

# **AUDIT COMMITTEE**

Tuesday 26 June 2001  
(*Afternoon*)

Session 1

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## AUDIT COMMITTEE

### 10<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)

Mr Arwel Roberts (Audit Scotland)

#### CLERK TO THE COMMITTEE

Callum Thomson

#### SENIOR ASSISTANT CLERK

Anne Peat

#### ASSISTANT CLERK

Seán Wixted

#### LOCATION

Committee Room 1



## Scottish Parliament

### Audit Committee

*Tuesday 26 June 2001*

*(Afternoon)*

[THE CONVENER *opened the meeting at 14:02*]

**The Convener (Mr Andrew Welsh):** I call the meeting to order. I have received apologies from Nick Johnston and Paul Martin. I welcome members of the public to the final Audit Committee meeting before the summer recess. I remind the committee and the public that all mobile phones and pagers must be switched off.

### Item in Private

**The Convener:** I ask the committee to take item 4, which is consideration of the draft report on our inquiry into national health service bodies in Tayside, in private. Is that agreed?

**Members** *indicated agreement.*

### “Youth Justice in Scotland”

**The Convener:** Before we begin item 2, I point out that Scott Barrie is also acting as reporter for the Justice 2 Committee, which has expressed an interest in this item.

I invite the Auditor General to brief the committee on his report “Youth Justice in Scotland”. I refer members to the briefing paper that accompanies the report.

**Mr Robert Black (Auditor General for Scotland):** “Youth Justice in Scotland” is what we call a baseline report. In other words, it is a first look at the youth justice system in Scotland. In particular, it contains a range of information about children and young people, the nature of their offending and how that behaviour is dealt with in Scotland.

I am sure that the committee recalls that I indicated in June last year that we might return to the topic of youth justice in Scotland. We have now done that. The report marks the start of a process, not the end. Subject to the support of the committee, we intend to undertake a full performance audit of the youth justice system.

Youth justice is complex and important in Scottish life. It is complex because of the range of agencies that are involved. Therefore, the study that we propose to undertake will be the first example of a major cross-cutting study involving a wide range of agencies that are involved in the youth justice system in Scotland. I hope that the study will demonstrate the value of Audit Scotland as a single audit agency that is capable of examining all the agencies at once and presenting a broad picture of what is happening in the youth justice system.

We have consulted the Scottish Executive on the study. The study has the Executive’s full support and Scottish ministers have openly expressed their support for the work.

I will take a moment or two to share with the committee some of the major contents of the report. It covers those aged eight to 21. It attempts to describe what is known about offenders in Scotland and what is known about the offences that are committed—for example, property offences alone probably account for £80 million in losses and other costs excluding the cost of the justice process. It describes how offenders are dealt with in Scotland in the children’s hearing system or in the courts. The report goes on to suggest how we might undertake the study.

The report includes a chapter that considers policy developments in Scotland and other countries. There is a great deal of activity in youth

justice. Helpfully for us, a lot of work has been undertaken to find out what works best. There has been a lot of research—not only in Scotland or the United Kingdom, but internationally—into the most effective interventions to reduce reoffending. We draw out some of that work in the report.

The Scottish Executive has also been active in the area. In 1999, the Executive formed an advisory group on youth crime in Scotland. That group recommended that a national strategy be devised. I understand that the Executive continues to work on that.

The Executive made additional funding available to help councils to address the needs of offending behaviour and services across Scotland. The quality and range of responses to that extra funding varies. That is one of the issues that we will examine.

The third chapter considers the characteristics of children and young people who offend. Some of the statistics in that chapter will not come as a surprise to members as representatives of their communities. A snapshot in March 2001 showed that there were more than 76,000 recorded offenders under the age of 21. If pending cases are taken into account, that means that 8 per cent of people aged eight to 21 have offences recorded against them or have cases pending.

Of particular concern to the agencies is that the number of repeat offenders or prolific offenders is increasing. In the past 10 years, the number of children dealt with by the children's reporter for more than 10 offences per young person rose by more than 40 per cent. One British study showed that 3 per cent of offenders account for more than a quarter of all crime. When we work out what that means for Scotland, we find that just over 2,000 young people are responsible for about a quarter of all crime in Scotland. There are other statistics in the report that are important and will, I am sure, be of interest to the committee.

What happens to children and young people who offend? Generally speaking, as members are well aware, under-16s go to the children's hearing system and over-16s go to the court system. However, there are overlaps and the two systems share certain features. In particular, they rely on multi-agency support and on reports from the police and social work. We examine how the two systems operate and the differences between them. We link that to some of the evidence that is available on what seems to work most effectively to reduce the chances of reoffending. We would like to undertake further work to establish the extent to which existing programmes are based on what seems to work best; the extent to which they are available across Scotland; and whether use is made of the programmes by decision makers in the justice system.

In chapter 5, we identify a number of headings under which we will carry out the work: the process characteristics of the system, financial arrangements and outcomes—the extent to which services are successful in reducing offending.

The process characteristics of the system are quite interesting. The general message is that there is considerable variation in the way in which the system works. The speed with which police forces report to the children's reporter and the procurator fiscal varies widely. There are also variations in the time taken to convene a hearing. In some areas 50 per cent of decisions are taken within three months, but in other areas the figure is only 25 per cent.

What happens to young people once they have offended? In some areas there is a developed range of options, whereas in others the panels and the courts seem to have fewer choices. We want to examine the different interventions that are available across Scotland.

We will also consider the financial arrangements. The costs to the justice system of dealing with young people who offend should be identifiable. We hope to produce data on the costs and benefits of the different interventions. The aim of the exercise is to reduce reoffending and to promote rehabilitation of offenders. We discuss that in the report.

This is a demanding and challenging piece of work and it will take some time to complete our analysis. We expect to be able to submit a report to the committee towards the end of next year. I am very happy to answer any questions. I invite the committee to support our continuing involvement in this area.

**The Convener:** I thank the Auditor General for his detailed briefing on this important subject, which involves costs from property offences alone of more than £80 million. We wish Audit Scotland well in its quest for best practice.

**Mr Keith Raffan (Mid Scotland and Fife) (LD):** As part of your examination of the range of interventions that are available, will you consider the issue of truancy? I understand that the Executive is running a couple of pilot schemes in this area, one of which is based at Alloa Academy. Many truants lead a double life, using the time that they are not at school to commit petty crime. In that way, they become involved in the youth justice system. Do you envisage that those pilot schemes will provide a way of dealing effectively with youth justice, particularly its financial aspects?

**Mr Black:** Policy towards truancy and the intervention strategies that are used to combat the problem vary across Scotland. We will take that into account when seeking to explain why young

people are treated differently by different local authorities. Truancy policy will form an element of the study, but it will not be its main focus.

**Mr Raffan:** Will you examine the Executive's pilot schemes?

**Mr Black:** At the moment we are not planning to do that. Although we plan to start work on the study shortly, over the summer we will consult and take advice from others on how to fine-tune it. We may consider the issue that Mr Raffan raises in that context.

**Margaret Jamieson (Kilmarnock and Loudoun) (Lab):** In paragraph 3.4, you note that different organisations gather statistics in different ways. How can you extrapolate from those statistics sufficient information to enable you to build on the baseline study?

**Mr Black:** One of the main reasons for undertaking the study is to gather together good data. We will use the audit process to capture data from existing systems to understand better what is in that data set and to analyse it consistently. We will also gather information from local authority data sets and audits and undertake our own surveys of organisations to capture new information for the first time.

**Margaret Jamieson:** On the allocations of funding, appendix 1 details the additional funding that was made available by the Scottish Executive. How will you be able to set down that information against the numbers? Will you examine what funding is made available by the local authorities, so that we can look at the bigger picture?

14:15

**Mr Black:** One of the challenges that we face is that so much of the expenditure on interventions with young people is not separately identifiable. In the course of our study, we hope to help to make expenditure more transparent, so that we are able to understand better exactly what resources are spent on dealing with young people.

**Margaret Jamieson:** In taking that approach, will you be able to identify the authorities that spend below the amount allocated in grant-aided expenditure and those that spend above that amount?

**Mr Black:** To be honest, it is too early to say.

**Margaret Jamieson:** We would find such information interesting.

**Mr Black:** We will bear that in mind.

**Scott Barrie (Dunfermline West) (Lab):** Following on from your answers to Margaret Jamieson's questions, I do not underestimate the size of the task that is ahead of you. I was

responsible for providing information to the social work services group and was always disappointed that, when information was returned, it was difficult to carry out a benchmarking exercise because that information had been collected in different forms. If we are to be serious about having a youth justice system—as opposed to youth justice systems—in Scotland, the task that you have set yourself is both pertinent and long overdue.

You acknowledge the huge number of agencies that are involved—it is not simply one or two agencies, as the issue is multifaceted. Will the task be manageable, or is it likely that, once you get into it, you will be able to focus on only two or three parts of the system? Do you intend to undertake a holistic overview of the system? Have you given any thought to what areas you might concentrate on if you are unable to undertake such an overview?

**Mr Black:** We will be clear about the answer to that question after the summer. As I said, this is quite a complex area for us. We have produced an early report to encourage people who are experts in the area to help us frame our study more fully between now and late August or early September. We will continue at full pelt with the study while we are consulting, but it is important that we get that input during and towards the end of the summer. That will allow us to pin down exactly what we are doing.

I agree that this is a complex and demanding study to undertake. It is possible that we may have to refocus elements of it once we have gone through the consultation exercise during the summer and into the autumn.

It is also possible—in fact, it is more than likely—that we will want to pursue further certain aspects of the study when we report back in the autumn of next year. In other words, if the data sets are not as good as they might be, we might be able to make general statements about what is happening, but we might have to go further to develop the data before we can zero in on exactly what is happening in different parts of Scotland.

**The Convener:** As there are no further questions, I invite the committee to note that the consultation period will run until the end of August 2001 and that the report of the audit findings is expected to be published towards the end of 2002. We look forward to further consideration of this important topic.

## Work Programme

**The Convener:** Item 3 differs from the agenda item that referred to the Auditor General's longer-term draft programme for reports for 2001-02, which will be considered after the summer recess. I invite the Auditor General to brief the committee on his provisional programme for reports for the period between September and December.

**Mr Black:** The short paper that members have before them is our best stab at what reports will be produced by Audit Scotland in my name between September and December. The purpose of the paper is to give the committee a basis on which it can think about its forward programme of activity through to the end of the year. I will quickly run through the paper.

Over the summer, I will publish two reports relating to further education in Scotland. One is a report on Moray College, in Elgin, which will be published at the end of this month. The report concerns the problems that have occurred with financial management and governance over a number of years. Perhaps the most significant thing for the committee is that the report will raise issues that concern the accountability of the FE sector as a whole in Scotland.

The report about Moray College will sit closely alongside my first overview report on further education as a whole. I will draw information from the local audits. I also hope to have that report published and laid in good time so that it is available to the committee after the recess. I have suggested in my note that the committee might consider the reports together. However, that will be for the committee's judgment once it has seen the content of the reports.

Apart from local government, the national health service is—as the committee knows—by far and away the biggest single block of expenditure that is devolved to the Scottish Parliament. There will be a steady flow of reports relating to the health service. Four reports are lined up to be produced before the end of the year. Two will be baseline reports, which is a device to keep the committee in touch with the early stages of our work. The first, on the outpatient service, will be published in the autumn. A bulletin will highlight that there are some real problems with the management information that is available on outpatients.

Alongside the report that will be produced for the committee, a handbook will be made available to managers in the health service. We will expect health service managers to use that handbook to improve their performance over the next couple of years. We will audit that performance as they take the agenda forward. We will report back to the

committee at the end of that process, when the committee will be in a position to consider whether it wishes to take further evidence.

A baseline report on NHS supplies, which will be published in September, will mark the start of a major piece of work. The report will look at the issues that surround the procurement and management of supplies in the health service. There is still enormous variation in the procurement practices of different parts of the health service in Scotland. The study could be one of our most significant pieces of work, because we have already identified significant scope for improved procurement in the Scottish health service. That study will run for 18 months or so and we will report back to the committee within two years.

Just before the Accounts Commission for Scotland surrendered its statutory responsibility for the health service, it produced a fairly major piece of work on general practitioner prescribing in Scotland. I had hoped to examine performance in that area and report back in the autumn of this year. Unfortunately, the data that we need to do the study, which were to have been provided by the Common Services Agency, will not be available for some little time yet. However, we will produce an interim report in the autumn, which will consider issues such as the use of information technology for repeat prescribing, models of support, training, medicines management and how unified funding streams are being progressed in the health service. We had hoped to produce the work on performance indicators next year, but that is unlikely to happen before May 2002.

Finally, we will produce the second overview of the health service. That will be based essentially on the local audit reports for the financial year 2000-01. It will be in a similar format to that of the first overview and will identify major issues arising from individual local audits as well as some of the key trends and issues relating to financial management and performance in the health service. I expect that it will contain issues that the committee will want to examine more fully.

The third category of work concerns what I call the bus-stop issues: I stand at the side of the road and an issue comes along. As in Edinburgh, sometimes three or four come along at once and then there is a fallow period. The most significant of those issues is the Holyrood project, about which I need say no more. The next most significant piece of work in that area relates to the letting of the new trunk roads contracts. The examination of that is at a very advanced stage—it is pretty much at the point at which I could report on it to the Parliament. However, as members will know, the Transport and the Environment Committee has postponed its study because of a



court action that has been raised by one of the unsuccessful consortia. I am taking stock of the legal implications of that court action and deciding whether it is possible for me to publish my report. Even given a fair wind, it is unlikely that that report will be out before the autumn, although the study is largely completed.

As you mentioned in your opening remarks, convener, I hope to have a strategy for Audit Scotland when we return after the recess. That strategy is likely to be in three separate parts. I shall produce for the committee a strategy statement, under my name, on the way in which the role of public audit is developing and what its priorities might be in the future. That will be linked to a second document, a corporate plan for Audit Scotland, which will be much closer to a business plan for its activity. That document will look two to three years ahead.

You will also receive the longer-term work programme on which we will consult over the summer. That will be the longest of the studies and will cover the whole range of activities in the devolved expenditure of the Scottish Parliament. We have identified a long list of areas for study. Over the summer, we will consult various stakeholders and return to you with some proposals and the results of the consultation. There will be an opportunity at that stage for the committee to influence the content of the work programme in whatever way it thinks is appropriate. With the agreement of members, I would like to write to you individually over the summer with the informal consultation documents. So, when you want a change from reading your novel on the beach, you will be able to read the Audit Scotland forward work programme and come back in September refreshed and enthused, as we will be.

**The Convener:** That is extremely tempting. Both Audit Scotland and the committee will be busy after the summer recess. I thank the Auditor General for that trailer of forthcoming attractions, including bus-stop issues. We will have two education reports, four NHS reports—including two baseline reports, one of which is delayed and the other of which is a major overview—as well as a roads report, which has been postponed following court action. I thank you for outlining that programme.

Do any members want to comment?

**Mr Raffan:** I have two points to make, the first of which is on the further education overview. In recent weeks, I have visited two of the further education colleges in my region. One of the main issues that was raised was funding and the colleges' relationship with the Scottish Further Education Funding Council. The colleges are concerned that much of the 12.5 per cent rise has

been ring-fenced by the council for specific projects and that only about half of it is being fed through directly to the colleges—in dribs and drabs, so that they have not been able to plan ahead. Is that the kind of issue that the overview report will address?

**Mr Black:** Absolutely. The financial performance and situation of FE colleges will be a major topic in the overview report.

**Mr Raffan:** My second point concerns the consultation over the summer on the longer-term work programme. We will have the opportunity to influence that work programme; will we also have the opportunity to suggest ideas? I have said in the past—and I would like to put it on record—that I am especially concerned about drug misuse, an issue that is now receiving a large amount of Executive expenditure. I am convener of the cross-party group on that issue. It is a cross-cutting issue and expenditure falls to four departments. I am concerned about the effectiveness of that expenditure.

**Margaret Jamieson:** I would like to ask the Auditor General about GP prescribing and its effect on the overview of the NHS. We were advised by the Common Services Agency that it would eventually catch up, but I understand that it is still some seven months adrift. There is a difficulty in signing off this year's accounts of the NHS trusts—in primary care in particular. I appreciate what Mr Black has said about a delay, but the report on GP prescribing came out 18 months ago and it indicated significant savings that should be achieved. Would it be possible to indicate to the CSA that it appears to have told us one thing but to be doing another? It assured us that it would be on target.

14:30

**Mr Black:** I will invite Arwel Roberts to answer that, as he has recently been at a meeting with CSA management.

**Mr Arwel Roberts (Audit Scotland):** The picture seems to be that the CSA has not caught up. It gave us a presentation on its proposals for making progress and improving. We have held off from commenting formally and will do so until we see the results. However, we will certainly cover the issue in our NHS overview report. It will be a continuing feature.

**Margaret Jamieson:** Savings were identified in the report on GP prescribing and the committee was expecting your follow-up report to identify further areas of work but, when we took evidence at Glasgow, Tim Davidson told us about the difficulties that the largest primary care trust in Scotland is experiencing with its drug budget. I understand that internal and external auditors are

having to qualify this year's accounts so that the accounts can be dealt with in the appropriate time scale. That all goes back to the CSA. I have checked the *Official Report*, we were advised that things would get better.

**Mr Roberts:** We do not know the formal position on NHS accounts yet, because the appointed auditors have yet to sign them off for the year. We are aware of the situation. I agree that difficulties exist, but we are trying to resolve them.

**The Convener:** You are alert to the issue and no doubt it will be discussed again.

As there seem to be no further questions, I remind the committee that once the conveners group has agreed the schedule for the coming period, members will be sent a work programme.

I thank Audit Scotland and the Auditor General for their information. We all look forward to next year's work programme.

14:33

*Meeting continued in private until 16:47.*

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