

# **AUDIT COMMITTEE**

Tuesday 6 March 2001  
(*Afternoon*)

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## AUDIT COMMITTEE 4<sup>th</sup> Meeting 2001, Session 1

### CONVENER

\*Mr Andrew Welsh (Angus) (SNP)

### DEPUTY CONVENER

Nick Johnston (Mid Scotland and Fife) (Con)

### COMMITTEE MEMBERS

\*Scott Barrie (Dunfermline West) (Lab)  
\*Margaret Jamieson (Kilmarnock and Loudoun) (Lab)  
\*Paul Martin (Glasgow Springburn) (Lab)  
Mr Lloyd Quinan (West of Scotland) (SNP)  
\*Mr Keith Raffan (Mid Scotland and Fife) (LD)

\*attended

### THE FOLLOWING ALSO ATTENDED:

Mr Robert Black (Auditor General for Scotland)

### CLERK TO THE COMMITTEE

Callum Thomson

### SENIOR ASSISTANT CLERK

Anne Peat

### ASSISTANT CLERK

Seán Wixted

### LOCATION

Committee Room 3



## Scottish Parliament

### Audit Committee

*Tuesday 6 March 2001*

*(Afternoon)*

[THE CONVENER *opened the meeting at 14:03*]

### Committee Business

**The Convener (Mr Andrew Welsh):** I bring the meeting to order. I have received apologies from Lloyd Quinan and Nick Johnston. There are no other apologies.

A revised agenda was issued on Monday to allow members to be brought up to date on the Auditor General's examination of the management and maintenance contract for trunk roads in Scotland. That is item 6 on the agenda. A copy of the terms of reference has been placed on members' desks.

I ask the committee to agree to discuss agenda item 2, which is the draft paper on procedural issues for the committee, in private. Is that agreed?

**Members** *indicated agreement.*

14:04

*Meeting continued in private.*

14:09

*Meeting continued in public.*

### Scottish Ambulance Service

**The Convener:** We are back in public session for item 3, on the Scottish Executive's response to the committee's report, "The Scottish Ambulance Service: A Service for Life".

Members have received a copy of my letter to the accountable officer at the Scottish Executive health department and a copy of his reply. We have received a full report on progress to date, with an appraisal of the case for priority dispatch. The advice that I have received is that the committee should wait for the substantive report on priority dispatch, which will be produced in June.

I point out to members that the penultimate paragraph on the first page of the interim report states:

"researches revealed that there is very little hard evidence of the advantages ... of prioritisation to be found within the UK or indeed from International sources."

I am a little concerned about that statement, as it appears to contrast with the original National Audit Office report and with our report, which highlighted the benefit of priority dispatch in England, where it has been in existence since 1997.

I suggest to the committee that I write to the accountable officer to clarify the position, and to remind him that full cognisance should be taken of the committee's opinion on the matter, which was based on the evidence that we received.

**Margaret Jamieson (Kilmarnock and Loudoun) (Lab):** You should reread that paragraph, convener. The accountable officer refers to "hard evidence", and it is difficult to record whether advantages or disadvantages are associated with priority dispatch, because we have no previous evidence against which to measure it. That is what he means by "hard evidence", which he assumes would be provided by clinical outcomes. Such evidence does not exist.

**The Convener:** Do you want to accept what the accountable officer says, or to remind him of our opinion?

**Margaret Jamieson:** The response is detailed and I am grateful that we have received it. We should await the production of the substantive report in June.

**Paul Martin (Glasgow Springburn) (Lab):** The issue is the importance of prioritisation. We discussed the fact that somebody who has a cut finger gets priority over somebody who has a heart

complaint, and we wanted to ensure that prioritisation was dealt with. The paper covers that point, and I am not too concerned about reminding the accountable officer of our views, although that is entirely up to the committee.

**The Convener:** I intend to remind the Executive to take cognisance of what our report said in its deliberations.

**Margaret Jamieson:** That is fine.

**The Convener:** I am wary of going down the policy road, as that is obviously a matter for the Health and Community Care Committee. Nonetheless, we specified our views on priority dispatch in our report. We should remind the Executive about that; I hope that it will take cognisance of our views. Is that acceptable?

**Mr Keith Raffan (Mid Scotland and Fife) (LD):** I disagree. I agree with Margaret Jamieson that we should not intervene at this stage. I should say that I was not present during the committee's inquiry, but I have read the papers with considerable interest. I would like the Executive to elaborate on the phrase "very little hard evidence" and to define what that means, but I presume that it will do so in its final report.

The interim report says that more work—on outcomes, I presume—is being done in Australia and Canada. It will take considerable time to get significant statistical evidence, and if we start trying to push the Executive in a particular direction, we will enter into a policy-making area.

**The Convener:** Yes. I am wary of that. We will not do that.

The committee's feeling is that we can raise our concerns or dissatisfaction when the substantive report comes before us, so that we have, at least, a fallback position.

## Scottish Enterprise

**The Convener:** Agenda item 4 relates to the response from the Scottish Executive to the committee's report, "Scottish Enterprise: Skillseekers Training for Young People". Members will have received both the Scottish Executive's response, a summary of the conclusions and recommendations of the Audit Committee and the responses from the Scottish Executive. We seem to have again a broadly positive response from the Scottish Executive; the committee's proposals have been accepted in principle.

Members will notice that we specified in our recommendations that the department should report back on several issues in April 2001. Would the committee like clarification on any issues now, or are members content to wait until we receive that further report?

14:15

**Paul Martin:** I will raise an issue about point 5, in the summary of the Executive's response. I raised the issue about tracking of trainees during our consideration of the report. Further information on that will be in the final report, but I would welcome innovation in the use of information technology to track clients, to ensure that we have positive outcomes and, at the same time, that we are getting value for money. We seem to be clever at using information technology in other areas of industry, but not so innovative in programmes such as skillseekers.

**The Convener:** That is a fair point. Do you want me to make it known to the Executive?

**Paul Martin:** I know that we are waiting for the final report, but an integral part of the evidence was that we wanted to track the trainees—the clients—to ensure that they were not being reintroduced to other programmes and that there were positive outcomes.

During the evidence taking, we did not receive a response that said, "Yes. We are looking at a software program that will allow us to do that." We were told that it is very difficult to follow clients. I appreciate that, but we must overcome those difficulties so that we can move forward.

**The Convener:** It would be useful to let the Scottish Executive know about the committee's interest in that issue. We will pass on that point to it.

**Mr Raffan:** Again, I was not present during the inquiry. Before we get down to detail, I will raise a point about paragraph 4 of the Executive's general response, in which the Executive disagrees with the committee on achieving qualifications and on

the situation in which a participant makes progress but does not complete a course.

Perhaps it is just the way that the paragraph is written; I accept the Executive's point that

"Expenditure takes place only when a young person achieves a measurable milestone"

and so on. However, the emphasis should be that all those who are taking vocational qualifications should be more than encouraged—perhaps the word pressured could be used, but it is an unfortunate word—to complete those qualifications.

**The Convener:** You might find that there is a reaction to the word pressured.

**Mr Raffan:** I will stick with "encouraged".

I do not know what the drop-out rate is. I presume that the committee knows that because it has taken evidence on the issue. I also do not know the number of people who, having dropped out, return to complete a course, having previously reached a measurable stage of that course.

My concern is about the way that the document is worded. It is difficult to track what is being achieved if people drop out without being encouraged to complete qualifications; it should be made clear to people when they start courses that the expectation is that they will complete those courses.

**Margaret Jamieson:** On the evidence, there are many reasons why people drop out. People do not drop out only to do nothing; they drop out to move on to employment and to other forms of training. That was made clear to the committee. More encouragement must be given to individuals who drop out for no reason.

**Scott Barrie (Dunfermline West) (Lab):** Margaret Jamieson covered the point that I was going to make about the evidence.

**Mr Raffan:** The Executive's précis of the evidence says that the committee

"suggested that expenditure which did not lead to a VQ might be wasted."

**The Convener:** The fault may be in the précis, but no doubt the Scottish Executive will read the record of the committee's proceedings. We will get a second chance when we receive the more detailed information. If members of the Scottish Executive read the proceedings, they will know of Keith Raffan's interest. That point can be followed through when we get the report.

That said, does the committee agree to accept the Executive's response?

**Members indicated agreement.**

## Agricultural Business Improvement Scheme

**The Convener:** Agenda item 5 is on the Scottish Executive's response to the committee's report on the agricultural business improvement scheme. Members have the response and a summary document.

Again, we have had a positive response from the Scottish Executive rural affairs department, which is pleasing. The summary suggests that our conclusions and recommendations have been taken on board. I suggest that if the committee is satisfied with what we have received, we refer the matter to the Rural Development Committee for its information and leave it at that, until we receive the progress report. Having done our initial work, we can pass on the issue to the specialist committee. Is that agreed?

**Members indicated agreement.**

## Trunk Road Network (Contracts)

**The Convener:** We move to agenda item 6. I welcome the representatives of Audit Scotland and I ask the Auditor General to address the committee on his examination of the contract for the maintenance and management of the Scottish trunk road network.

**Mr Robert Black (Auditor General for Scotland):** Early in February, the Minister for Transport invited me to consider undertaking an examination of the arrangements for and issues raised by the award of contracts for the maintenance of trunk roads in Scotland, which commence on 1 April 2001. Having studied the background to the issue, I decided quickly that I should undertake such an examination.

I welcome the opportunity to advise the committee of the terms on which the examination will be conducted. Broadly speaking, I will cover three issues. The first is the objectives that the Scottish Executive established for the procurement of future management and maintenance of the Scottish trunk road network, consistent with achieving value for money. The second is whether the Executive ran the competition to award the new contracts fairly, regularly and in accordance with good procurement practice, to achieve its objectives and secure value for money. The third is whether the Executive has established robust and clear arrangements for managing the contracts when the contract period begins. The committee has a note that goes into a little more detail and which provides an outline plan for the examination. I am happy to answer questions on that.

I am sure that the committee is interested in the time scale that I envisage. I aim to present a report to Parliament during the first half of June. Meeting that deadline will be a challenge, given the complexity of the issues and the importance that is attached—rightly—to the concerns about the awarding of the contracts. My colleagues in Audit Scotland and I will do our best to meet that deadline, in the light of public concern. However, as always with such major work, much depends on what the examination reveals. The timetable might have to be extended. I am sure that the committee will agree that it continues to be important to ensure that everyone who has had an interest in or involvement with the exercise has the opportunity to be heard fairly and to have their contribution considered before I make my report. However, my target is to complete the report before the summer recess.

Would the committee like me to go into more detail about the study, or did that description suffice? I am happy to answer questions.

**Mr Raffan:** The timetable is tight. I am a member for a region that covers the Tayside Contracts area, so the issue has been a major one in my constituency. Having joined the committee only recently, I am not fully aware of the way in which the Auditor General will proceed. I presume that you will take written evidence from bodies such as Perth and Kinross Council, Dundee City Council, Angus Council and Tayside Contracts, and that you will follow that by visiting those organisations or meeting their representatives. How will you proceed? The process is potentially lengthy.

**Mr Black:** The examination concerns how the Scottish Executive has set about achieving its objectives in awarding the contracts. It will not address directly issues about the bids that were submitted by consortiums—including consortiums of which local authorities are members—nor will it be concerned with private sector bids.

During the study process, there was provision to ask questions of all bidders—unsuccessful and successful—about the extent to which they were satisfied with the process that they had undergone. It might be that we will follow up matters that are of concern to some of the bidders, which may or may not be the local authority led consortiums. The focus is primarily on the role of the Scottish Executive and how it achieved its statutory objectives in relation to trunk road maintenance.

**Mr Raffan:** I appreciate that, but I am glad that you clarified it. It was my fault for not being clearer.

Having met local authority representatives, including councillors, I know about the concern about the way in which the contracts were proceeded with. That is my concern—it is not about the alternative bids.

**The Convener:** Scott, did you want some clarification?

**Scott Barrie:** No, the Auditor General clarified the point that I was wondering about. I want, however, to return to the point that Keith Raffan raised. It is important that the inquiry is about the process and about how we got to this stage. While we proceed with it, other things will come into play. The foci should be on the process from the start, on how we got through it and on whether things were clear or got changed along the way. That is what is being suggested.

**The Convener:** This might be Keith Raffan's first taste of Audit Scotland's approach. The committee is appreciative of and used to the thorough and searching work programme of Audit Scotland. I note that the time scale combines the wish for expediency with a sensible level of flexibility, depending on the evidence that is



received. That approach is much appreciated by, and useful to, the committee.

**Margaret Jamieson:** Will the Auditor General's work fit into the work that will be undertaken by the Transport and the Environment Committee? I understand that that committee will address the issues that Keith Raffan raised. Evidence might come through from that committee that the Auditor General might have to consider in his report.

**Mr Black:** I understand that the Transport and the Environment Committee is considering at its meeting tomorrow whether to proceed with an inquiry during a period that would overlap with that of my examination. Needless to say, my colleagues and I have had conversations with the chief executive and clerks of the Parliament about the matter. We will be working hard to ensure that we take a consistent and coherent approach to the matter.

I am not yet aware of the terms according to which the Transport and the Environment Committee will conduct its investigation. I believe that it will not take a formal decision until tomorrow. I hope that we can, through the office of the clerk, continue to ensure that the two activities complement each other as we move forward.

I will offer one final thought on that point, if I may. I imagine that the results of the examination and of the final report will be of interest and concern primarily to this committee, but parts of the content might be relevant to the Transport and the Environment Committee's wider deliberations. Therefore, it might be appropriate for my report to be considered also by that committee, after the Audit Committee has considered it.

**The Convener:** It is important to avoid any overlap or duplication. We are anxious for committees to be complementary in their work, and for the Audit Committee to have a particular focus. We do not touch policy.

The Transport and the Environment Committee, however, would be concerned about policy. I think that it is important that the two committees work together in harness, and that we do not have any duplication or overlap. I am sure that sensible co-operation will take place.

**Mr Raffan:** This might be a rather obvious question, but I am concerned about the tendering process. I presume that it will continue to affect the potential costs to local authorities—if there are any—when the new system comes in and when the new contracts come into effect on 1 April. For example, in Crieff the contractors will clear the main road, but Tayside Contracts will still be responsible for the side roads. All that impacts on the questions of whether value for money is being obtained and whether the new system has added an extra cost to local authorities.

**The Convener:** We seem to be entering into the minutiae of the situation. Although I am sure that the Auditor General can respond, we should be discussing the process in general. We have received a detailed synopsis and an excellent programme of work, but I do not think that we should get too much into the detail.

**Mr Raffan:** I want merely to be assured that, when value for money is being addressed, those matters will be examined. It is a straightforward point.

**Mr Black:** Certain aspects of the costs that are associated with the process will definitely be covered. For example, as members will see from the brief, we will certainly examine the extent to which the contracts contain conditions that require that the costs of former local authority employees who are transferring be met. Determining whether employee transfer rights apply in this case is quite a complex agenda.

We will examine certain issues, but I cannot at this stage give an undertaking that we will examine the cost to local authorities. That is a somewhat separate matter, although I do not rule it out. We are at an early stage of the examination.

**The Convener:** If there are no other questions or comments, I thank the Auditor General for this trailer of forthcoming attractions.

The final item on the agenda is the notification of the date of the committee's next meeting, which will be on 20 March.

I thank the committee for the efficient despatch of its business and I thank Audit Scotland for its participation.

*Meeting closed at 14:31.*



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