

PUBLIC AUDIT COMMITTEE

Wednesday 9 September 2009

Session 3

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PUBLIC AUDIT COMMITTEE

13th 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)

*Bill Kidd (Glasgow) SNP

*Anne McLaughlin (Glasgow) (SNP)

*Nicol Stephen (Aberdeen South) (LD)

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)

Irene Coll (Audit Scotland)

Dick Gill (Audit Scotland)

Barbara Hurst (Audit Scotland)

Mark MacPherson (Audit Scotland)

CLERK TO THE COMMITTEE

Tracey White

SENIOR ASSISTANT CLERK

Joanna Hardy

ASSISTANT CLERK

Jason Nairn

LOCATION

Committee Room 3

Scottish Parliament

Public Audit Committee

Wednesday 9 September 2009

[THE CONVENER *opened the meeting at 10:02*]

Interests

The Convener (Hugh Henry): I welcome everyone to the 13th meeting in 2009 of the Public Audit Committee. The first item on the agenda is a declaration of interests from Bill Kidd MSP, who has joined the committee. I welcome you, Bill.

Bill Kidd is replacing Andrew Welsh, who has served on the committee since the Parliament was created, 10 years ago. He is one of the few members of the Parliament who has served continuously on any committee for a significant length of time. For Andrew, it is clearly a break of some significance and we record our thanks for the work that he has done over the years. He has shown a specific interest in the work of the committee and has made a number of extremely useful contributions and recommendations. I know that he has a full workload on the Finance Committee, but we will miss his contributions in the committee and we wish him well for the future.

Members: Hear, hear.

The Convener: I invite Bill Kidd to declare any relevant interests.

Bill Kidd (Glasgow) (SNP): I have no relevant interests to declare at the moment.

Decision on Taking Business in Private

10:04

The Convener: Item 2 is consideration of whether to take item 9 in private. Is that agreed?

Members *indicated agreement.*

Section 23 Report

“Improving public sector purchasing”

10:04

The Convener: Item 3 is consideration of a section 23 report, “Improving public sector purchasing”. I invite the Auditor General to brief us on the report.

Mr Robert Black (Auditor General for Scotland): Good morning and thank you, convener. The report, which was published over the summer, is one of the joint reports that are prepared by Audit Scotland on behalf of the Accounts Commission and me. It attempts to provide a high-level assessment of the effect of the various efforts that have been made to improve purchasing across the public sector in Scotland.

In the report we say that, since 2006, the Scottish public sector has reported substantial savings from the better purchasing of goods and services, although there is the potential to do more. That means that there is the potential to deliver more savings while, at the same time, maintaining the level and quality of services.

As we all know, Scotland's economy has been in recession since the middle of last year. Although the full effects of the recession are not yet known, we expect that there will be constraints on public resources in the future. That makes the scale of the challenge in terms of good procurement all the greater.

With the committee's agreement, I invite Barbara Hurst to say a few things about the report.

Barbara Hurst (Audit Scotland): I will cover briefly what we looked at; what benefits have been achieved from better purchasing; where we think there is scope for improvement; and what we are doing to follow up the report.

As you will see in the report, public sector spending on goods and services in Scotland is around £8 billion a year—a quarter of the Scottish budget. Exhibits 2 and 3 on pages 8 and 9 of the main report show that local government and the national health service spent around three quarters of that total. Spending covers everything from specialist advice to information technology equipment and furniture. The level of spending varies significantly between individual public bodies, as those exhibits demonstrate.

We looked specifically at the public procurement reform programme, which was introduced in 2006 to improve purchasing practice and to achieve savings across the whole of the public sector. By April, good progress had been made in introducing

changes to improve purchasing. That included, for example, clearer purchasing guidance; the establishment of new purchasing centres of expertise to support collaboration in purchasing; and the greater use of IT to increase efficiency. We hope that exhibit 15 on page 24 is useful in providing a traffic-light summary of progress against the areas for improvement that were identified at the very beginning of the programme.

We found that around £327 million in savings may be attributed to the programme for the two years to 2008. Against those savings, the programme has cost £61 million to implement so far. However, as you will see from exhibit 15, some parts of the programme were delivered later than planned, and it has not yet fully achieved the level of improvements to purchasing and the impact that were envisaged at the start.

It was not straightforward to identify the savings that were attributable to the programme. Only 41 of the 177 public bodies have used the best-practice indicators that were originally intended to measure savings and other aspects of purchasing performance. Because of that gap, we had to use data from the Government's separate efficiency programme to identify the £327 million of savings. Those savings were in line with the programme's target for its first two years but, because of changes and delays in reporting, it is not clear how progress towards the programme's third-year savings target will be monitored. Nor is it yet clear what future savings targets will be set.

As the Auditor General said, we think that the potential exists for more savings by reducing demand through better control and planning and for collaborative purchasing of commonly used goods and services. Collaborative purchasing can be challenging and is proving to be so. However, there are real benefits to be gained both in lower prices and, potentially, in better-quality goods. The health service has been relatively good in that area. Between 2006 and 2008, it introduced 150 new collaborative contracts for commonly used items such as rubber gloves—I am not sure why those always feature in our reports. Savings from those contracts amounted to some £54 million. By comparison, the rest of the public sector has introduced just 45 new collaborative contracts during the same period and no savings have yet been reported, although that is not to say that they have not been made. We think that there are lessons to be learned from the health service's approach.

The report makes a number of recommendations for the Scottish Government and the wider public sector. It recommends better public reporting, the revision of potential savings targets and improving the use of or, in some

cases, starting to use the best-practice indicators to support decision making and benchmarking.

Our aim in the report was to provide a good baseline position against which future performance could be evaluated. We have actively promoted the findings and provided all auditors with information packs to help them to follow up local progress in their audited bodies. In addition, we intend to carry out best-value reviews of the centres of expertise. We will revisit public sector purchasing in a future national study because it is important.

As ever, we are happy to answer members' questions.

The Convener: Thank you.

I want to ask about two issues. First, are different parts of the public sector sufficiently integrated for procurement? You used the example of health organisations coming together to purchase, but are there opportunities in places such as Glasgow, Renfrewshire and Ayrshire for health boards, councils and other public organisations to come together to purchase gas and electricity and perhaps even computers, for example? Is there any evidence that that is happening? Does such an approach have any value?

Secondly, is sufficient attention being paid to the inefficiencies that are sometimes reported in the procurement process? Small businesses in my area have complained bitterly to me that the laudable intention of centralising procurement to make greater savings often results in more money being spent on some contracts and documents such as in-house magazines; the purchase of computer equipment is another good example. Is any attention being paid to reported inefficiencies? How are they being dealt with?

Barbara Hurst: I will pick up on those questions first and then pass them to the team for detailed responses.

The issues that you raise came up all the time during our work. The further education sector made quite strong representations that it would sometimes be more efficient if FE colleges collaboratively purchased with local councils rather than with other FE colleges.

We will look again at the centres of expertise. Members will notice that those centres are sectoral. A key question that we need to ask, particularly in the current economic climate, is about the potential for efficiencies in local areas rather than in sectors. We need a vertical and a horizontal approach to purchasing.

Dick Gill or Irene Coll may want to add to that.

Dick Gill (Audit Scotland): The whole point of the public procurement reform programme is, of course, to introduce better integration. That was a theme of the McClelland report, which instituted the programme. As ever, it is a question of whether the cup is half full or half empty—members should forgive the cliché. The job of the centres of expertise is to promote better integration. The model in exhibit 5 on page 11 of the report is based on sectoral integration. The aim was that councils would come together, parts of the health service would come together, and further education colleges, universities and so on would come together. The centres of expertise have been established. They are operating, starting to have an impact, and starting to report savings, but they are learning.

An issue is whether there are still too many silos in Scotland and whether we need to look across the piece. Barbara Hurst alluded to that. That will certainly be a theme for the Scottish Government and the public sector bodies as the programme moves forward.

I do not know about small businesses and efficiencies. Irene Coll may want to say something about that.

10:15

Irene Coll (Audit Scotland): The convener asked about the scope to join up gas, electricity and computer purchasing. One centre of expertise—procurement Scotland—has focused on those precise areas. A significant development that procurement Scotland has taken forward is the electricity contract for the whole of the public sector, which any public body can buy into. The Scottish Government reckons that the contract will save at least £10 million each year.

The convener asked whether existing arrangements to buy goods and services are more expensive than other arrangements would be. The philosophy of Scotland Excel, which is the centre of expertise for local government, is to say to local government colleagues, “If you can demonstrate that you can buy things more cheaply, we will learn from you and consider the good practice that we can pick up from your existing contracts.”

However, Scotland Excel is feeding back that some councils intuitively think that they can get things cheaper but do not have the information that would enable them to demonstrate that they are managing better than Scotland Excel would do. That puts Scotland Excel in a difficult position. It is trying to get the best deal for councils, and some councils say that they are not getting the best deal but cannot provide evidence that that is the case. Work is going on to improve the evidence base. In principle, a council can make

the case that it can buy something cheaper and get a better deal.

The Convener: To be fair, the issue does not arise just in the council sector; I have heard similar complaints in other sectors. Part of the problem seems to lie with middle managers who think that they must follow a formula. People think that the rules require them to combine contracts and tender in a certain way, and they fail to consider whether a range of smaller contracts would be cheaper. If people are not sufficiently imaginative, broad minded or skilled, there is a danger that they will do the public purse a disservice by following a set formula.

Irene Coll: That is an excellent point, which the programme acknowledges. Exhibit 16 on page 27 shows how the Scottish Government, in consultation with partners, has developed a purchasing capability assessment tool, which tries to address exactly that issue by enabling local organisations to assess their procurement capability, prioritise areas for improvement and work together to improve practice. Your point was spot on.

Murdo Fraser (Mid Scotland and Fife) (Con): Like the convener, I have received much representation over the years from private sector businesses about the difficulties that they encounter as they try to pick their way through the web of the public sector procurement system. The public sector’s desire to be as efficient as possible by packaging together contracts in ever-larger bundles sometimes conflicts with the desire to award contracts to local companies. We often get complaints from companies who cannot understand why the local council or health board is going to a supplier elsewhere in the country or, worse, outwith the United Kingdom. Such companies feel short changed. There will always be a tension in that regard and I am not sure how we can resolve it.

I note from exhibit 15 on page 24 that as part of work to address relations between the public sector and suppliers a “single point of enquiry” has been set up—on time. That will be welcome. However, I was concerned to learn that work to

“introduce standard terms and conditions for suppliers working with the public sector”

has not yet started. That will be of concern to many private sector companies who seek to win public sector contracts. When is the work expected to start? More relevant, when is it expected to be completed?

Irene Coll: That is a concern of John McClelland, who wrote the initial report, “Review of Public Procurement in Scotland; Report and Recommendations”. It is also very much a concern

of the Confederation of British Industry Scotland and the Federation of Small Businesses Scotland.

It is not really my place to put on a Scottish Government hat, but the Government would say that there are all sorts of legal issues and that it needs to involve its lawyers. It is looking at the matter, but it has not arrived at agreed terms of reference because of legal complications. However, it is outwith my remit to provide a straight answer on the Government's behalf.

Murdo Fraser: We can put the question to the Government in writing.

Nicol Stephen (Aberdeen South) (LD): I pay tribute to John McClelland and the team that has spent so much time focusing on this huge issue, which deserves attention. A vast amount can be done to improve purchasing; I value this Audit Scotland report for keeping the spotlight on the issue.

The convener referred to the concern that has been expressed by small and medium-sized businesses, in particular. Some of those medium-sized businesses are quite substantial Scottish businesses, but often they see public sector officials taking a safety-first approach. Officials are rarely criticised for awarding a contract to a major multinational company, so there is a trend towards centralisation, size and scale. Awarding a contract to a major multinational company is often seen as a secure way forward, but it is not necessarily best value for the public body concerned or for the public purse. That is a real issue, and striking a balance will be constantly challenging.

One way of achieving such a balance is to have real expertise within the public purchasing community, among the officials who are responsible for public purchasing. That was a concern for John McClelland. Did the Audit Scotland team analyse whether we are improving the quality of training for and expertise in public purchase procurement in Scotland and whether there are still significant gaps? It comes back to an issue that the committee has discussed many times—the fact that many public sector officials are generalists who can be moved from job to job and suddenly find themselves responsible for a major, multimillion-pound contract or series of contracts, with little background in the best, most professional way of delivering that. I would welcome feedback from the Audit Scotland team on that issue.

My final question is about a related but different point—the issue of innovation and support for small and often younger companies in Scotland that are producing world-beating technologies in areas such as life sciences. The feedback that we get from the life sciences community in Scotland is that often Scotland is among the last places where

new technologies, drugs and equipment are used in hospitals or the health service, because there is reticence about adopting new, more effective and often more efficient and cost-effective drugs and services; there is an in-built inertia. Did the Audit Scotland team examine that issue, or is it a separate area of study? The life sciences community and, I am sure, other entrepreneurs and innovators in Scotland would welcome high-level support for changing the in-built conservatism of the public sector in Scotland.

Mr Black: Both of your questions raise critical issues, the first of which is expertise; when we did the study, we recognised that that issue was extremely important. There is a description of our findings on page 27 of the report, and I guess that what we found very much bears out your points. At the time of our audit earlier this year, we found indications that there was indeed a shortage of skilled purchasing staff. The report gives the example of a centre that was almost 17 per cent below staff complement. There seems to be a problem with fairly high turnover and a limited supply of people with the right skills and expertise in the area. I guess that their services are quite marketable—it is as simple as that.

If it is difficult for the centres of expertise to recruit and retain such skills, it is that much more difficult for 32 councils and 14 health boards to do it. That points to the value of doing a major, Scotland-wide exercise on the back of the McClelland report. On the basis of the audit, we think that there are issues about the number of skilled procurement experts in Scotland.

The question of innovation is an interesting one that is very much linked to the tension between using local suppliers and going for the safe, big contracts, which Nicol Stephen mentioned. That is a genuine problem. The report quotes Fife Council, which sees supporting local suppliers as part of its economic regeneration and development strategy. I well recall from my local government background that councils are always trying to find ways to support local businesses. There is a tension between that and seeking value for money.

The example of life sciences, drugs and equipment is interesting. As I am sure that the committee recalls, we have looked at prescribing practice a couple of times, in hospitals and in general practice. In our first study on general practice we concluded that there would be substantial savings if GP surgeries made more use of generic drugs, which are as effective as specialist drugs. It is difficult to see how people in procurement centres could have the knowledge and skill to make such differentiation in all cases. The answer must be to pursue the approach that each centre of expertise is taking, which is to try to

get strong user groups to advise them and from which they can feed. However, there is no doubt that that will be a challenge.

Barbara Hurst: Nicol Stephen mentioned the view of the life sciences community on new drugs. That information is new, and it is interesting because the Scottish Medicines Consortium is a bit fleeter of foot with newer drugs than the National Institute for Clinical Excellence in England. We will think about that.

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): The report says that purchasing information needs to be improved, at local level in particular; that is made more difficult because we do not yet have the best-practice indicators in black and white. The procurement delivery group in the Scottish procurement directorate is developing a plan. When will that information be available?

Barbara Hurst: It was frustrating for us that that information was not available when we did the report. We were going to do quite a different study because we thought that the information was sitting there and that we would be able to do the analysis. We are keen to go back when the information is available, because we will then be able to see what the variation is in practice.

10:30

Dick Gill: The question relates to the point that Mr Stephen raised. One of the BPIs concerns the number of staff with professional procurement qualifications and who have done training and so forth. We do not have that information; as Barbara Hurst indicated, only about a quarter of public bodies supplied that information and even the information that was supplied is now quite old.

I cannot answer the bigger question, on when the Scottish Government will introduce a new plan in that area. That is a matter for the Scottish Government, but we are talking to it, and the matter is under active consideration in the Scottish procurement directorate.

Looking ahead, there is a national procurement conference at the end of October. Mr Swinney will be speaking at that, so I dare say that an announcement might be made. However, I cannot say any more than that at this stage.

Cathie Craigie: Exhibit 2 is about the estimated annual public spend on goods and services in 2006-07, broken down into estates, professional services, supplies and so on. The figures under "Other expenditure" strike me as strange. Presumably, when you want to audit a service, you can dig down into whether it is estates and buildings, utilities and so on. However, for local government in particular, "Other expenditure"—miscellaneous, in other words—seems a large

amount of money. It is £1.5 billion for local government alone. How would you dig down into that?

Dick Gill: We can dig down, but there is a limit to how many coloured bars we can use in our reports. Exhibit 1 on page 7 does not give the breakdown by sector, but you can see that it goes down to a considerable level of detail. The bottom line of that table is £0.5 billion, which represents:

"Other, including expenditure which has not been classified".

One of the successes of the programme has been the Scottish Government's introduction of the procurement information hub, to use the jargon, which gives much stronger management information about spending at national and sectoral level than Scotland has had previously. It is fair to say that although it is high-level information—it does not give you everything you need—it is seen with envy by other organisations in the UK. The hub is being rolled out more widely, in slightly different ways, in other parts of the public sector in the UK. We are getting there, but we are not completely there yet.

Irene Coll: In exhibit 1, line 7 downwards is actually the other expenditure.

George Foulkes (Lothians) (Lab): Is the Parliament one of the public bodies involved in the study?

Barbara Hurst: Did we do the Parliament?

Irene Coll: I do not know.

Dick Gill: Our audit was a high-level review and we focused on the work of the Scottish Government and the centres of expertise.

I apologise to the committee but I do not know the answer to that question. We can easily check. I think that the Parliament probably was included, but I would need to confirm that—

George Foulkes: I hope that if it was not included, it is now. My experience—albeit over two years—is that the body running this building is one of the least efficient at procurement. It would be useful to get it involved in common procurement or some other kind of working together, and to examine the way in which it deals with procurement. An unbelievable amount of money is spent in and around this building.

The Convener: Thank you. We will come back to this agenda item later.

Public Audit Committee Report (Responses)

“The 2007/2008 audit of VisitScotland”

10:34

The Convener: The next item is a formal response from the accountable officers to a report on the 2007-08 audit of VisitScotland.

We have an interesting situation here. We have a letter from Mr Philip Riddle, in which he complains that the statement that eTourism was technically insolvent “is not true.” However, in his evidence to the committee, Mr Riddle stated:

“In accounting terms, eTourism was, strictly speaking, insolvent”.—[*Official Report, Public Audit Committee*, 11 March 2009; c 971.]

It is bizarre—indeed, the tone of the whole letter is strange—that he said one thing to the committee and is now saying something completely different in writing. Either one statement or the other is untrue; I am not quite sure which it is.

The committee needs to decide whether it is worth our time to get into an exchange of correspondence with the man. Do we want to respond to any of the issues that he has raised?

Murdo Fraser: I read with some concern the letter of 15 May from Peter Lederer to you, convener, and I read with more concern the letter of 1 June from Peter Lederer to Paul Grice. The tone of that letter is surprising and disappointing, and it makes very serious allegations about the committee’s conduct. The final sentence of the letter of 1 June to Paul Grice questions not only the professionalism but the ethics of the committee’s operation. It seems verging on the outrageous—I choose my words carefully—for a public official to make those accusations about a parliamentary committee. That requires a robust response from the committee.

We need to consider the specific points that Mr Lederer raises in his letter to the committee. With regard to his first point about technical insolvency, I practised law for 15 years before being elected to Parliament and I think I know a little bit—and probably more than Mr Lederer—about the law of Scotland.

It is a fairly elementary piece of legal knowledge, as any law student in the first year at a Scottish university could tell you, that a company is technically insolvent when its liabilities exceed its assets. To find that a public agency is seeking to question that simplistic piece of knowledge, which any law textbook would tell you, is frankly bizarre. The committee needs to make a robust response.

The Convener: Okay. Are there any other thoughts on that?

Bill Kidd: Murdo Fraser has outlined a perfectly reasonable approach, because the letter calls into question the committee’s operation without giving any depth of argument. It is actually technically wrong in its argument, so we have to respond strongly.

George Foulkes: How do we respond?

The Convener: We would need to write back to Mr Lederer on some of the issues that Murdo Fraser has raised. However, I do not want to engage in a lengthy piece of tit-for-tat correspondence when we have other issues to address in the coming months. I share Murdo Fraser’s sentiments, and I think there are inconsistencies in what VisitScotland has said to us, so I think that we should reply in robust terms. As far as I am concerned, that will be an end to it: I do not intend to engage in an exchange beyond that.

Cathie Craigie: It is fair to make the point about how senior managers of such organisations deal with the committee; something has to be done on that level. I agree with the convener that we should point out to Mr Lederer the factual information that the committee used in compiling its report, and, where appropriate, refer him to the *Official Report*. If Mr Lederer felt that he did not utter those words, he should have challenged the *Official Report* at a much earlier date.

The Convener: We need to make a distinction. It was Mr Lederer who wrote the letter in June, but it was Philip Riddle who gave us the formal response, which includes the assertion that the statement about technical insolvency was not true. Mr Riddle was the one who gave evidence and told the committee that eTourism was technically insolvent.

Willie Coffey (Kilmarnock and Loudoun) (SNP): I remind the committee of our desire to see the future business plan associated with the business and our concern about how that would stack up. We did not get any details on that. Given the previous history of the business, we were concerned and wanted to see some details. We have an opportunity to gather the issues together and perhaps have another session or meeting of some kind.

The Convener: We could also draw the minister’s attention to the inconsistencies in what has been said to us.

George Foulkes: I presume that at some point we will get a report on further expenditure by VisitScotland, not on eTourism, but in relation to its other activities. There will be further examination of VisitScotland.

After Mr Riddle gave evidence, I remember that I did not agree with some members that his performance had been impressive; I did not find it impressive at all. I wonder whether something is going on between Mr Lederer and Mr Riddle. My inclination is either to invite Mr Lederer to give evidence or just to ignore the whole thing. If we write back, VisitScotland will write back and we will be tempted to write back again. We should face up to him, invite him along and challenge him or just say, "Forget about it," and get on with other things.

The Convener: I would certainly not be in favour of inviting Mr Lederer to appear before us. We have other issues to move on to. Murdo Fraser has made a number of points that we should just put on record. As far as I am concerned, that is an end to it.

George Foulkes: I think that that is the right approach.

Bill Kidd: The letter from Paul Grice to Mr Lederer, which is attached to paper PA/S3/09/13/3, suggested that we would respond to his comments two months after the report had been issued. Has that been done already?

The Convener: That is what we are doing now.

Bill Kidd: I beg your pardon. On that basis, we must reply and point out the difference in the arguments of Mr Riddle and Mr Lederer. We need to highlight the inconsistencies, because the operation of the committee has been called into question in an unreasonable way.

The Convener: Apart from drawing the minister's attention to those inconsistencies, we could ask that the issues that have been raised be included in the next Scottish Government progress report, which is due in 2010.

Nicol Stephen: I very much agree with the approach that the convener has suggested.

I believe that whether the company was technically insolvent is a straightforward matter of fact rather than a question of opinion, and we could surely get Audit Scotland or a professional chartered accountant to confirm that position. I do not think that there is any doubt whatever on the issue, as Murdo Fraser correctly pointed out, but it might be helpful to have a professional view. By confirming the position absolutely, we could avoid a tit for tat.

The Convener: To be honest, I do not want us to waste any public money by asking accountants for a further opinion. I think that we should merely point to Mr Riddle's own words. We can also point to the Auditor General's evidence and to the advice that we have been given by the Scottish Parliament information centre. We should just leave it at that; I do not think that we should

indulge the organisation or the individual concerned any further.

10:45

Nicol Stephen: I agree. If we refer to the view of Audit Scotland and SPICe, that provides some independent confirmation. My concern was that the only reference would be to the view of Mr Riddle.

The Convener: No. Our briefing shows that there is a range of back-up there. We will reply.

Willie Coffey raised the issue of the business plan. Is there any mechanism to examine that before the progress report from the Government in 2010? I seek Robert Black's advice on whether it is best left until that stage.

Mr Black: It is not something that we would audit at this stage, but if the committee is interested, it would be perfectly appropriate to ask for sight of the business plan when it is produced. I wonder whether the team can help by providing any up-to-date information about how the creation of the new business plan is proceeding.

Mark MacPherson (Audit Scotland): I do not think that we have any detailed information on that yet, but the auditor will of course be monitoring developments. I can tell him about the committee's interest and we can see where we get with that. However, I do not think that the full audit will have been started or completed yet.

Mr Black: I do not anticipate that the auditor will comment on the business plan per se. That would be outwith the scope of the audit. However, it would be perfectly possible for the committee to ask to have sight of it.

The Convener: If we do not receive any more information on that, we can ask the Government to ensure that it is included in its progress report in 2010.

Willie Coffey: Could we also refer the matter to our colleagues in the Economy, Energy and Tourism Committee or the Finance Committee, with a particular emphasis on the business plan?

The Convener: Okay. We will remind them of that.

Public Audit Committee Reports

“Police call management”

10:47

The Convener: We come to item 5. Members have before them correspondence from the accountable officer in respect of the committee’s report “Police call management”. Are there any comments?

Willie Coffey: I want to sing my old song about attendance times at non-emergency calls. The pattern across the forces in Scotland shows that attendance times are a wee bit inconsistent. I keep stressing that, and will continue to do so until we get an indication that some reporting will be done, either within the forces or as part of the standardised reporting framework that is under way. I am a wee bit concerned, because the times seem so inconsistent. In fact, one or two of the pieces of information do not tell us anything about non-emergency attendance times and how they are produced and reported, even within the forces concerned. I am a wee bit disappointed by the progress that has been made on that. I seek advice from colleagues as to how we can push this a bit further so that things happen more quickly.

The Convener: Does Mr Black have any comments?

Mr Black: No. The report that we produced on police systems is now of some age. We can add very little that is helpful to the committee at this stage.

The Convener: Okay. We have Willie Coffey’s comments on record. We have to decide whether just to note the response, to refer the matter to the Justice Committee for its information or to go back to the accountable officer for more information. I am not sure that going back to the accountable officer will tell us that much more at this stage. I suggest that we note the report and refer it to the Justice Committee.

Willie Coffey: We must ensure that the issue does not drop off the radar. The time taken by the police to attend non-emergency calls is an important issue that many constituents raise with me. It is an issue of great concern to my constituents and, I am sure, to others throughout Scotland.

The Convener: We could perhaps ask for information on non-emergency calls to go into the Government’s 2010 progress report. Is it a sufficiently live issue for the police boards? Presumably, they have had the matter on their

own agendas. Do we know whether it has been discussed at each of the police boards?

Mr Black: I am sorry—I do not have that information, but we can certainly find out more.

Willie Coffey: To take an example, Central Scotland Police does not record attendance times at non-emergency calls at all. We have been discussing the issue for a long time now. We understand that there is a framework in place to develop an indicator at a national level.

The Convener: As well as referring the report to the Justice Committee, why do we not circulate copies of the response from Robert Gordon to all MSPs for their interest? If there are any local issues that they wish to pursue with their respective boards, they may do so. Is that okay?

Members indicated agreement.

“Major Capital Projects”

The Convener: Item 6 is on the report “Major Capital Projects”. We have correspondence from the accountable officer. A fairly large list of projects has been identified. The decisions that require to be made will be very much influenced by what happens in the forthcoming budget, when there will be major challenges. I invite contributions from members before I invite Audit Scotland to comment.

George Foulkes: Nowhere in the progress report before us is it mentioned where the money is coming from to fund each project. Why is that?

Dick Gill: There is nothing on that in the response from the accountable officer, but we have had a look at the list of projects. I will be able to give some figures in a moment.

It is interesting that the list includes public-private partnership projects, which were not included within the scope of our report last year. The list also includes a large number of newly announced projects for which the source of the funding is not yet clear. The most prominent example of that is the Forth replacement crossing. There are many gaps in the information that has been given in annex A to the response.

George Foulkes: That is the \$64,000 question—or perhaps \$64 billion question. Annex A says at the beginning:

“This report covers ... capital projects with a value in excess of £50m”.

It is £50 billion, is it not?

Dick Gill: It is each project with a value that is greater than £50 million.

George Foulkes: I see. But the total will come to billions of pounds.

Dick Gill: Up to around £10 billion or £11 billion is included in the list.

George Foulkes: The list is incomplete, however. It is not meaningless, but it is not very helpful if we do not know, in each case, how the project will be funded. The information has been provided by the permanent secretary, has it? It is not from Audit Scotland. Is it possible for Audit Scotland to report to us at some point on how each project is to be funded? How can we establish that?

Mr Black: As I am sure the committee will remember, we have a commitment in the programme to revisit the theme of the management of major capital projects next year. As you indicated in your opening remarks, convener, the situation will change: very soon, we will hear the Government's announcement on the budget. Within the reasonably near future, I imagine, issues around some major projects where there is not a funding commitment will become clearer.

The report that we will start working on next year offers the committee a good opportunity to revisit some of the issues with much better information available from both Audit Scotland and the Scottish Government.

Nicol Stephen: The list in annex A is a useful one to which Audit Scotland can give significant scrutiny. For example, from the figures in the "Estimated Capital Value" column, one can see that some of these significant projects have not had a cost update for a number of years—some costs are at 2003 values and others are at projected 2012 outturn values. In a sense, we are comparing apples and pears; the cost figures in that column are not consistent and therefore not directly comparable. As has been said, the list now includes projects that will be funded through a public-private partnership approach, traditional capital spend projects and projects that are being funded on a wing and a prayer.

The list is helpful. It should be given considerable scrutiny in future.

The Convener: For the moment, there is not much more that we can do until we get the results of Audit Scotland's further work on the matter and see the outcome of the budget discussions. Do members agree to note the paper?

Members indicated agreement.

Section 23 Report

"Dealing with offending by young people"

10:56

The Convener: Item 7 is a blast from the past: it deals with offending by young people. We have correspondence from the accountable officer. As members have no comments, do we agree to note the paper?

Members indicated agreement.

Section 22 Report

“The 2007/2008 audit of Stow College”

10:57

The Convener: Item 8 is consideration of the 2007-08 audit of Stow College. Again, we have correspondence from the accountable officer. There continue to be issues, but it looks as if the Scottish Further and Higher Education Funding Council is taking a close look at not only what happened at Stow but—usefully—the wider implications for all colleges. I welcome the letter from its chief executive to the principals of all the colleges across Scotland asking them to ensure that a number of things happen.

Murdo Fraser: The paper demonstrates the worthwhile nature of some of our work. Following our investigation—which itself followed on from the Auditor General’s audit of Stow College—we raised the relevant issues with the accountable officer. That led to the funding council taking action. I welcome that. It shows that the Public Audit Committee is listened to and that our work has some knock-on benefits across the public sector. I suggest that we note the report and keep an eye on the issue in future.

The Convener: Okay.

George Foulkes: Members may recollect the interesting visit from members of our equivalent committee in Denmark. We heard about how that committee works, including the method by which a number of committee members go into an institution together with the equivalent of the Auditor General’s staff. They jointly examine the institution, take evidence on how money is being spent and make a report. At the time, we said that we might look at whether that method was an appropriate way for us to deal with major issues that arise from time to time. I am thinking of how we deal with worrying information about what is going on behind the scenes, which ought to be examined in detail. Stow College may not be the right example, but it prompted that recollection. How and when will we consider the suggestion that arose from the Danish visit?

The Convener: Two separate issues are involved. The paper that is before us relates to Stow College. I am reluctant to say or do anything when an appeal is pending. I suggest that we note the paper.

On the wider issue of how the committee works, we would need to hold discussions in private on how we use our time. A number of suggestions have been made in the past in that regard. We would then need to look at what is possible under the rules that govern the operation of the

committee, because some of what you suggest may involve issues of competence. We can put on the agenda of a future meeting consideration of the useful suggestions that have been made in the past on taking the work of the committee out of the Parliament.

Do members agree to note the paper?

Members *indicated agreement.*

11:01

Meeting continued in private until 11:10.

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