want to mention our positive relationships with other countries, particularly in Europe. Audit Scotland is increasingly known and recognised for its work. That is reflected in the requests for assistance that we receive from overseas organisations. The annual report contains a brief outline of that work, but a separate report gives much more detail about our activities with European and developing countries. That is a small, but useful, part of our overall work.

We are happy to answer questions or respond to comments.

The Convener: Thank you very much.

One feature that is worth remarking on, in addition to the number of significant pieces of work that have been undertaken, is the quality of the

work that has been done. All committee members have recognised that at different times. The fact that Audit Scotland's reports are of such high quality makes it much easier for us to determine what needs to be followed up and how that should be done. We certainly appreciate the contribution that Audit Scotland makes to public life in Scotland and to ensuring that resources are used effectively and properly.

Do committee members have any comments?

Willie Coffey (Kilmarnock and Loudoun) (SNP): To continue on from the convener's comments, I think that this is a marvellous report that shows that Audit Scotland has grown in strength over the years. On Mr Black's final comments, I think that the requests for assistance from other countries show that Audit Scotland is widely regarded throughout Europe as a body from which people seek advice and guidance. That is very encouraging, and Mr Black should be congratulated on that endeavour.

I want to pick up on the issue of best value. The report reminds us that best value

"is a statutory duty in local government, and in the rest of the public sector it is a formal duty".

How is best value progressing in the wider public sector, outwith the local authorities? Are other public bodies on a par with local authorities, or do they have some catching up to do?

Mr Black: We have the building blocks of best-value reporting in place for the national health service and for central Government bodies. The annual audit reports on each public body in Scotland are increasingly prepared against best-value principles. The reports are public documents and are available on the website. The national reports on performance that we describe in our annual report allow big issues of performance to be brought to Parliament's attention, particularly through the Public Audit Committee. Instead of producing a new, separate report on each health board—we would all agree, I am sure, that there are enough reports around already—we are attempting to ensure that, in future, our audit reports reflect the best-value principles.

In the case of the NHS, we have had some constructive discussions with the health directorates on how the reports are used. As members will be aware, there is an annual review meeting between the Government and each health board. We have an understanding with the chief executive of the NHS that the final audit reports and any related material will be a standing source of information that can be drawn on to assist and inform the Government in holding health boards to account for their performance. In addition, the auditors will apply, progressively in each health board, the audit support toolkits that deal with

matters such as financial management, procurement and management of information technology. We are moving forward on that broad basis throughout the NHS.

The task is somewhat more challenging for us in relation to what might be called discrete audited bodies. For example, Scottish Enterprise is not very similar to Scottish Natural Heritage or a further education college—each organisation has its own agenda, so we cannot produce the same general model. Nevertheless, we will apply the Audit Scotland best-value approach to those bodies and reflect that in our final audit reports. If significant issues arise from that, I will ensure that they are brought to the committee's attention.

Willie Coffey: That is encouraging—thank you.

Andrew Welsh (Angus) (SNP): This 10-year report card is very impressive. Such work is fundamental to democratic scrutiny, especially as public sector performance and improved efficiency will be crucial in the wider financial environment of recession and budget restriction. The work that Audit Scotland does will be essential in maintaining and improving services. I simply congratulate Audit Scotland on the impressive range of work that it does for Parliament and people and I wish it all success in its continuing good work.

Mr Black: I thank Andrew Welsh for his supportive remarks and the convener for his earlier remarks. Delivery of the work in my name relies wholly on the quality and commitment of people in Audit Scotland, so I will have pleasure in taking members' comments back to the staff.

The Convener: I will raise an issue that has been a hobby-horse of mine, as members know. Audit Scotland's financial performance figures reflect the work that it does. The committee and the Parliament, which stand at arm's length from the Government, can consider significant issues relatively objectively. When Audit Scotland undertakes work on Scottish Water, transport, further education or health services, we can comment on inefficiencies and weaknesses. As I said, we stand a bit at arm's length from the process.

However, 63 per cent of Audit Scotland's income comes from local government, but there is nothing similar to our committee to enable the vast majority of Audit Scotland's work to be scrutinised in the same way in local government. That is a gap in the process of democratic accountability. I understand that local authorities are independent bodies—that raises an issue—but in the future, perhaps we should all at least consider whether we should require local authorities to have a similar function to our committee that examines objectively and independently of the local

authority's administration what is happening. It is all very well for us to make informed comment, but to do so on only 37 per cent of Audit Scotland's work is peculiar, to say the least.

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): I congratulate Audit Scotland on the report, which is readable and easy to understand. When I first saw the photograph on page 27, I thought that those pictured were perhaps auditioning for a programme such as "Dragons' Den" and that they were the four dragons—

George Foulkes (Lothians) (Lab): "Britain's Got Talent" would be more like it.

Cathie Craigie: "Britain's Got Talent"—oh well, whatever.

Pages 34 and 35 of the report highlight the organisation's income and expenditure. More public bodies should provide such clear and concise information. If anybody wanted to dig deeper and to find out more information about that, I think that doing so would be quite easy. I commend the organisation for the clarity of the information on those two pages.

Given the situation in the country in relation to costs such as MPs' expenses and the cost of the public sector in general, it is appropriate that salary scales are laid out in the report. That shows that the organisation is open and transparent.

Do you have anything more to say about the national fraud initiative and the proposals in the Criminal Justice and Licensing (Scotland) Bill to provide a system that will allow an exchange of data? I am on the Justice Committee, which is considering the bill, so it would be interesting to hear about that.

10:15

Mr Black: I take your remark about the photograph on page 27—that you think that we are fit candidates for "Dragons' Den"—as a compliment. I know that we have age discrimination legislation now, but I suspect that I might be discounted on the ground that I am at least the same age as the person who leads on the "Dragons' Den" assessment.

The Criminal Justice and Licensing (Scotland) Bill contains a number of provisions covering the national fraud initiative and Audit Scotland. The bill will allow us to include more data from public bodies that we audit in the next national fraud initiative exercise. Until now, we have mainly looked at councils and fire and police authorities. We were able to add health authorities in 2006-07. The next national fraud initiative should cover most of the public sector in Scotland. The bill will also give us explicit powers to match data with audit agencies outside Scotland, so that we can

look across the whole of the United Kingdom, which is often where some of the inappropriate claims and payments come from. That will enable us to help one another identify fraud and errors that involve public sector bodies elsewhere in the UK. It will also extend the purposes for which we can carry out data matching, so that, working with other authorities, we can help to prevent and detect crime other than fraud and help in the apprehension of offenders, as they say. The bill will widen the powers appropriately and usefully.

Nicol Stephen (Aberdeen South) (LD): This is an excellent report from an outstanding organisation. The professionalism and ability of the team are shown throughout the report. I am very impressed by everything that it sets out.

I have two questions, which might be linked. One is on a topical issue and the other is more to do with strategy and the future—the issues on which the convener commented. The topical question is about the issue that was in the news yesterday. The property transactions in Aberdeen City Council are referred to in your report, but yesterday there were reports on the BBC of serious allegations about a major property transaction in North Lanarkshire. Are you aware of that situation, and would there be a role for you in relation to it?

Mr Black: I must apologise. I am slightly behind in my knowledge of current affairs at the moment, because I have been exceptionally busy for the past two days. I am sorry that I cannot help you with the North Lanarkshire matter. Did it relate to the local authority?

Nicol Stephen: Yes, it was a local authority issue.

Mr Black: In that case, I am confident that the auditors will be fully aware of it and will be monitoring it. If you would appreciate a note of the position on that, I would be happy to provide it.

Nicol Stephen: That would be helpful. There were serious allegations about a property transaction. A change to the local plan had been announced within 24 hours of the transaction going through, and the value of the property involved increased substantially. The story was running on the BBC yesterday.

Linked to that and to the local authority issues to which Hugh Henry referred and the wider strategy for Audit Scotland and the Public Audit Committee in the future is the approach taken by the Public Accounts Committee of the Danish Parliament, which we found very interesting—we met representatives of that committee last week. I am extremely pleased that people come to Scotland to learn about our system and approach, but I wonder whether, 10 years into devolution and the Scottish Parliament, we should review how we

consider public audit issues—for example, not only the Public Audit Committee's successes but areas that could be strengthened. Clearly, we would want to do that jointly with Audit Scotland, but I wonder whether the organisation would welcome that opportunity. Although Audit Scotland's reports are consistently excellent and we try very hard to follow up on them, there is a sense of frustration at times that we do not see the change, or the scale or pace of change, that we would all wish for the delivery of public services in Scotland. I would like to think that, if we approach matters correctly at this stage, we could set out firm foundations for the next 10 years and beyond through strengthening the roles of the Public Audit Committee and Audit Scotland.

Anne McLaughlin (Glasgow) (SNP): Other members have covered most of the report. Like them, I believe that it is an excellent report and that, as Nicol Stephen said, Audit Scotland is an excellent organisation. I became a member of the Public Audit Committee in, I think, March. Since then, I have been blown away by the fact that every member of Mr Black's team can answer every question that we ask, giving substantive answers rather than a politician's answers. If this is beginning to sound like a bit of a love-in, there is good reason for that.

I was particularly pleased to read in the report that Audit Scotland's website had

"achieved the Shaw Trust 'Accessible Plus' accreditation".

I was also pleased to read that instead of just doing a tick-box paper exercise John Robertson, Audit Scotland's web officer, went along to the Shaw Trust to understand what restrictions people with learning disabilities and physical disabilities faced when using the Audit Scotland website and what needed to be done to open it up for them. That indicates not only how accessible Audit Scotland is but that it understands that everybody, regardless of their ability or disability, has the right to scrutinise how public money is spent. The whole report is excellent, but the information about the Shaw Trust accreditation is particularly significant, because it tells us a lot about Audit Scotland.

George Foulkes: We are in public session, are we not?

The Convener: Yes.

Nicol Stephen: That has never stopped you.

The Convener: That sounds ominous.

George Foulkes: Well, although they are not here, some of the reptiles nevertheless sit up in their offices and listen to what we say.

I agree with what has been said about supporting further the very good work of

democratic scrutiny—I made the same point at a previous committee meeting.

I have just come back from Egypt, where people were talking about a public accounts committee in the Egyptian Parliament and the kind of work that we and Audit Scotland do. Every place we go to where new Parliaments have been set up or are developing, the issue arises. Unfortunately, some of the reptiles from the newspapers twist matters to make it look like we go on jollies—as if it is fun to go to those places, sit down and talk about strategies for ensuring that public money is spent effectively and efficiently. We should keep that up, no matter whether the *Sunday Herald* twists it or not.

That brings me to what Nicol Stephen said about the visitors from the Danish Parliament. We had an interesting and useful dialogue with them. I have spoken to the convener—I think that he lunched with the visitors or met them otherwise—about a particular fact that we learned from the visitors. Two or three members of the Danish Parliament's Public Accounts Committee, who are full-time and do nothing else, go with someone from their auditor general's office to, say, a university or college, or another kind of establishment, to undertake scrutiny work together.

Nicol Stephen is right; we must not get complacent. I underline all the nice things that everyone has said about Audit Scotland, but we should always try to find ways of improving things. In that respect, I wonder whether we can use the Danish experience to address, for example, the issue of the accountability of colleges with regard to their governance and expenditure, which is something that the convener and other members have expressed concern about.

As a final point, I have to say that I have not visited Audit Scotland's headquarters at 110 George Street and, having looked at the photographs in the annual report, I have not met some members of staff or board members. Perhaps one Wednesday morning when we do not have a lot of work on the agenda we could go down to 110 George Street to get a presentation, meet other staff members, see what the working conditions are like and so on.

The Convener: We will certainly note that suggestion.

The Auditor General and I have briefly discussed some of the issues that emerged from our meeting with the Danish committee. The systems in the two countries are different, but nevertheless I think that there are a number of ideas that we can reflect on. I have spoken to Tracey White, the committee clerk, about how some of those ideas might be reflected in future

work, and we can discuss under a future agenda item whether George Foulkes's proposal might be worthy of consideration in that respect.

I thank all committee members for their comments and Audit Scotland for its work. We look forward to another year of robust activity.

National Health Service (Information Issues)

10:26

The Convener: Item 3 is a briefing from the Auditor General on information issues identified in recent Audit Scotland reports on the national health service in Scotland.

Mr Black: As the committee is well aware, a recurrent theme in reports on the NHS presented in my name is limited management information on the cost, quality and accessibility of services. Following a discussion at its meeting on 12 November, the committee asked for a briefing paper from Audit Scotland that would pull together the main themes relating to information issues that have arisen in our recent health reports. As a result, this is not a formal report in my name; it has been prepared for the committee by Audit Scotland and we hope that members find it informative and useful.

We tried to provide the committee with an update on some of the most relevant developments in recent months. The Scottish Government very usefully provided the team with detailed information, which is summarised in the paper. We thought it important to give the committee a sense of the work that is taking place at the moment, although we have not examined all the developments in detail for this report. The committee should be aware that this is a very dynamic time in the health service, with a lot of good work being carried out. However, unlike the formal reports that we present to the committee, we have not audited the work to validate what the Scottish Government has told us and therefore cannot draw robust conclusions about what is going on.

With your agreement, convener, I will ask Tricia Meldrum to take the committee through some of the report's main findings.

Tricia Meldrum (Audit Scotland): The briefing paper looks at the 11 reports on the NHS that we published between January 2007 and April 2009. I draw the committee's attention to five main findings.

First, all the Auditor General's reports on the NHS that have been published since January 2007 have identified a need for better information to ensure that the service is achieving value for money. As the table on pages 2 and 3 of the paper shows, we have grouped that information into four themes: financial information; management information; information to plan new services, national initiatives or significant changes in

services; and information for monitoring and evaluation.

Our second main finding is that a wealth of information is available on the NHS in Scotland. Appendix 1 in the briefing paper lists some of the main sources of those data. In particular, I draw the committee's attention to the range of data that are published by ISD Scotland, which is a valuable resource for the NHS. However, the reports that we have published over the past two and a half years have all identified some gaps in key information that is needed to manage and evaluate services. Some of the gaps exist because the data are not collected at all and some because the data are not of a good enough quality to enable robust conclusions to be drawn.

10:30

Significant staff costs are involved in collecting, analysing and reporting data for the Scottish Government, ISD Scotland and the health boards. In light of that significant investment, it is important that what is produced is fit for purpose and meets the needs of the wide range of users.

The third main finding is that national and local data need to keep pace with changes in the way that the NHS and its partners provide services. Some of our studies found that the data that are recorded do not fully reflect changes in care, such as the shift to more community-based services; more care being provided by nurses and other members of multidisciplinary teams; and more care being provided on a day care or same-day basis. As services change, the changes need to be reflected in the data that are recorded so that we can get a full picture of the wide range of NHS services. We understand that ISD Scotland is developing some of the necessary data and we refer to that work in the paper.

The fourth finding is that the quality of the national cost data needs to improve. Our reports have highlighted to the committee some concerns about those data, and the Parliament's Health and Sport Committee also heard evidence about gaps in NHS cost information in evidence-taking sessions on the draft 2008-09 budget and the new NHS Scotland resource allocation committee—NRAC—formula.

The Scottish Government is carrying out a review of the current cost data and the costing methodology that is used with a view to making the data fit for purpose. It consulted users earlier this year and is due to make recommendations to the cabinet secretary by the end of the year.

The final finding is that the Scottish Government, ISD Scotland and other national bodies are involved in work that is expected to address many of the issues that we identified. The Scottish

Government provided us with an update on developments relevant to the issues that we identified from the NHS reports, and we have summarised its comments against the appropriate issues in appendix 2 of the briefing paper. The development work includes: work to develop cost information that is fit for purpose; updating the way that activity information is recorded to reflect changes in how boards provide services; and information to support boards and their partners in moving to more community-based services. That work is in addition to specific actions that relate to individual studies. As the Auditor General mentioned at the start, we have not audited those new developments and so cannot comment on how robust they are. However, they are clearly a step in the right direction.

I am happy to take any questions that you have.

The Convener: Thank you for that briefing and the summary report. You mentioned pages 2 to 3 of the report. On one level, what we read there is worrying. For example, the gap identified under "Financial information" is:

"A lack of information on the amount of money spent on different services".

Without that, how is it possible to manage properly? Under "Management information", we read, for example, of

"A lack of information on:

- how medicines are used in hospitals ...
- the condition of the NHS estate and maintenance requirements ...
- turnaround times for diagnostic tests and rates of repeat testing".

Under "Information to plan new services, national initiatives or significant changes in services" we read:

"Decisions on the use of resources to provide services are made with little evidence of what works".

Under "Monitoring / evaluation information", we are told that there is

"A lack of evaluation of the impact of initiatives and developments on outcomes for service users".

If we were to look at that information alone, we would say that it was a damning indictment, but I am interested to know two things. First, notwithstanding what has happened historically, do you see signs of progress? That is the important thing. You have identified problems, but are they being addressed? Secondly, is there an opportunity for us to come back to some of the performance issues in the health service and consider them in depth in any of the work that you are planning in the next six months to a year?

Tricia Meldrum: The two points are closely linked. We are seeing signs of progress through

the information that the Government and other bodies have provided, but we will want to follow up some of the issues as we carry out follow-up work on some of our studies. We routinely assess the impact of our reports, at a high level at least, to get a sense of what has happened and what has been developing. That helps us identify areas on which we want to do further more detailed follow-up work, perhaps because we are not as confident that progress is being made and things are happening. We will continue to consider information issues in all our studies and we will continue to report on it in our reports and to the committee.

The Convener: Can we reasonably say that, although there are still weaknesses, we are confident that progress is being made?

Tricia Meldrum: We are confident that progress is being made. We cannot comment on whether the developments will address all the issues that we have identified, because we have not done the validation work on that.

The Convener: In the specific pieces of work that you will undertake in the near future, is there anything that is likely to come back to the committee that will enable us to consider some of the issues in more detail?

Mr Black: That is a good question. Towards the end of the year, we will produce our biennial performance and financial overview of the NHS. If the committee felt that it would be useful, we could ensure that that report, which examines general performance issues, includes a theme on information issues and what progress is being made. If the committee was so minded and felt that it was appropriate, that might be a good opportunity for it to take evidence on those matters and on any other matters relating to the general performance of the health service. We must recognise that information is there for a purpose, so it is rather good to link the issue to how the information is used for performance measurement and performance management purposes.

Murdo Fraser (Mid Scotland and Fife) (Con): I have a comment and a question. The paper is an excellent summary and it sets out the information in a helpful way. In particular, the tabular format in appendix 2 is helpful for identifying the issues. My comment relates to Tricia Meldrum's important point that there is a substantial cost burden on NHS boards in collating the information. We heard earlier about the backdrop of a great deal of pressure on public finances, which will mean a great deal of pressure on politicians to ensure that in the health service, for example, front-line services are preserved. That will inevitably mean that much greater pressure will be put on backroom functions, such as the collection of data. In the years ahead, we must all be aware of the

extent to which it will be possible to maintain robustness in the collection of information, given that severe efficiency targets will be put on health boards. That is just a comment, although the Audit Scotland team are welcome to respond if they wish.

My question is about the details of appendix 2, which picks up on various issues and reports. The right-hand column contains comments on how work is being taken forward but, as far as I can see, there is no particular timescale within which we can expect implementation. Is that because it is a moveable feast, or is there another particular reason why you have not identified when you expect progress to be made?

Tricia Meldrum: Sorry, but which table are you referring to?

Murdo Fraser: The table in appendix 2. I am looking at the right-hand column, which is on monitoring and evaluation information. You identify several issues on which on-going work is being done, but at no point are there target dates for progress.

Tricia Meldrum: The updates that are in italics are based on information that was provided by the Government. We gave the Government the table and, in some cases, it provided more detailed information, which we summarised to make it easier to understand. However, we did not strip out any dates from the information that the Government provided. If we follow up on individual reports and studies, we would ask for the details of timescales and timelines.

May I comment on your point about the cost burden on the NHS?

Murdo Fraser: Yes, of course.

Tricia Meldrum: We are talking about core information that bodies need to manage their services efficiently and appropriately. We do not see it as an optional add-on; rather, it is core to managing services in the best way possible. The issue is ensuring that it is fit for purpose; it is not about collecting information for the sake of it. The information is core to business.

Willie Coffey: I will ask about the comments on page 3 of the paper, on monitoring and evaluation and the lack of national information to allow benchmarking to take place across the health boards. The paper mentions a national benchmarking project with more than 90 indicators in place. Is everybody embracing that project? If they are not, why are they not? If consistency in reporting is lacking across the boards, what is that national benchmarking project doing?

Tricia Meldrum: We have tried to use some of the benchmarking information in the past in considering the diagnostics project, for example,

and there is also work on benchmarking radiology information. However, we have found problems with consistency and data quality. The project is taking forward work on that. Work is being done to improve that information, which the Government has given us an update on. However, we could not draw robust conclusions from that, given the differences in definitions and the data quality issues. We want to consider benchmarking work that is relevant to individual studies, and we have done so in the past, but we have not always found it to be as robust as it could be.

Willie Coffey: Does an across-Scotland knowledge management strategy need to emerge or develop in the NHS to assist us in getting consistency of reporting across the boards? Is something lacking? You have said several times that no national information is available to us to allow us to benchmark, and the benchmarking framework does not seem to be quite what we want. Do we need to move things a step forward and consider knowledge management in a different way? Obviously, clinical and IT management expertise would be used to bring information together so that we get what we are looking for in the long run.

Tricia Meldrum: I think that there is a national knowledge management strategy—it might not be called that, although it could be called something similar—but I am not sure about the extent to which it takes in some of the clinical information. I think that it is more to do with things such as access to evidence-based health care and evidence-based management. We have looked more at individual topics related to individual studies and consistency in that context rather than across the whole of knowledge management.

The Convener: As members have no other questions, do they agree to note the report? We thank Audit Scotland for providing a helpful report and look forward to it trying to work it into future reports so that we will have the opportunity to return to the issues and reconsider them in more detail.

Mr Black: We would be happy to do that, convener.

The Convener: Thank you very much.

Scottish Government (Progress Report)

10:45

The Convener: Agenda item 4 is to consider a progress report from the Scottish Government on recommendations that the committee has made in relation to NHS Western Isles and free personal and nursing care. Members have a letter from Kevin Woods and some details about that.

It is worth putting on record our appreciation for the work that many people have undertaken in relation to the Western Isles. What we discovered was an inefficient and ineffective health board, but there has been a huge effort on everyone's part to turn that around; the work that has been done is commendable. It is right that, just as we were critical of some of the performance in the past, we give credit where improvement has been made. I do not suggest for a minute that all the problems have been solved or that all the issues have been resolved, but, in difficult circumstances, some of the people there have made huge progress, which is worth noting. I note the recent developments, such as the announcement by the cabinet secretary about further funding, including brokerage for NHS Western Isles, and the fact that there are senior posts to be filled. Do members have any comments?

Andrew Welsh: We were certainly right to criticise, but we should also pay tribute to the leadership and ability that have turned the situation around. It really is down to the people at the top. If they are good, everything else will follow. It is a tribute to them that things are looking up in the Western Isles. I am glad that that has happened. Without Audit Scotland's reports and back-up, none of that would have happened. Audit Scotland gave us the tools, and this committee delivered.

The Convener: Do we agree to thank Kevin Woods for his report and note its contents?

George Foulkes: We should also note that Nicola Sturgeon agreed to give NHS Western Isles the money, which I think we suggested—I certainly suggested it.

The Convener: Okay.

George Foulkes: What about free personal and nursing care? Have I missed that part?

The Convener: Do you wish to comment on that?

George Foulkes: I am not clear exactly where we are now, not in relation to the reporting but in relation to the follow-up.

The Convener: We asked specific questions of the Government and we now have its response to those questions. If the committee decides that it wishes to do something else, it is entirely open to it to do so. You will see that there has already been an affirmative order to end charging for food preparation; the board has amended guidance following the Auditor General's report; and there are eight workstreams on major issues relating to free personal care.

George Foulkes: What about the projected shortfall in the money that is being made available? I think that £40 million was being added in the current financial year and £40 million was projected for the next financial year. I think that there was some difference of opinion between the Auditor General and the accountable officer about how much would be needed to fill the gap. I do not know where we are on that.

The Convener: That is a fair point. The report states:

"The Committee wishes to receive more detailed information about the review of future delivery and costs."

I am not sure whether that has been addressed.

George Foulkes: I could not find reference to the issue anywhere. I might have missed it.

Anne McLaughlin: Is it not covered by the statement that there is a review on-going between the Scottish Government and the Convention of Scottish Local Authorities? Page 1 of paper 4 refers to

"draft guidance on a national framework for eligibility criteria".

The Convener: That is our report. I am looking at Kevin Woods's response and I do not see it mentioned there. We could ask for more information in the next progress report.

George Foulkes: It would be helpful if the clerk could do that, perhaps with some guidance from the Auditor General. I was worried that there was a projected shortfall that might create some problems with the implementation of the policy. I think that the committee was worried about that, too.

The Convener: That specific question is not addressed. We can seek more information on that.

Cathie Craigie: I have a related question on the response to our first question, which is in annex B of paper PA/S3/09/12/4. The second paragraph talks about the review that the Scottish Government and COSLA will undertake jointly. It states that

"the review will be to promote and establish mechanisms to improve the provision of personalised and preventative services, to enable people to remain at home—and independent—for longer."

I am sure that that is what the majority of older people would want; however, the service is failing across the country just now. I do not think that local authorities are able to provide that 24-hour response to people who choose to live at home. I am, therefore, glad that the joint review will look into that. We need to know the costs of that and how it will be paid for, as it is a costly service.

The Convener: As members have no further comments on the provision of free personal and nursing care, we will follow up the specific points that have been raised and note the response.

Section 23 Reports (Responses)

“Managing the use of medicines in hospitals—A follow-up review”

10:52

The Convener: Item 5 is a section 23 report. We have received a response from the accountable officer on the Auditor General’s report “Managing the use of medicines in hospitals—A follow-up review”. Do members have any questions or comments on the response?

Cathie Craigie: I am a wee bit concerned about the answer to our second question. If I remember our discussion on the matter correctly, everybody thought that the system that is used in NHS Ayrshire and Arran is a good one that should be rolled out if it is proven to be able to do the job. However, the responses to our first two questions say that, even if work is done to prove that that model could work throughout the NHS in Scotland, it will still be up to each health board to decide whether it wants a stand-alone system. I am all for local democracy and people taking decisions at a local level, but those decisions must take cost effectiveness into account. If we have put in a lot of work, nationally, to find out whether that is a good system, I do not see the clinical or cost benefits of telling boards that they have the choice to go with the system that we recommend or to pick up a system of their own. Am I right in my understanding of that response? Is that what it is saying, and is that the best use of resources to date and in the future?

Anne McLaughlin: The response talks about health boards following that example if they feel that the business case is proven. It states:

“we intend to carry out an assessment of the experience in Ayrshire and Arran to help inform such Board level business cases.”

When we discussed the issue, did we consider writing to the health boards individually?

The Convener: I do not think that we did. One of our problems is that, although in considering the report and following it up we are commenting on the use of resources, we are starting to talk about clinical and policy issues. We might need to refer the matter to the Health and Sport Committee for its consideration, because it would not be appropriate for us to go into detail on whether, from a practice perspective, the proposed approach is the right way to proceed. We have made some comments on effectiveness and efficiency. We must tread a fine line.

George Foulkes: I understand what the convener says. In fact, that is one of my constant

frustrations with the Public Audit Committee's remit.

I find the response extremely strange. We discussed the report on a Wednesday and I met Lothian NHS Board on the Friday. I raised two issues: the hospital electronic prescribing and medicines administration system, and generic prescribing. The board told me that it was developing its own system of electronic prescribing and gave me the percentage of generic medicines that it uses, which is extremely high, as it has been working on the issue.

However, the response says:

"Outwith NHS Ayrshire and Arran there are no systems in place".

Do these guys in the civil service in Edinburgh really know what is going on? I think that they just sit there and send letters out; I do not think that they ever get out and about to find out what is happening in the health boards. The Auditor General does. Are other members happy about that?

Anne McLaughlin made a very good point. Why do we not write to the health boards directly, rather than ask the civil service to do it, because it does not seem to be doing anything? To pick up what Nicol Stephen said about the Danish system, instead of relying on the civil service, at some point we ought to visit one of the health boards to follow up an important issue and find out what is happening.

The Convener: I do not know whether anyone from Audit Scotland can throw any light on the matter but, again, we need to be careful not to go beyond our remit, which we will do if we start to examine clinical practice policy.

Mr Black: The team has just passed me a copy of the supplement to the follow-up report, which contains a paragraph that might be helpful. It might be that the issue is to do with the nature of the information that is communicated. The HEPMA system is a general system for hospital prescribing, but a paragraph in the supplement to the follow-up report talks about

"Specialty-specific electronic prescribing and medicines administration systems".

It says:

"Seven NHS boards have at least one electronic prescribing and medicines administration system for an individual specialty".

NHS Lothian is one of half a dozen boards that have

"the oncology system called Chemocare"

and one of two boards that have a renal system.

What comes out from that report is that, as ever, it is a moving picture. It is clear that NHS Lothian was certainly active in the field of electronic prescribing but that it did not have a total system at the time that we produced our report.

The Convener: A number of options are open to us. We could go back to the accountable officer and ask for further information, should we need it. We must also decide whether there is an issue for the Health and Sport Committee to consider. Is there any information that members would like Kevin Woods to provide?

George Foulkes: When we discussed the report, it emerged that a huge amount of money was spent on medicines in hospitals. I worked out what percentage it was of the total block grant, but I forget the figure. There is a great potential for saving, given what is said in the excellent report that we received from the Auditor General. However, all that we have done is send a letter to the accountable officer, who has given us—I do not know why Andrew Welsh, who usually says these things, refuses to comment—just a lot of verbiage that does not deal with all the points that we raised.

11:00

Willie Coffey: I am inclined to agree with what the convener said. It is clear from the report that a patient management system is being rolled out, given that the contract for it will be awarded in the autumn. From my reading of the report, there is scope for boards to choose whatever is appropriate to their situation. That is a matter for clinical judgment, of which we need to be respectful. Progress seems to be being made in gathering information and on prescribing mechanisms, but the clear message from the response is that the decisions should be based on clinical judgment, which can be applied more appropriately by boards. I am quite happy with that.

Andrew Welsh: I agree with that. The great danger is that we end up in a position of telling boards what their policy should be. Cathie Craigie mentioned the need for cost effectiveness, which is what we hope systems will achieve. The response states:

"It remains open to Boards to procure a stand-alone system if they believe there is a good business case. Indeed, we intend to carry out an assessment of the experience in Ayrshire and Arran to help inform such Board level business cases."

Ultimately, such matters are for board policy. We should seek to ensure that boards are better informed, but we have been told that that is what will happen. To start deciding what the policy would be in individual health boards would be a dangerous road for the committee to go down. We

can encourage boards to be involved in best practice.

The Convener: Do we require additional specific information from the accountable officer? If not, I suggest that we note the response and refer it to the Health and Sport Committee for its interest. If we need further information, let us ask for it. I am in the hands of committee members.

George Foulkes: I think that Andrew Welsh has been Nicola-ed.

Andrew Welsh: Will George Foulkes explain that? It is news to me.

The Convener: He can explain it outside the committee.

Andrew Welsh: I can assure the committee that I have not been got at by anyone.

The Convener: Let us leave all that aside. Do we require specific further information from Kevin Woods?

As the answer is no, we will note the response, thank Audit Scotland for its report and refer the matter to the Health and Sport Committee for its interest.

“Drug and alcohol services in Scotland”

The Convener: Item 6 is consideration of a response from the accountable officers on the Auditor General’s report “Drug and alcohol services in Scotland”.

It strikes me that the response, which is on an issue of huge significance, is fairly superficial. That is quite worrying. For example, the response mentions the intention to

“decrease the estimated number of problem drug users in Scotland by 2011”.

Well, what is the starting point? If we do not know what the starting point is, how will we know whether a decrease has been achieved? Mention is also made of the intention to

“reduce alcohol related admissions by 2011.”

Again, what is the starting point? All the way through, the response mentions some noble intentions, but it is very light on specifics.

What do other members feel?

George Foulkes: I do not think that it is worth saying anything, because we will be told that such matters are not for this committee.

The Convener: I do not think that that is fair. Some things are relevant for this committee, but we should not go beyond our remit into—as happened under the previous item—issues of clinical practice and policy, which are not matters for this committee.

Murdo Fraser: Given the response from the accountable officers, much of this is clearly work in progress that is at an early stage of development. Perhaps, rather than pursuing the matter now, we should come back to it in six months’ or a year’s time and ascertain what progress has been made by then. Perhaps it is a matter for the Health and Sport Committee. It would certainly be within our remit to return to the accountable officers in six months and ask where they have got to with all the answers.

The Convener: I would certainly be interested to know what the starting point is for their measurements. Otherwise, we will not know whether progress is being made. For example, do we see anywhere the number of residential placements that are to be made available, which is apparently a fundamental part of the policy? Can anyone from Audit Scotland help us with that?

Claire Sweeney (Audit Scotland): The response outlines the anticipated plans for drug and alcohol services, but the committee is raising specific concerns about those services, as does Audit Scotland’s report. The response leaves quite a few questions outstanding about the detail of what is happening. There are some long-term plans, but some immediate issues could be addressed now. There is a lack of clarity about what is being done now, and it might be interesting to explore that.

The Convener: Could we go back to both the accountable officers, Robert Gordon and Kevin Woods, and ask for some further detail, so that we can make an informed comment?

Members indicated agreement.

“Central government’s use of consultancy services—How government works”

The Convener: Item 7 is on a further section 23 report. We have a response from the accountable officer on “Central government’s use of consultancy services”.

I seek clarification. In response to the first of the committee’s questions, the letter from Stella Manzie says:

“Under the Business Appointment Rules, in certain circumstances civil servants must apply to the UK Civil Service body Advisory Committee on Business Appointments (ACOPA) for permission to accept an outside appointment”.

Do we know what those circumstances are?

Angela Cullen (Audit Scotland): No, we do not. We can find out and let you know, but I cannot answer that question at this point.

The Convener: Okay. Are there any other thoughts or comments on the response?

Willie Coffey: This is on the committee's second question, about approved suppliers of consultancy services and so on. I was interested in the response on why the Government chooses a framework system, rather than approved supplier lists. The response says:

"This is because approved lists are usually based only on suppliers' qualifications and capability".

I would have thought that the whole thing is predicated on their performance. If consultants do a good job and are seen to have done a good job, that, ultimately, is what gets them on an approved supplier list. It should be as a result of their being good at what they do, rather than the qualifications that they bring. I am a bit curious about that. There is still merit in pursuing the idea that we should have approved supplier lists that include assessments of performance when services are given to the public sector and the public purse pays for those services.

The Convener: Presumably, if someone is chosen from an approved supplier list, they will also have to satisfy the framework contract, establishing their pricing and conditions, or are the two things mutually exclusive?

Mr Black: The general recommendation in our report was that greater use should be made of framework contracts, for the reasons that are given in Stella Manzie's response, which says that

"approved lists are usually based only on suppliers' qualifications and capability, whereas framework contracts also"

allow the Government to

"establish pricing and contract condition".

Framework contracts tend to be a bit more robust and comprehensive.

Willie Coffey: That touches on a theme that we have visited on several occasions, regarding whether we are getting value for money. That can be established only by assessing what we get in the end. If someone does not provide good service, I imagine that they will be neither on an approved supplier list nor signed up to a framework contract. That element must be there. I would like some clarification as to whether that part of the assessment process is carried out at the end of a given piece of work.

The Convener: We can go back to Stella Manzie and ask for that further clarification. Otherwise, we note the response.

Cathie Craigie: I make just one further point in the passing. I note from the response that the civil servants are going to have some awareness raising of the rules that apply to them when they take on posts as consultants within two years of

retirement. I suppose that that awareness raising is to be welcomed.

Section 22 Reports (Response)

“The 2007/2008 audit of the Queen’s and Lord Treasurer’s Remembrancer”

“The 2006/2007 audit of the Queen’s and Lord Treasurer’s Remembrancer”

The Convener: With that, we move into private session to consider item 9.

11:12

Meeting continued in private until 11:21.

11:10

The Convener: We have a response from the accountable officer on the reports on the Queen’s and Lord Treasurer’s Remembrancer. You will note from the response from Peter Collings that he accepts that there were things that “should not have happened,” although he states:

“we have taken action to ensure there is no repetition of the delays.”

Is the committee satisfied by that? Do we simply note the response, or is there anything further that the committee wishes to pursue?

Murdo Fraser: Mr Collings has given us quite a contrite response. In the circumstances, I think that we should just note it.

George Foulkes: Can someone remind the committee what the Queen’s and Lord Treasurer’s Remembrancer does?

The Convener: I ask someone from Audit Scotland to give us a description of the remembrancer’s function.

Mr Black: The Queen’s and Lord Treasurer’s Remembrancer deals with intestate matters. In other words, if people die without a will, and if there are problems with resolving the deceased’s estate, the remembrancer handles the issues. Anything to do with the estate that has to revert to the Crown is handled through the remembrancer. Phil Grigor is nodding, so I have not said anything too outrageous. Is there something that you could add, Phil?

The Convener: So, if there is a treasure trove—

Phil Grigor (Audit Scotland): A treasure trove—anything that comes out of the ground that is of value—is passed to the state. Ownerless goods, such as in the case of companies that go bust, are handed over to the state, too. Anything that belongs to no one becomes the King’s—or the Queen’s, in this state—is the remembrancer’s mantra.

George Foulkes: What is the annual turnover, roughly?

Phil Grigor: About £5 million, I think.

Angela Cullen: It was about £5 million last year.

George Foulkes: Thank you.

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