

EDUCATION, CULTURE AND SPORT COMMITTEE

Tuesday 26 February 2002
(*Afternoon*)

Session 1

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EDUCATION, CULTURE AND SPORT COMMITTEE

7th Meeting 2002, Session 1

CONVENER

*Karen Gillon (Clydesdale) (Lab)

DEPUTY CONVENER

*Mr Frank McAveety (Glasgow Shettleston) (Lab)

COMMITTEE MEMBERS

*Jackie Baillie (Dumbarton) (Lab)
*Ian Jenkins (Tweeddale, Ettrick and Lauderdale) (LD)
*Irene McGugan (North-East Scotland) (SNP)
*Mr Brian Monteith (Mid Scotland and Fife) (Con)
*Michael Russell (South of Scotland) (SNP)

*attended

WITNESSES

Anton Colella (Scottish Qualifications Authority)
David Fraser (Scottish Qualifications Authority)
Michael O'Neill (Association of Directors of Education in Scotland)
Nicol Stephen (Deputy Minister for Education and Young People)
Professor John Ward (Scottish Qualifications Authority)

CLERK TO THE COMMITTEE

Martin Verity

SENIOR ASSISTANT CLERK

Susan Duffy

ASSISTANT CLERK

Ian Cowan

LOCATION

Committee Room 1

Scottish Parliament

Education, Culture and Sport Committee

Tuesday 26 February 2002

(Afternoon)

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

Items in Private

The Convener (Karen Gillon): I call this meeting of the Education, Culture and Sport Committee to order. We are now in public session. Please ensure that all mobile telephones and pagers are turned off. I advise members of the fire code—just in case.

On finding a fire in the building, please operate the nearest fire alarm call point or speak with any member of staff. On hearing the fire alarm, which is a ringing bell, leave the meeting room by the door—any door. There are three doors. Make your way out of the building following the green running person fire evacuation signs. Staff should assist out of the building pregnant women and visitors whom they have signed in. Go to the fire assembly point, which is outside in Parliament Square. Do not stop to collect personal belongings, do not re-enter the building and do not use the lifts. Thank you for your co-operation.

I invite the committee to take item 8 on the agenda, which is on the purposes of the education inquiry, in private, because it deals with a draft of a proposed consultation paper.

Members *indicated agreement.*

The Convener: I invite the committee to take item 9 in private, because it concerns the drafting of a proposal for a committee bill on a children's commissioner.

Members *indicated agreement.*

Scottish Qualifications Authority Bill: Stage 1

The Convener: Agenda item 2 is the taking of oral evidence on the general principles of the Scottish Qualifications Authority Bill. I invite Michael O'Neill, the director of education at North Lanarkshire Council, who is representing the Association of Directors of Education in Scotland, to make some introductory comments. Perhaps you wish to move straight to questions.

Michael O'Neill (Association of Directors of Education in Scotland): I have prepared a few comments, which I would like to make to the committee, if that would be helpful. I would be happy to take questions after that, if that is all right.

The Convener: That would be lovely.

Michael O'Neill: First, on behalf of ADES, I thank the committee for inviting us to give evidence. The opportunity is welcome. I thought it might be useful to indicate why I, in particular, am here. We have 32 directors of education in Scotland. I have been a directors' representative for the past six years on what was the higher still steering group and is now the national qualifications steering group. I am also a member of the ministerial review group that oversaw the 2001 exam diets. I was one of the four directors who were asked to go into the Scottish Qualifications Authority a year or so ago to investigate and report on some of the problems. Perhaps I should declare a vested interest. I chair advisory group 19 for the SQA, so I am part of the structure.

The Association of Directors of Education welcomes the thrust of the proposals and the reasoning behind them. We concur with the retention of the SQA as a non-departmental public body and the proposed management structure of a smaller board that is linked to a larger advisory council. The previous structure with a board that comprised 15 to 24 members, plus the chief executive, was clearly unwieldy. The larger advisory council will provide a broader range of expertise on which the board can draw via the statutory duty to consult each other on relevant issues.

However, ADES has a number of significant concerns about the bill. First, although the proposed link between the board and the advisory council is welcome, it falls a long way short of articulating any notion of the board being publicly accountable to its major stakeholders—the education authorities who pay for the service, pupils, parents and teachers. If there is to be no reference to the public accountability of the board

to its stakeholders in the arrangements that are presented in the bill, how will that principle be expressed?

Secondly, given that the advisory body provides advice, there needs to be an understanding on the board and in the senior management of the SQA of the workings of the school system. Unfortunately, that has been a major failing in the past. Although we recognise the improved information technology, financial and process expertise, that needs to be balanced by those who understand the context. The new board achieves a good balance of those elements, but that is no longer enshrined in legislation. We are concerned about the potential to forget the need for balance as time goes on.

In that context, I should record the fact that in the past—not currently—the SQA has sometimes failed to recognise that Scottish schools are not independent but are part of a council, and thus that an efficient and effective way of resolving difficulties is through directors of education. Our contribution is sometimes undervalued—because so much of it is about avoiding problems and defusing difficulties, it is often unseen, even by the board. Our work is carried out directly with officials of the SQA and of the Scottish Executive education department.

Thirdly, the proposal that the remit of the advisory council should enable it to provide advice to ministers on qualification and assessment matters is clearly attractive, but two significant caveats must be made. Even given the size of the new council, are its members likely to have the expertise, experience and time that are required to embrace all aspects of the national assessment agenda, five-to-14 assessment, standard grades, national testing, higher still, standardised testing, the assessment of attainment programme and so on, and to assume responsibility for monitoring assessment and qualification standards? That is certainly a daunting task.

There is also a need to be clear about the function of the advisory council and the SQA in totality. The SQA is a contractor that is bought in by local education authorities to deliver a service—an efficient examination system. As such, it has no locus in decisions about the strategic future direction of our national exams system. It can provide operational advice and views on logistics and practicalities, but decisions about changes to the system lie with the Minister for Education and Young People and, through her, with the broader education community, which is represented by groups such as the national qualifications steering group.

We wish to commend Colin MacLean on his work as exams czar, which made the 2001 diet a success. His role underlines the fact that until a

body of evidence is available to demonstrate that the SQA operates effectively and efficiently and with stakeholder and public confidence, the Executive will require to be more involved with the SQA than it is with normal non-departmental public bodies. To that end, it is important that the Executive, in partnership with the SQA, has a significant role in reviewing the effectiveness of the SQA's service delivery, internal monitoring arrangements and systems of financial management and control. A degree of confidence in the system has been restored; it is essential to maintain that progress with a coherent framework.

Jackie Baillie (Dumbarton) (Lab): I want to pursue one of the final points that you made, which was about an expectation that Executive ministers will continue to be involved. Elsewhere, it is expected that there will be a reduction in the ministers' involvement, given the relative success of the 2001 diet. In what way should ministers' involvement continue, given that there is now the facility for a ministerial representative to attend board meetings?

Michael O'Neill: We concur that the ability for a ministerial representative to attend board meetings is a welcome step. Colin MacLean's work at officer level during the 2001 diet was an essential part of the success story. His significant task involved liaison with the SQA, directors, schools and local authorities and a range of troubleshooting and monitoring. That role might no longer be required, but our concern is that until there is substantial evidence to demonstrate that, it would be premature to reduce the role.

Jackie Baillie: I accept that what you say is accurate, but does that role in any way compromise the independence of the SQA, which is felt to be absolutely necessary?

Michael O'Neill: It does not compromise the independence. Our concern is about the SQA's partnership with the Executive and the stakeholders and how that can continue to make the SQA effective for young people. We are not concerned about the independence of the SQA as the deliverer of the exams system, but about the criteria and mechanisms that will help to ensure efficient and effective delivery. We are not concerned about interference in the organisation of the SQA.

Jackie Baillie: You mentioned the composition of the board in your opening statement. You said that you felt that stakeholders should be represented on the board. We have heard evidence that nine board members is perhaps too small a number. What is your suggestion for the optimum number of board members? Why should stakeholders be represented on the board as opposed to the advisory council?

Michael O'Neill: It is difficult to give an optimum number of board members. We commented that a large board, such as the one that existed in the SQA previously, is effectively a steering group. I am sure that, like me, members have been on many large groups and committees that have been unable to go into detail. In one sense, the previous board's problems were because of its size. A smaller number of board members is required. I am happy to debate the number, but we feel that somewhere in the region of nine or 10 is appropriate because a tighter group can focus on detailed management issues and the organisation of the system rather than simply receive information.

Your point about people with expertise and stakeholders reflects my comments on the relationship between the board and the advisory council, about which we are still not clear. The advisory council will have a large range of people with expertise and stakeholders who can offer valuable advice and insight. As I said, at present the advisory council offers only advice, which the board can ignore. Where are the safeguards and guarantees in the legislation to ensure that the board acts on the stakeholders' views?

We are content with the set-up of the present board. Our concerns come from reflecting on the problems in the past and are about the long-term future.

Michael Russell (South of Scotland) (SNP): Towards the end of your opening speech, you said that the SQA was not a normal non-departmental public body, which was interesting. That is a concern for some of us. There is a case for making the SQA an agency that is in a direct relationship with a minister. I know the arguments against that, and I am not saying that I favour one or the other option. Any non-departmental public body that has different characteristics, and particularly a body that has a history of some difficulty, may be treated with some caution by its clients. To an extent, you represent the SQA's clients, who want a continuous, seamless, high-quality service. Speaking as a client, will you explore the difficulty about the SQA not being a normal non-departmental public body?

14:15

Michael O'Neill: Several issues occur to me. I take issue with your comment that the SQA is an organisation with a history of difficulty. Leaving aside the 2000 diet, the Scottish Examination Board and the Scottish Vocational Education Council—SCOTVEC—had a history of quality service, which led to the Scottish system being viewed as very good around the world. Despite the problems of one year, many European countries—we are working with some—are introducing

Scottish-type systems. If countries as far away as Germany, Australia and New Zealand are emulating us, we must be doing something right. The problems of one year should not be used to label the performance of organisations over a longer period.

We had difficulties and we are rebuilding public confidence, which I think is returning. I attended a meeting yesterday with about a hundred of our young people and the Deputy Minister for Education and Young People, Nicol Stephen. Their comments to him reflected growing confidence that we may be back on the right track. Until we have a body of evidence to substantiate that, the relationship requires to be slightly different, although we hope that that will change again in a few years. We also hope to have evidence this year and next year that the system is back to what it was before the disaster of 2000.

Michael Russell: It is slightly disingenuous of you to say there was a long record of achievement and just one year of problems. I accept that, but we would not be here if that year of problems had not occurred. Of the people who will give evidence to the committee, not a single person at senior level in the SQA was there before that year, so this is an important moment. It is incumbent on all of us to get the system right. We are doing that collectively, but we do that with the spur that there were extremely serious problems with the diet.

The evidence to us from the Scottish youth parliament's education committee shows that young people remain concerned. What role will the advisory committee play? You are right to identify a lack of clarity about how the advisory committee might influence the board, if it came to that. What structure and strategy do customers need to be satisfied that what happened in diet 2000 was an exception and will not happen again? Another issue is that it cannot happen again.

Michael O'Neill: As a director of education with 26 secondary schools in my area, I am well aware of the concern of young people, but young people's concern is in a vacuum. It is fed by the media or based on outside comments. Young people are not directly involved, as we are, in day-to-day communicating with the SQA. They do not pass the data to the exam board and they are not part of that process.

We are part of the process. In the current year, the process has been efficient and effective—even more compared with last year. My reassurance emanates from the fact that I am involved in the delivery of the system and therefore aware of what is happening, unlike young people, who have a natural concern about what will happen to them when they sit their exams, but do not know about matters such as data handling or the processes. That is a slight difference.

Michael Russell's second point concerned the advisory council and stakeholders. I am concerned that there must be a mechanism that allows stakeholders—whether young people, teachers or education authorities—to feed their concerns and their views into the board, to make the board aware of what is happening. One problem—it was a failing not of board members but of the previous structure—was that while disaster unfolded, the ship gaily sailed on. There was a knowledge gap about what was happening at the school and local authority level. The board was doing its best to manage a situation that was rapidly slipping away. Via the legislation, the new board and the new council, we must put in place a structure that allows such concerns, thoughts and issues to be fed into the board, so that it is aware of the situation.

Michael Russell: Using the language of the times, what structure—particularly in relation to the checks and balances that you mentioned—can best serve those who are experiencing the outputs? I mean the young people who are the customers, and not just those who are part of the process and therefore part of the input. I am sympathetic to the idea of a ministerial representative—that link needs to be strong. However, there must also be a strong link to the schools and other users of the service. I am not entirely sure where the consumers of the service—the young people—fit in. How can we make all that work?

Michael O'Neill: That is a difficult question and there are several aspects to the answer. Consideration should perhaps be given in the bill to the role of a young people's representative. Two young people from different parts of the country have been representatives on the ministerial review group on which I sit. At the meetings with the minister they have made significant contributions about what things are like for young people. That aspect is well worth consideration. The involvement of senior students in some aspects of the work of the council—or perhaps even the board—would be helpful.

It would also be helpful if, within the board, consideration were given to employee representation. That happens in many organisations, such as local authorities. My experience of visiting the SQA board was that there were many good staff working very hard in intolerable circumstances. Part of the problem at the SQA was the lack of communication from those who were responsible for the organisation and from senior managers, many of whom are no longer at the SQA. That is another aspect of ensuring that communication in the organisation relates to what is actually going on.

It is not easy to figure out the best way in which

to carry out that kind of discussion, but the good work on communication that has been done recently by the SQA could be continued. That could be done either through local forums or through meetings between young people and the youth councils that now exist throughout the country. As part of an annual general meeting process and the annual gathering of evidence, young people could be allowed to feed in their views on how things are going. I am also conscious that having one or two representatives can be tokenism and that sometimes such representatives will represent the views of a school or a particular group of young people. If the SQA were to get out and about and talk to forums—or is it fora?—throughout the country, that would allow it to get a feel for how the process was working.

Mr Brian Monteith (Mid Scotland and Fife) (Con): You commended the work of the exams tsar and suggested that you would like to see that continue, certainly for the moment. Will you explain in more detail why that would be helpful? Is it because of the work that is carried out in helping smooth communication between local authorities and the SQA? Is it to do with the administration or the bedding in of higher still? What, in particular, do local authorities find beneficial and helpful?

Michael O'Neill: The most recent exam diet was helpful for reflecting that work, but the future might be slightly different. The role that was played by Colin MacLean was pivotal for a number of reasons. It meant that there was someone in place at senior level who had much experience and who understood thoroughly the school system, the examination system and the statistical system and was therefore well placed to identify problems as they occurred and to offer potential solutions. Colin MacLean was in daily contact with directors of education by e-mail and sought advice and comments on quite simple matters, which were fed back quickly. That allowed him quickly to resolve issues before they became significant problems. His work was about creating an enhanced channel of communication between the SQA and local authorities—especially their directors—and a level of expertise in schools and in the examination system, with all its complexities, that perhaps had not previously existed. The exams tsar, with his large work load, represented a continued and consistent presence over a prolonged period. That played a large part in the success of the exam diet in 2001.

However, that begs the question whether such a presence will be required in future. In the light of some helpful structural changes, changes to methods of communication and improvements in information technology systems and data transfer with authorities, I think that some of the problems

that were resolved last year will not, in future, be problems. However, we need under our belt another couple of years and a weight of evidence that demonstrates that we have returned to our previous situation in which we had 10 or 15 years of successful examinations. People took that situation for granted. Once we have returned to that kind of status quo in the eyes of young people and the rest of the public, we can review the need for oversight within the Executive.

Ian Jenkins (Tweeddale, Ettrick and Lauderdale) (LD): You mentioned that there is no clear public accountability to stakeholders and you referred to the role of directors of education and local authorities. Should the Association of Directors of Education in Scotland be represented on the SQA board or have a place on the advisory council?

Michael O'Neill: Obviously, I argue the case for having a director of education on the board to represent ADES. However, my point was perhaps broader. The exam board exists because of the fees that users pay to make it exist. Although I speak on behalf of the school sector, I am talking about both the school and further education sectors. The bill does not make it clear where accountability lies. In the real world, the young people and the schools do not pay the fees; the council pays the fees.

There is also concern about the inference in the bill and the continuing changes that are being made that the SQA should charge more in order to become more business-like. That means simply that local authorities will have to pay more. It would be nice if someone could tell us where that money would come from. Do we go back to the Executive and tell it that this is part of the funding problem? There is no point in solving one problem by creating another one, and stakeholders must have some way of discussing the impact of extra exam charges on authorities and the other services that they provide. Furthermore, what views from schools are reaching directors of education about the strategic direction of the future examination system? We would like to be able to transfer our views on such important questions to the SQA board.

Ian Jenkins: I am also interested in—indeed, I side with—your views about people who run the system or are involved in its administration, but who do not understand the complexities of the various assessment procedures. You said that those people could not do that job. Who could? How can you get people with the relevant expertise or knowledge into the heart of the system to ensure that mistakes are not made?

Michael O'Neill: I confess that I could not do the job. However, the current structure might hold a solution to the problem. The SQA has a range of

committees on various departments, subjects, assessments and so on. Those committees include teachers and lecturers who have huge expertise. I presume that the advisory council will link in to the existing advisory groups, one of which I chair. Each advisory group contains 15 or 20 individuals who are experts on different aspects of the subject area. As a result, the structure already contains all the way down expertise that could be fed into the system. However, in our submission, we point out that such expertise must reach the board to ensure that its decisions are based on reality, rather than being wonderful strategic decisions that are removed from that reality.

The Convener: As committee members have no further questions, I thank Michael O'Neill for his evidence. If we need anything else, I am sure that we will be back in touch with you.

We will now take evidence from representatives of the SQA, whom I wish a good afternoon. We welcome to the committee Professor John Ward, the chairman of the SQA; David Fraser, the new chief executive of the SQA; and Anton Colella, who is now director of qualifications at the SQA. I thank you for coming to the committee. I hope that you will pass on to Bill Morton, the former chief executive of the SQA, our thanks for the work that he has done in trying to put the SQA back on a surer footing. We hope that we will not see David Fraser as often as we have seen Bill Morton in the past year. The signs are that things are better than they were. We hope that our acquaintance with you will not be as close as was our acquaintance with Bill Morton. Do you want to make any introductory comments?

14:30

Michael Russell: Is this discussion on the Scottish Qualifications Authority Bill?

The Convener: Yes.

Michael Russell: The SQA witnesses will return after the minister has given evidence.

The Convener: Yes.

Michael Russell: So, we should be cautious about what we ask now.

The Convener: We are taking evidence on the Scottish Qualifications Authority Bill and not on the progress of the SQA in delivering diet 2002.

Michael Russell: As ever, I am grateful for your guidance, convener.

Professor John Ward (Scottish Qualifications Authority): I thank the committee for giving us the opportunity to give evidence. We welcome the bill. Last year was a difficult year, because we had to manage the clean-up from 2000. We also received

a lot of media hostility throughout the year. The progress that has been made is a tribute to the 600 people in the SQA—and Colin MacLean—and the 21,000 other people who are employed in the process throughout the year. Those people are not released from schools and colleges without pain. Last year's effort was a tremendous achievement that involved many thousands of people.

The concept of the Scottish qualifications system is a leading-edge concept, as Michael O'Neill said. With hindsight, I can say that it was unwieldy to have a board of between 25 and 27 people meeting four times a year. The process was founded on a paper-based system—basically, a system from the 1960s. Furthermore, there was no change management in the organisation to take it from operating in the 1960s environment of the Scottish Examination Board and SCOTVEC to an environment with a completely integrated system and all the complexities that that entailed. The challenge in 2000 was to bring in change management to deliver a system that is acceptable to the various users.

We welcome greatly the idea of a governance board. That governance will focus on change management and the development of the way in which the SQA works. We also welcome the concept of an advisory board. The SQA deals with many stakeholders, ranging from schools—which Michael O'Neill referred to, largely—to colleges, to employers, to individual students of all ages and to parents. We must work out the best way in which to take on the views of all those people. The advisory council will be a powerful mechanism, but it must not be too big. We must consider how that can be developed.

As part of the new governance arrangements, we have put in place three committees. One is the normal committee of audit and performance, but the other two are forward looking. The first of those two focuses on qualifications and the second on process. The qualifications committee will obviously require substantial external dialogue with stakeholders, but so will the process committee. As I said, we are dealing with a paper-based system. That system starts out with more than 4 million exam papers and handles about 750,000 entries from some 130,000 to 140,000 students a year through the course of the certification process. Those entries are passed through a variety of hands, but in the sort of process that Mike Russell asked for a few minutes ago, the more hands that entries pass through, the more chance there is that things will go wrong. We have a huge task in trying to bring the process up to the same level as the very advanced concepts of higher still and national qualifications, or whatever individuals choose to call them.

The customers we serve are from a much wider

area than merely the schools sector. Obviously, August 14 last year and this year are important, because so many young people's careers hang on the results announced on those dates. We understand that fully. However, we must also serve colleges and employers. That is important if lifelong learning is to have meaning in Scotland. It is important that we discover how best to take advice from and involve all the different bodies. Over the next few months—now that we have established our new committee structure—we would like to find the best way in which to collect their inputs and to engage in dialogue with them.

The board wants to be as open as possible and to ensure—through the communications manager, Mike Haggerty, who is with us today—continuous communication not only from the board but from our committees. We understand the public's interest in what we are doing and we want to ensure that that interest is well served.

We welcome the proposals and believe that they will create a framework for a governance board—which let us down so badly in 2000—that will include the views of many people. The previous large board attempted to do that, but ended up being a nothingness that was not a committee, representative body or governance board. We hope that we can now create something that will be entirely workable.

Ian Jenkins: Because of the tremendous range of qualifications with which you deal, is there a case for having more than one advisory council?

Professor Ward: We are grappling with that issue, which Anton Colella and David Fraser will speak about in a moment. It is clear that, with all our available electronic options, process is a science on its own. However, if we believe from a qualifications standpoint in the concept of lifelong learning, we should integrate process with that. Anton Colella and David Fraser might add to or subtract from what I have said.

David Fraser (Scottish Qualifications Authority): I link the issue to the comments that were made about stakeholders. I strongly support Michael O'Neill's view that the SQA must be much more responsive to the needs of those whom it serves. That responsiveness must happen in a range of ways, among which the advisory council will be important.

On the question whether more advisory councils are required, the SQA should operate by consultation and participation. That approach should permeate its structure. We should go out and about, because we deliver services in more than 1,000 sites throughout Scotland. The SQA staff must be integrated so that they can see the problems in Lanarkshire, for example, talk through the issues and come up with solutions. The

advisory council will be part of that process, but it will not be able to deal with the range of complex issues. We aim to ensure that listening to our customers is integrated in our structure.

In my first two months in post I have met, for example, the directors of education and every group. I am now following up those meetings with colleagues to set procedures in place. We do not only go round meeting people and discussing issues; we take appropriate action. The advisory council will ensure that that process is effective, but the council will not be the entire process.

Anton Colella (Scottish Qualifications Authority): Regardless of whether there is an advisory council, the maintenance and development of qualifications requires us to have a significant interface with our users and stakeholders in the school and college sectors and with employer training providers. We benefited in the past year from the establishment of strategic forums for further education, and from the establishment of an employer training-provider forum. We benefited immediately from their suggestions on how we should maintain and develop qualifications. We await with interest the outcome of the lifelong learning inquiry so that we can interface with our stakeholders to ensure that we develop our agenda for qualifications and support.

The challenge will be in the interface between SQA stakeholder representation and our advisory groups, assessment panels, strategic forums and the qualifications committee. We must ensure that that interface contributes to maintenance, development and strategy. That required dialogue would ensure that the advisory council does what it can effectively.

Mr Frank McAveety (Glasgow Shettleston) (Lab): On the resources that were put in place for the 2001 examination diet, what is required to maintain that progress? How will the bill allow the SQA to re-establish confidence, particularly among stakeholders?

Professor Ward: If we are to have a clear financial structure, we will have to go through three phases. The first phase, to which Michael O'Neill referred, is reaching an understanding of how much it costs to operate the SQA. The second phase is dealing with the charging mechanism. Michael O'Neill was right to say that the charging mechanism affects local authorities and colleges. At present, our charging rates are low in comparison with those of the equivalent bodies in England. We must find an appropriate charging mechanism by having a dialogue, through the Scottish Executive, with local authorities and the other organisations that are involved. The third phase is costing the investment that will be required to ensure that we have not

only a world-class educational concept, but a world-class delivery and assessment mechanism and all the other systems that go with that. We must go through all those phases. Work on those areas went on last year and will continue; it is a vital part of the organisation's future.

David Fraser: As I have come to the SQA fresh, it is possible for me to look at the organisation from a different perspective. I have been impressed by the commitment and desire to deliver among the SQA's staff. As the chairman indicated, the organisation cannot be changed around in the course of a year. Appropriate resources will be required to make that change, which will take place over three to five years.

We need to reach the position of delivering not just for 2001 or 2002—delivery should be taken for granted and the processes to allow us to do that will be put in place. The board of the SQA and I, as the chief executive, are accountable for that delivery and must ensure that it happens. The SQA must be able to work with its partners, whether they are directors of education, colleges or candidates, to deliver a different kind of service. That work will require resources and we will have to make choices about how it is to be resourced.

On creating a proactive development role for the organisation, the point was made that the SQA's predecessors delivered effectively over a period of many years. However, my impression since I arrived at the SQA is that development work has been on the wane in recent years; to an extent, people have been resting on their laurels. New investment and a new approach will be required for the Scottish system to reach the top, which is where it should be in relation both to other UK systems and to the best systems in Europe. We will have to address the question of resources when we make the choices that we will have to make about how that work is to be funded.

Irene McGugan (North-East Scotland) (SNP): A number of the organisations that responded to our consultation raised concerns about the separate functions of the SQA; I refer in particular to the SQA's accreditation functions. The bill does not indicate whether the accreditation committee's autonomy will be preserved. The SQA's submission indicates that the proposed advisory council would need to have regard to the role that is fulfilled by the accreditation committee. The submission also seeks further clarity on the relationship between the proposed advisory council and the sector skills councils. I ask the witnesses to expand on what needs to be put in place to ensure that those areas are clearly defined, so that everyone will be aware of everyone else's responsibilities.

David Fraser: The accreditation committee needs to have a clear remit that separates it from

the SQA's other functions. However, I would make a strong case for maintaining the work of the accreditation committee as part of the SQA's portfolio. The great advantage of the SQA is that it covers the full range of qualifications and awards. Most of the English organisations that I have met would dearly love to have a similarly effective structure that links accreditation with industry, commerce, schools and colleges.

I attended a recent meeting of the accreditation committee, which carries out its work separately from that of the rest of the SQA, but which informs and advises the SQA's policy and strategy work in a helpful way. That approach ensures that we involve the accreditation committee in our policy and strategy work. However, the accreditation committee's work can be separated out effectively—that happens already.

Anton Colella: The SQA has gone to great lengths to ensure that there is clear dividing water between its functions and the functions of the accreditation committee. However, the accreditation committee plays a significant role in quality assurance and in supporting the SQA's development of the vocational qualifications that service Scotland and beyond. It would be a pity to lose that close but separate relationship, which is vital for the delivery of vocational qualifications in Scotland.

Professor Ward: In a previous incarnation, I ran a large organisation in the south of England. We came to Scotland for our entire workplace learning because SCOTVEC and the accreditation unit could give us a complete service. That complete service is important.

14:45

Mr Monteith: Your written submission states:

"SQA is seeking a legal review of corporate governance legislation which will include a review of the proposed Bill."

Will you expand on what you mean by that?

David Fraser: We are asking our lawyers to check that we are complying with the governance arrangements that are embodied in the bill. It is no more than that. The review will be similar to what is done by our external accountants, who also review our governance arrangements.

Mr Monteith: Other than the need to go through the process, did anything in particular trigger the review?

David Fraser: No, not especially.

Professor Ward: We have tried to follow the combined code. We are not required to do that but, for the audit of performance remuneration, we have attempted to set up a structure that follows best practice. Although we are not a public limited

company, we try to follow the best practice in the marketplace.

The Convener: Perhaps Brian Monteith suspected something sinister.

Michael Russell: Brian always suspects something sinister.

Michael O'Neill raised the issue of whether SQA staff should be members of the board. David Fraser, Anton Colella and John Ward have already paid tribute to the staff. The committee has also paid tribute to the staff and has, along with other organisations, argued consistently for staff representation on the board. Do you have a view on that?

Professor Ward: That is a fair question. We must distinguish between the representative body and the governance body. As you probably know, the whole senior management team has been restructured so that we now have two executive directors and eight general managers, through whom there is involvement with staff.

We are attempting to build inside the organisation a communication process, which—I am afraid to say—had been sadly lacking. Communication should work both ways: it should work outwards and back inwards. At board level, we are putting a lot of effort and focus into how that works.

Beyond that, the question is what is the best way of taking employees' views. There are a number of ways to do that. We have committed ourselves to starting employee attitude surveys so that we can get direct feedback on what people think about where they are and how we are operating. We are also starting things called round tables, at which David Fraser and I will sit with groups of employees to talk about what is happening in the organisation and take their views. The third step will be to work on the first level of management, which is the level at which that interface would normally happen. Again, that area had not been given focus within the organisation.

The step beyond that is to consider whether there would be value in having on the board a representative of the employees in the organisation. Frankly, I am not sure about that. It is important that we can demonstrate that employees are communicated with and listened to—that in itself a fair challenge—but I am honestly not sure that a staff representative on the board could perform the sort of role that would satisfy the purpose. I am not sure that the employees would see the position as performing that role either.

Michael Russell: I think that the role would be not only to improve communication but to provide

involvement in the decision-making structures. I made the point simply because many people want to pursue that issue.

I have another question, which is much more about blue-skies thinking. How would the bill's proposals for the structure of the SQA help or hinder the SQA in developing the way in which it operates and the way in which accreditation and results are delivered in Scotland?

Let me give you two examples of current thinking. In the medium to long term—indeed, even in the short term—the SQA will not be able to cope with the massive weight of paper-borne information that it receives. You need to get away from that, and there are two ways of doing that. One is by electronic communication, which you use partially. There have been difficulties with that—memorably in 2000—but it is a much more radical way of dealing with the information. Another suggestion is that you do yourselves out of a job—in other words, that you accredit courses and those who deliver them, but withdraw from the external element of accrediting the outcome of courses and rely on other people to do that, as the system of accreditation of those who prepare and deliver courses is robust and cast iron. You have heard that argument, too. I am not taking a position on either proposal and there are many other arguments. In the structure that is being put in place, which is for the long term, what would assist you in developing your organisation and responding to needs?

Professor Ward: I referred to a process committee. Many people are interested in qualifications and education—as Anton Colella said, there are many discussion groups. Scotland is at the leading edge of offering integration of vocational education and a process that will survive through lifelong learning. We are up there, but the thrust of your question concerns the technique that will deliver the process. Many countries and some private providers in England are way ahead of us in that respect.

Our first challenge is: how can we catch up? Basically, we should use greater electronic interface, but, beyond that, what should we do? In respect of technique, what should be the vision for people in the workplace and the home, for example? There is thinking about that in other countries, particularly America. The process committee is chaired by someone with many international connections who is attempting to draw in thinking to create a vision that would answer your question. We could speculate about what that vision might be, but informing ourselves about what is happening out there is better.

Anton Colella has been involved in discussions and might want to comment.

Anton Colella: The discussion operates on a number of levels. Michael Russell made a point about us doing ourselves out of work. In many ways, we are doing that with the FE sector, the training organisations and the delivery of our higher national and vocational qualifications. We work with those organisations. They deliver and we quality assure—our accreditation committee plays a key role in that. The environment in the schools sector is pretty much fixed. However, that is not to say that, with the lifelong agenda and the interface between schools and colleges, we have not conceived of scenarios that we should consider.

We are looking at best practice in the use of IT throughout the world, not only in the delivery of learning, but in the assessment and measurement of learning activity, which comes at the end of the process. Such consideration should not just benefit our higher national and vocational qualifications, but impact on the schools sector.

If the SQA is to recover credibility and confidence in the immediate delivery of what have been called core processes, and to develop confidence beyond that, it is important that we consider the future. What is the future for Scotland plc in delivering qualifications and measuring assessment? The process committee and the qualifications committee are engaging with as many stakeholders as possible. We need to share to shape the picture for the future. Even prior to the establishment of the advisory committee, the SQA considered how to take forward such matters; it is still considering that. That is blue-skies thinking, but necessary if we are to progress.

Michael Russell: I want to be clear about something that I presume you did not mean to say. On private providers, you are not opening the door to privatisation of the Scottish system—you reject that, as I utterly reject it.

Professor Ward: Yes. However, we should consider the product that private providers offer to find out whether we can learn from it and incorporate proposals into what the SQA offers. We should keep our minds as open as possible about the best available techniques to find out whether they fit with what we would like to do, but there should be no contracting out.

Michael Russell: The service should be delivered by a public sector organisation.

Professor Ward: Absolutely.

Jackie Baillie: It is nice to see you again, John.

I was playing devil's advocate with Michael O'Neill about the Executive's future involvement with the SQA. I was struck by his comment that he felt that there was a need for the SQA to be overseen for another couple of years, in a hands-

on way, aside from the ministerial representative. Do you concur with that view?

Professor Ward: I would like to have the closest possible working relationship. As you know, I have been involved in other quangos where that is the right and appropriate way to operate. There should not be any withdrawal of information because we are a quango. As you know, last year we approached Mike Ewart from the Executive, who is now a representative on the board. In David Fraser's management system, one of the senior people who reports to Mike Ewart now attends David Fraser's management meetings. Such overlaps are extremely valuable and important, so I want to foster them. However, as the committee will appreciate, if we are to have a governance board, it must get a hold of this process, drive it and manage it; someone must do that. Nevertheless, the mechanisms by which we draw in as many people as possible, including people from the Scottish Executive, are important.

Jackie Baillie: The principal aim that drives everybody is to ensure that we get it right. There are transition periods and having that overlap is helpful.

We have all talked a lot about the importance of stakeholders. Given that the board is intended to be small and focused and to comprise people with specific skills, and given that the advisory body represents stakeholders, is there an argument for having some stakeholders on the board, or should they be kept separate? Secondly, given some of the comments that have been made about the importance of stakeholders, if you keep stakeholders separate do you think that the board, rather than having to "have regard to" advice from the advisory council, should have a duty to respond to that advice?

Professor Ward: The way in which that process will work is something that we must work our way through. I think that it would be wrong to make the board representative. That is not why the board fell apart in 2000, but it was a contributory reason; there were 1,000 views round the table. The board must be a team, with a clear view of what it is delivering and what its current actions should be focused on. That is important, but the way in which other views are drawn in is vital in getting the co-operation and support of all the stakeholders. I will pass that question to David Fraser, who has spent his first couple of months in an extensive dialogue with the stakeholders.

One of the things that we did last year, and intend to do this year, was to co-opt people into the committees, not permanently but to help with a specific task. That is valuable when the qualifications committee or the process committee is dealing with a particular issue, because if we can draw in two or three people who really know

about the issue we can get direct input. I would envisage that co-option being extended to the advisory council to get a broader view. David Fraser has referred to taking counsel from a wider network of people through our account managers and college managers, who are our liaison people with the 1,000 establishments with which we work. We must not forget them; they must come into that network.

David Fraser: From those that I have met—I have met most of them—I would say that our stakeholders are looking for two things. First, they are interested in what is happening with the delivery of the examinations in 2002. They want that to be managed effectively, they want to be engaged with the issues and, if there are problems or difficulties on either side, they want us to deal with the problems appropriately. Mechanisms are in place to deal with that. The stakeholders are also looking for involvement in the future of the SQA and what it delivers. There are ways of doing that through the qualifications committee and the process committee. As I said, there are ways of making the process of engagement and participation part of the way in which we work. There should be no surprises at the advisory council; the council should be aware of what is happening, know what the issues are and draw them together.

I emphasise the point that John Ward made about the involvement of the Scottish Executive. I have certainly tried to ensure that the Scottish Executive has been involved at every level. Rather than monitoring what is happening, the Executive should be participating in what we are doing, whether that is in the senior management team or in the certification group, which Anton Colella chairs. We have made that group freely open for the Scottish Executive to attend at any time. That is the kind of approach that we want to take, whether it is with the Scottish Executive or the stakeholders.

It is important that we have an equally high level of partnership and engagement with staff, although it will take some time to attain that. In the health service, where I worked previously, a significant period of time was spent on developing a partnership forum before staff were involved in the full governance agenda. We need to be engaged in staff training and to get the staff involved before we move to a different level of engagement. That is the kind of the work that we need to do with the whole range of people whom we employ. We employ 23,000 people, all of whom provide an integral part of what we do and deliver.

15:00

Jackie Baillie: Many of your comments are most welcome. I take it from those comments that

you are learning the lessons from the past, certainly on communication and consultation. Let me push you on one point, however: currently, the board is required only to "have regard to" the advice that is given by the advisory council. Under those terms, the board could ignore that advice. If stakeholders are so important to you, surely there would be no difficulty in the board having a duty to respond to the advisory council's advice.

Professor Ward: I would not have a problem with that. As you will appreciate, there are many stakeholders, and the advisory council is a useful sounding board, which we welcome. We will also draw on other forums; we have to take a balanced view. I would have no problem with responding to the advisory council, but that does not mean that we would comply with its advice in every case.

Jackie Baillie: Indeed not. I was just saying that the board had a duty to respond to the council's advice.

The Convener: There are no further questions, so I thank the witnesses for their evidence.

We will now take evidence from the Deputy Minister for Education and Young People, Nicol Stephen. I welcome the minister and invite him to introduce his officials and make some introductory comments.

The Deputy Minister for Education and Young People (Nicol Stephen): On my right is Francesca Osowska, from the education department, who is in charge of the Scottish Qualifications Authority Bill team. On my left is Andrew Harris, who is also from the education department and also works on the bill. Neil Ross is from the office of the solicitor to the Scottish Executive.

I am pleased to appear today to assist the Education, Culture and Sport Committee in its stage 1 consideration of the Scottish Qualifications Authority Bill. My opening statement is intended simply to cover the purpose and context of the bill.

Members will have seen the bill and the explanatory notes; there is also the policy memorandum, the financial memorandum and the memorandum from the Subordinate Legislation Committee. Those documents provide a good deal of information, which I hope has been useful, but I also wish to summarise the Executive's policy on the bill, after which I would be pleased to answer questions.

The exams crisis of 2000 and the work that was required to sort out the problems and mistakes and to get the qualifications system back on track have presented major issues for everyone involved in Scottish education over the past two years. In August 2001, the SQA effectively delivered certification of the summer exams diet of

that year. The SQA has also made considerable progress in restoring the quality of vocational certification for colleges and training providers.

I know that committee members recognise those achievements and appreciate the efforts that have been made by the SQA and its staff, and by individuals from all areas of education and lifelong learning in Scotland. Their efforts have made those achievements possible. We acknowledge that that progress is not the end of the story. We must ensure that our qualifications system delivers effectively and consistently in the future.

The SQA is at the heart of the qualifications system and the bill focuses on legislative changes that will improve the governance and management of the organisation, its work with stakeholders and its communication with the Executive.

In parallel with the proposals in the bill, the Executive is working with the SQA to clarify roles and responsibilities through a revised management statement and financial memorandum; to improve financial and management systems through a policy, financial and management review; to agree a financial recovery plan; and to monitor progress through the development of an annual service delivery plan.

Ministers will continue to meet the chair and the chief executive of the SQA regularly to discuss progress, and similar regular discussions are continuing between Executive officials and the SQA.

The parliamentary inquiries that followed diet 2000 made recommendations on the governance of the SQA and the bill proceeds with those recommendations. The bill will create, for example, a smaller board that is focused on management and governance and an advisory council to channel advice from stakeholders. Recently, we have made appointments to the SQA board and its members will have a wide range of business and management experience as well as a strong understanding of education, training and the qualifications system. Those changes will assist the board to fulfil its governance role.

I am pleased that the SQA has recently appointed David Fraser as chief executive and has strengthened its senior management team to complement the role of the board.

Good communication will continue to play an important part in the success of the qualifications system and I believe that frequent meetings with the board and attendance at the board by a Scottish Executive official will ensure that the right people will address issues at the right time.

The bill will provide for the creation of an advisory council that will provide advice to the SQA from the perspective of stakeholders. I

believe that that will be a valuable mechanism to ensure that the board will take stakeholders' views into account when it considers and takes decisions on issues.

Since last winter, I have chaired the SQA ministerial review group, which comprises key stakeholders. That group has allowed high-quality and timely discussion on a range of qualifications issues. It offers a good model for the advisory council and a strong illustration of the benefits of organised stakeholder involvement.

Our objective is that there should be a strong relationship between the SQA and the advisory council, built around a common agenda of improving the delivery of the qualifications system. That will be assisted by the development of an annual work plan for the advisory council, which will allow the council and the SQA to prioritise and manage issues under consideration.

We propose that the chair of the advisory council will be a member of the SQA. We expect the SQA and the advisory council to engage in a dialogue about the decision-making process from identification of issues, advice by the advisory council, decisions by the board and feedback by the board to the advisory council.

The advisory council will not be a substitute for sensible, direct contact and liaison between the SQA and its partners and stakeholders. That already exists and is clearly necessary to ensure smooth day-to-day operations.

I appreciate the fact that stakeholders in the qualifications system have a strong interest in the details of the membership and operation of the council, and the Scottish Executive will consult stakeholders fully on the draft regulations.

The bill will allow the advisory council to offer advice to Scottish ministers. That provision will enable direct communication between stakeholders and the Executive, where appropriate, on relevant issues.

The Executive believes that the bill makes a strong contribution to restoring standards and confidence in the qualifications system. I have outlined the context of the bill and its key features and I hope that that has been of assistance to the committee. I will be pleased to answer questions.

The Convener: You talked a lot about stakeholders. One of the key groups of stakeholders, from which we have taken evidence this afternoon, is the staff who work in the SQA. You have made appointments to the board, but the staff are not represented directly on the board. Is the Executive prepared to consider direct representation of staff?

Nicol Stephen: The process of appointments to the board is controlled by the Nolan procedures.

Ministers are anxious to get that process right and to keep it under regular review. There was a process of public advertisement for the most recent appointments. You are correct that a member of staff has not been appointed to the board, but I do not think that the bill rules out that situation. I would have to ask my adviser about that. *[Interruption.]* I am told that it would not be ruled out. If the committee feels strongly about the issue, I am prepared to consider the appointment of a staff member to the board. It is important to emphasise that the reason for the changes is not to ensure that the board represents stakeholders, but to ensure that the board is focused on quality management and quality governance. We must keep that at the forefront of our considerations.

The Convener: Absolutely. The key people for delivering quality in the SQA are the staff who work in the organisation. You can take it as read that most, if not all, committee members believe that the role of staff is important. Perhaps you would like to come back to the committee when you have considered the matter further.

Nicol Stephen: I understand what you say and I will consider the matter. I was trying to make the point that there are a number of stakeholders. The committee might say that the staff are the pre-eminent stakeholders—

Michael Russell: No.

Nicol Stephen: The committee might say that the staff have the greatest stake or that the staff's stake in having a position on the board is above that of other stakeholders. I am pointing out that, previously, a range of important stakeholders were represented on the board. We want to shift away from that approach and take an approach that focuses on management and governance. That is the reason for reducing the size of the board, and it is one reason for establishing the advisory council, which will provide the opportunity to ensure that stakeholders from a range of organisations and bodies, both within the SQA and outside it, are represented.

Michael Russell: The committee has consistently been in favour of the involvement of staff in board structures—for instance, in relation to the national companies. It makes a great deal of sense to consider the issue and I am glad that you agreed to do that. You suggested that the Nolan rules might be a barrier to having staff members on the board. I presume that that is not the case, because the rules are designed not to prevent the presence of people on organisations, but to ensure that the process is transparent.

Nicol Stephen: As I understand the matter, that should be the case. We have appointed a range of board members, which means that in the short term it might be difficult to make further

appointments, given the Nolan rules and the progress of the bill. I am happy to check that and to report back to the committee on the outcome of my deliberations. It would probably be best to do that by letter before stage 2 of the bill. Would that be helpful?

The Convener: It would be helpful to have a reply before stage 2.

Michael Russell: The board is not full. The number of board members that have been appointed has not reached the limit that is specified in the bill.

Nicol Stephen: We are going through a transitional process. At the moment, the board is not full. When the bill is enacted, the number of board members will be above the limit. That is one reason behind the earliest provision in the bill, section 1(1), which will mean that all members of the board will cease to hold office. Under the Nolan procedures, the most recent appointees would then automatically be reappointed. We did not envisage appointing any additional board members when the bill is passed.

15:15

Michael Russell: But the opportunity exists for that, because the bill could be subject to amendment.

Nicol Stephen: Yes, exactly—so we will consider all the issues. I support the views of committee members: as a general principle, employee representatives should have a greater presence in the boardrooms of the United Kingdom—that includes Scotland and it includes public agencies. I will investigate the issue.

It has been pointed out to me that staff are represented on the board by senior management—the chief executive and others—but, if I interpret correctly, I do not think that that is what committee members envisage, with the exception of Mr Monteith and perhaps one or two others.

Jackie Baillie: Geography was evidently one of your stronger points at school, minister.

Nicol Stephen: Thank you.

Jackie Baillie: I want to ask about the way in which the views of stakeholders are represented. I accept that the board has to be small and focused, and has to have specific expertise; I also accept that the advisory council is the mechanism by which you envisage the bulk of stakeholders being represented.

I put this question to the SQA representatives: if we are committed to the stakeholders, why are we simply saying that the board must “have regard to” the advice of the advisory council, rather than

saying something a bit stronger—that the board should have a duty to respond to the advice of the advisory council?

Nicol Stephen: I can understand your reasons for wanting to strengthen slightly the wording of the bill, and I would not have any great difficulty with that. However, I would draw the line at saying that the board had to do what the advisory council told it to do. That would be wholly inappropriate.

Jackie Baillie: If you read the *Official Report* of this meeting, you will see that I was very careful with my language when I asked that question.

I acknowledge the different emphasis that people put on consultation and communication at every level, but I feel that something is missing in the wording that I referred to. I take it that the minister is saying that he is not opposed in principle to my suggestion.

Nicol Stephen: There will be an opportunity for Scottish Executive ministers to issue guidance to clarify what “have regard to” means. Another way of doing that would be the method that you suggest of firming up the wording in the bill. I will ensure that the lawyers consider the wording that might be needed to give greater certainty of a response from the board, which is what you seek.

Jackie Baillie: That would be helpful. I understand why you do not want to put the detail of guidance in the bill, but I am not talking about the detail of guidance being included in the bill. I am talking about underlining and emphasising the relationship, which would be spelt out in guidance anyway whether the wording was “have regard to” or “have a duty to respond to.” That is my point.

Nicol Stephen: I understand what you are driving at. We all want the SQA board to make an appropriate response to the views of the advisory council; those views should not be able to be dismissed or disregarded.

Michael Russell: The mechanism that you are suggesting, of having the chair of the advisory council as a member of the board, is a useful step forward. That model works well elsewhere and may go some way to answering the point that Jackie Baillie is raising and which concerns many of us.

When the initial statement was made about the outcome of the consultation process, I was concerned that a normal non-departmental public body, as we understand such a body, would not have a close enough link with its stakeholders and the Executive.

The legislation itself reassures me and moves me away from the argument that the body should have executive agency status. The role of the minister as the representative of the Executive will be crucial, as will the role of the advisory council.

We need to get that relationship right in the legislation so that there is no possibility of a repetition of the difficulties that occurred before. Underpinning that, however, must be secure finance for the new organisation. We have heard from Michael O'Neill, ADES and the SQA unequivocal statements about the need for a secure and long-term financial arrangement for the SQA. The *Official Report* of today's meeting will show that Michael O'Neill argued quite strongly that funding the new organisation by asking schools to pay more would simply mean that local authorities would have to pay more and that that would result in them asking the Executive why it did not simply pay for the organisation in the first place, as, in effect, it would end up having to do so anyway.

We need to know something about the short, medium and long-term financial commitments to the SQA, because the SQA was quite clear that the process of recovery from the 2000 diet was a matter not of one year but of several years. You have said the same thing, minister. Resources have to be in place to ensure that the recovery is complete and that the SQA is on a firm footing.

Nicol Stephen: I welcome what Michael Russell said in relation to the question of whether executive agency status would be appropriate. We considered that option seriously but decided that the model that appears in the bill is the correct one. One deciding factor related to the neutrality and independence of the SQA. Another related to the disruption and uncertainty that would have been created by giving the body executive agency status. We thought that the body could do without that at this stage.

We have tried hard to remove uncertainty about funding. At an early stage, we emphasised the fact that the Scottish Executive would make available the funds to see the SQA through the significant financial difficulties that it experienced following the 2000 diet. We have made available significant additional funding. This year, we have budgeted an additional £11 million. We have not yet fixed the budget for next year and subsequent years but there will need to be early agreement on those figures. We do not envisage the SQA returning immediately to financial equilibrium on the basis of the current financial charges.

We must look to the future and consider the various aspects of the SQA's funding. We must consider what is required to ensure the delivery of the SQA's core functions and we must think about future developments, some of which will undoubtedly involve investment in new technology if we are to create a more efficient and reliable system. However, we must ensure that we get value for money. Most big organisations that have introduced new technology and invested in the

future have made savings at the same time—not all the expenditure has been additional.

We have to examine the balance of funding. If it turns out that the exam system is more expensive in the future or if it continues to cost more than it did before 2000, we will have to find a way of financing that. For example, rather than giving the additional £11 million that we have allocated to the SQA for this year, it might be better in future years if it goes to the organisations that pay for the SQA's service. That will create a sensible market value and a market relationship between the SQA and the local authorities, colleges and other organisations that pay for its services. We have to think of the best way in which to achieve a fair financial settlement for the SQA. However, a significant proportion of that work, particularly in relation to the investment in new technology and in new ways of delivering the SQA's services, has yet to be done.

Michael Russell: Presumably you will rule out—as John Ward did earlier—any possibility of privatisation of the SQA, as has happened with some exam boards south of the border. If you rule that out, I am surprised to hear you talking about money going to the customers of the SQA to pay for increased services. That strikes me as a heavily bureaucratic route.

Many consumers of the service would be astonished to hear the word savings applied to the SQA after the disaster of the 2000 diet. They would have expected—as the Executive did—that money would be available to solve the problem. The SQA has said that it will need three to four years—I would check the *Official Report*, but I see that David Fraser, who is in the gallery, is nodding—to put things in order. I would have thought that there would be a commitment from the Executive to provide the resources for that to happen before there was a debate about circulating money around in a market economy for the services that the SQA provides, which is an idea to which all sorts of dangers are attached.

Nicol Stephen: Let us be clear. The SQA was self-funding until 2000.

Michael Russell: We are talking about the situation post-2000, as what happened then changed everything.

Nicol Stephen: We gave a guarantee, which I repeat, that there would be funding from the Executive to provide an efficient exam system. Since 2000, the Executive has put in significant extra resources to achieve that. The only question is whether the Executive requires to continue to fund the SQA on that subsidy model or whether it will do what it did before 2000, which was to make additional funding available to local authorities and the range of other organisations that help to pay for the SQA.

The point about savings is not to say that we will provide less money for the SQA in the future. The point is that if we are investing more money in the SQA, as we are currently doing—we might be asked to invest more in new technology and equipment—that will not necessarily all be additional money. We have to look for value for money. If extra money is being spent on new technology, less might have to be spent on handling the huge volumes of paper-based items that are handled at the moment.

Michael Russell: The convener is stopping me from following that up, but I am fascinated and worried by it.

Irene McGugan: We spoke with John Ward and his colleagues from the SQA about the new SQA committee structure and the committees for accreditation and process in particular were mentioned. The SQA seemed committed to that new system and spoke positively about the committees.

We also identified that it will be important to have clarity of role in the future. I wonder whether you think that the establishment of an advisory council will have implications for the current committee structure of the SQA.

Nicol Stephen: The two statutory committees of the SQA will be the advisory council and the accreditation committee. Outside that I see an important role for committees in the SQA. The new committees that John Ward and the board have established are crucial to the future of the SQA and some of the improvements that I have talked about. I see those committees as a matter for the SQA and its board, rather than as a matter for ministers.

Irene McGugan: Will the advisory council not have implications for the committee structure?

Nicol Stephen: It will be sensible, or understandable, if there is interaction between the council and those committees. There might well be common membership. Members of SQA committees do not all have to be members of the board of the SQA and similarly the advisory council has the opportunity to create task groups and sub-committees if it so wishes. I hope that they will be focused and that they will not necessarily be permanent committees but will be groupings of individuals to carry out particular projects. That too will be a matter for the advisory council.

I hope that the relationship will be constructive. However, if there were no positive tensions between the advisory council, through which the views and some of the concerns of the stakeholders are represented, and the other parts of the SQA from time to time, the system would probably not be working as effectively as it should.

There must be a constructive partnership but also positive tensions from time to time. That is why some committee members are anxious that the board respond positively to the views of the advisory council.

15:30

Mr Monteith: I will continue with the theme of governance, as I probably take a slightly different view from the one that the rest of the committee takes.

Michael Russell: Good.

Mr Monteith: I, too, am happy that it is good.

The bill seeks to create a smaller board and a more classical structure, which I am pleased that you defend. The previous board included a large number of the stakeholders. Now the stakeholders will be able to make their views known through the advisory council. However, the board will have the opportunity, from time to time, to disagree with the views of the advisory council. Why do you think that it is important that the board has the freedom to decide something different from the advisory council's views?

Nicol Stephen: It is important to make clear where the ultimate responsibility for governance lies. The control, direction, management and governance of the SQA must reside with its board.

Mr Monteith: If the board chose not to ignore but rather to reject the advice of the advisory council and was thereby rejecting the considered view of ministers, to what extent would you still be able to influence the board's decision?

Nicol Stephen: We could influence the board by the existing power of direction under the Education (Scotland) Act 1996 and the new power of regulation that the bill proposes. However, it is important to make clear that we do not intend to use the new power. We believe that the current arrangements, which are based on co-operation and good communication, are working effectively. Nevertheless, in accordance with the Enterprise and Lifelong Learning Committee's finding and recommendations, and in the view of this committee and of a large number of stakeholders throughout Scotland, it is important that that power of regulation be available.

The Convener: I was a bit worried when Brian Monteith started getting into a debate about classical and contemporary again. He knows where that led us with Scottish Ballet.

Michael Russell: I return to finance. It strikes me that the service's consumers, the SQA and many others want to hear clear and unequivocal support for the process that started after the 2000 diet and takes the SQA through to the recovery of

a firm footing. The bill is an important part of that but will not achieve it on its own.

I agree with you about governance, minister. Somebody must run the organisation. That must be the board, but the board must also know that it has the unequivocal support of the Scottish Executive, as it did in the first year, to get things right. That is what we need alongside the bill to have confidence in the process.

Nicol Stephen: I repeat the guarantee that adequate resources will be available for the SQA to deliver an effective exam system. That is the guarantee that we gave following the exam crisis in 2000. It is the guarantee that led to the successful delivery of the 2001 diet. The guarantee continues now and will continue into the future. I therefore give you that unequivocal guarantee.

What I cannot tell you today—and it would probably be inappropriate for me to go into detail—is the exact amount of funding that will be involved in future and the way in which that funding will be put into the SQA. As I have said, prior to 2000, the SQA had a financial model whereby it was in effect self-funding. It got its income through local authorities, colleges and other organisations that the Scottish Executive funds or plays a large part in funding. Now that there is a significant funding gap, we must think about how we put our money in. For example, if it became clear—and it has not yet become clear—that the current figure of £11 million was needed for the foreseeable future, we would consider the best way of inputting that funding and whether that funding should be given directly to the SQA. As the SQA has suggested, its income from fees is significantly lower than that of comparable organisations in England and Wales. If there were to be an increase in fees, we would consider whether it would be better for the Executive to assist local authorities, colleges and others in paying those higher fees.

Michael Russell: I am sure that you pay close attention to the views of your coalition partners who think that outputs are more important than inputs. I would not always agree with them. However, in this case, would you not say that what consumers of the service need is both the unequivocal guarantee that you have given—I am glad to hear it—and no talk of shifting money around, market economics or anything like that? The evidence from the Scottish youth parliament, which I am sure that you have read, clearly states that young people in Scotland are still worried. They want to hear that the new system is going to work.

Nicol Stephen: I understand that and I say loud and clear that the system will continue to work and that we will continue to fund it. All that I am talking

about is a mechanistic issue concerning the most appropriate way in which to provide the funding. Let me assure you that we would not make any decisions in that regard without appropriate consultation with the committee and all the key stakeholders. There is a good chance that a clear consensus on a sensible way forward will emerge. Clearly, our commitment, which we have fulfilled over the past two years, is that, if additional funding continues to be required, as seems likely, the Scottish Executive will continue to provide it.

Michael Russell: Excellent.

The Convener: Thank you for that clarification, minister.

Mr McAveety: I have a question on the role of the minister's representative on the SQA board. What will be the input of the minister and what kind of outcomes—that is perhaps the word that Michael Russell was searching for—will we measure that input against?

Nicol Stephen: From that individual who is—

Mr McAveety: What role will they play in the SQA and how will that differ from the role that has been played so far through ministerial intervention?

Nicol Stephen: It is important to say that it will not be a new role. We already have an official who attends the meetings, with the agreement of the chairman and the board. Just as the advisory council will not be completely new, because we have the ministerial review group, which has been meeting for more than a year, we already have a representative on the SQA board. That ensures the fullest of communication, as that individual sees the board's papers, listen to its discussions and make his or her views known to the board. We are trying to ensure the best dialogue between the Scottish Executive and the SQA.

Mr McAveety: Can you envisage a situation in which, despite the role being played by the link-up with the Executive and the relationship with the advisory committee, the advisory committee's recommendations and ministerial recommendations might not be accepted by the board? Might that dilemma be faced even if the system is working effectively? Concern was expressed earlier that the board might ignore those recommendations. However, if the system is working properly, no circumstances should emerge in which there would be problems.

Nicol Stephen: I agree. I find it difficult to envisage circumstances in which we would need to go further and take steps to require the board to do things. It is important that those powers are available. However, with the proviso that the advisory council will be chaired by a member of the board, rather than by me—which is an

improvement that helps to establish a link to the board—I believe that the current system, whereby an official from the Executive attends the board meetings, works well. The current level of communication is good and we have a stable, effective exam system. We want to build on those firm foundations with adequate funding.

The Convener: Thank you for your evidence, minister. We look forward to receiving the further clarification that you will give us before stage 2.

Nicol Stephen: As ever, we hope to make draft regulations available as soon as possible and before stage 2 if at all possible.

The Convener: That would be helpful. Thank you.

I suspend the meeting to allow us to change over witnesses.

15:41

Meeting suspended.

15:53

On resuming—

Scottish Qualifications Authority

The Deputy Convener (Mr Frank McAveety): I welcome back members of the committee and the witnesses from the SQA—I thank them for persevering. We are now into the second act of what will be, I hope, a play of only two acts this afternoon. I do not know what a third act might reveal.

We move on to discuss the progress that has been made on this year's examination diet. Karen Gillon has left to attend a meeting of the conveners liaison group. She will return, but may not be here for the conclusion of our discussion with the representatives of the SQA, which I will chair.

I invite John Ward to make an introductory statement, should he wish to add to the SQA's written submission. Thereafter, I will open up the discussion to allow members of the committee to ask questions.

Professor Ward: I will ask Anton Colella to comment, but first I will put our discussion into context. Last year, we were very much involved in putting in a top-down control system and building better links with customers. This year, we are involved in building the confidence and capability of the organisation. It is vital that the SQA has confidence in itself.

I go back to some of the points that were made during our earlier discussion. As we go through the year, we will be creating a vision of and a strategy for where the organisation is going, as well as thinking about the investment that goes with that. This year is about building on last year's work and holding on to the gains that we made. As members will see from the figures that we have provided, we are running ahead of where we were last year by a substantial margin, although that does not mean that there are no problems—there are always problems.

Anton Colella: Members of the committee will be aware that we certificated successfully in August 2001 and that we completed the appeals process successfully. On completion of the appeals process, we immediately began the formal transfer of information and the recruitment of markers. Let me update the committee. We have already recruited more than 90 per cent of our markers for this year. That is a significant improvement on the position this time last year, when we were still engaged in the recruitment process. We engaged in the process several months earlier this year and we are pleased that so many markers are already in place.

We are now matching the number of recruited markers to the uptake of subjects, identifying shortfalls, engaging reserves and, where necessary, moving staff around within levels and subjects. We have identified subjects for which the recruitment of markers proved to be problematic last year. Those subjects are problematic again this year, but we are much more prepared, in contingency terms. The SQA would like to reassure the committee that we are giving the matter due attention and that we are well ahead of schedule.

The transfer of data was a key consideration last year and we are pleased to say that, before Christmas, the bulk of entry data were in the SQA system. At that time, we were able to send out reports to centres, asking for confirmation that the data were accurate. We are now engaged in the process of centres withdrawing candidates and changing levels. Members will remember our discussions last year about ensuring that our data were accurate. I can reassure members that we are going through the process much earlier this year, to ensure that when we come to results entry and certification, the data are more robust.

A key point in last year's success was the fact that we worked to a plan. We are doing the same this year—we are holding the gains that we made through a rigorous and disciplined planning process that is subjected to clear and regular internal and external monitoring. The process is maintained through what is now called the certification planning group. We meet weekly, monitor our action plan for certification and beyond and ensure that any slippage that occurs is identified and that contingencies are in place. We have also engaged our auditors, PricewaterhouseCoopers, to conduct external monitoring, to reassure the board. PwC regularly monitors key checkpoints on the route to certification. We have a list of areas that are spot-checked through PwC interrogation. PwC then reports back to the certification planning group and to the board.

David Fraser: I have met every member of staff in the SQA and visited every department and I have been impressed by the air of confidence that exists in the organisation, particularly given the fact that individuals and sections faced a difficult process last year. I have heard about how they managed to cope in 2001, but this year there is a much more confident air. People say that what is happening this year is different from what happened last year.

As Anton Colella said, we are benefiting from PwC's external monitoring. I have not seen the process managed or monitored more effectively elsewhere in the public sector. It is clear that everyone, from board members down, is involved

in the process. I re-emphasise my earlier point that we need to implement a different kind of process in the long term, to ensure that the pressures on staff are removed and that the process is appropriate for the 21st century.

Professor Ward: One of the most appropriate steps to take in governance is to establish a strong audit and performance committee. We established such a committee last year and have been able to increase its strength this year. The committee comprises four of the new SQA board members. The tracking group to which Anton Colella referred reports directly to that committee, and the tracking is then validated by PwC. I repeat David Fraser's comment that the governance system that is in place is as rigorous as that of any organisation, and is probably a lot stronger than most governance systems.

Jackie Baillie: It is worth putting on record my view, which I hope the committee shares, that the SQA staff worked hard and extremely well, under considerable constraints, to make the 2001 examination diet a success. I am pleased by the progress that the SQA witnesses have outlined. It is clear that the SQA is hitting milestones earlier than was anticipated. Nevertheless, confidence in the system is all. I am pleased that the SQA has undertaken a risk assessment of the plan. What risks did the assessment identify? What are the appropriate contingencies that you defined?

16:00

Anton Colella: Last year, the SQA engaged in a risk assessment that was supported by PwC. Committee members will remember that fact from previous submissions. We identified risks at that point and defined contingencies. In the past couple of weeks, senior management and a representative group of staff have reconsidered those risks. We also reviewed our contingencies and added new risks.

The risks will not be a great surprise to the committee as they are the usual ones—data accuracy, the robustness of our IT systems and current staffing and resources. Key milestones have been achieved in those areas. I am unsure how much detail the committee wants me to go into, but I reassure the committee that the risk assessment was done not independently, but under the scrutiny of PwC at its office. We have a draft report on our risk assessment workshop.

I reassure the committee that we have learned lessons on risk and its identification, which have been built into the system. We have transferred risk identification and assessment skills to our staff. It is important to have PwC's external input, but it is also important to make it the norm throughout the organisation's operational sections,

where there are critical dependencies for delivery, that risk assessment is identified and contingencies are planned. We are working towards that. It is good to be in a position to reflect on previous risks and look to the future by identifying new risks and preparing for them.

Jackie Baillie: What kind of new risks have you identified? I do not want a huge amount of detail, but just a flavour of the scale of the new risks.

Anton Colella: I will give an example of one risk. The SQA delivers a complex service and it is possible for individuals to have key responsibilities in the organisation that only they have experience of carrying out. We identified such a group as the singletons. About four months ago, we identified a significant number of them, which has been narrowed down to a critical number. Contingencies are in place to ensure that when someone is no longer there to do a singleton's job, the task is still carried out.

David Fraser: I have examples from a couple of meetings that Anton Colella and I have had in the past few days that have given us reassurance from those to whom we deliver the service. I spent a day at Falkirk College of Further and Higher Education, to assess its view of how we deliver our service. There was positive feedback about how the service is being delivered in the current year. Five or six staff asked me to convey to the SQA staff the fact that they feel that improvements in communication and data and so on have been of great effect.

We also had a meeting within the SQA with assistant directors from throughout Scotland, at which we briefed them on the examination diet position and got feedback from them. A couple of procedural issues were raised, but the response from the group was largely positive. Those individuals would know if there were problems with the current diet. This morning, Anton Colella and I met the Educational Institute of Scotland to discuss a range of issues, including the current examination diet. Again, some procedural issues were raised, but there was recognition that the SQA staff are addressing them positively.

That is the kind of stakeholder involvement that we need. The SQA cannot deliver the system on its own; it has to be delivered with individuals who work with us effectively. There must be two-way, open communication, and I reassure the committee that that is there.

The Deputy Convener: I will let Jackie Baillie ask one more question on this subject. I guarantee Michael Russell an opportunity to come in after that. I am being generous this afternoon.

Michael Russell: You are very lax, convener.

Jackie Baillie: He is—he is being very generous to me.

The Deputy Convener: I am helping to elicit information on behalf of the committee.

Jackie Baillie: I want to pick up on something that David Fraser said. There has been a lot of communication with key stakeholders, but one group has been missing in the discussion: the parents and the students themselves, who have lost confidence in the system. Confidence has been partly restored, but there is still uncertainty—they are still not quite sure. Do you have any strategies in place to communicate directly to pupils and parents the progress that you are making?

Professor Ward: Aside from the committees, I have established two lead roles on the board. One is for people in management, which I have picked up; the other is for stakeholders. I am conscious that we put a lot in place last year with the involvement of college account managers and many major organisations. That should not stop there. David Fraser and Anton Colella have that role, with the Executive. They need to think through what we might do. It is impossible to talk to everybody, but we need to ask what more we might reasonably need to do to address the gaps. We recognise that need and want to talk about it. I hope that we can talk about that further, perhaps at other meetings such as this.

David Fraser: Getting communication right is a complex matter, with 750,000 entries and a very large number of individual candidates. We need a mechanism that includes candidates and students in the discussion. We need to evolve how we do that over the next few months. It will be difficult to achieve that for the current diet, but we would want it to be in place for future diets.

Michael Russell: Much of this committee's work has centred on how best we might consult young people and on best practice in that regard. It is an area that needs to be considered very seriously and pushed forward, even though that is not easy.

I refer again to the evidence from the Scottish youth parliament. It may not be entirely representative, but it is quite concerning. The stakeholders in all parts of education may be satisfied, but you have to ensure that the consumers are satisfied too.

Professor Ward: That is very important, but remember that we are serving the whole population. It is important that we talk to young people, but we are also talking to people in work. One of the greatest skill deficits in Scotland is in the workplace. I remind you of my earlier point about using the SCOTVEC model in the south of England, which closed just such a gap for us. The issue is wider.

Michael Russell: Nobody is denying that, but, equally, we cannot deny that young people are

absolutely crucial to what you do; their confidence in the system is absolutely crucial.

Professor Ward: Agreed.

Michael Russell: That is a long-term issue. There is also a major issue around the fact that the currency of the certificates with which you deal is not yet sufficiently understood in Scotland. The certificates have not yet achieved the status required for people to understand them, let alone the names of the qualifications. That is something that you must work on.

Let me address a different issue—this is the one that I wanted to go into in detail. During the inquiry that followed the problems in 2000, we talked a lot about the culture of the organisation and about how it could work as a single body. We acknowledged that there were difficulties when the SEB and SCOTVEC were brought together and that the wounds had never fully healed, certainly at management level. Now, an entirely different set of people are there, who probably do not have any loyalties on either side of the divide. How has the culture developed and changed? Where is it going?

I want to introduce another issue. It seems that the three witnesses represent the triumvirate that shall be the SQA: someone with a strong background in the public sector and public service; someone with a strong background in business; and someone with a strong background in education. In the first year of the process, I was concerned by the great deal of evidence that the approach was business-oriented, not education-oriented. Where is the public service culture of the organisation going? Although the SQA's customers include businesses and others, it runs an education-oriented activity, which needs to be run well. There is no reason why a public service body should not be run supremely well. It should not have to pretend that it is something that it is not.

What are the three witnesses' perspectives on those issues?

Professor Ward: Last year, we had no alternative but to put in place substantial and almost draconian control techniques. Anton Colella referred to those techniques as a plan, but they were far more than that, because they contained everything and were grouped under 12 success factors. If we had not introduced those techniques, we would not have delivered the result.

That was last year; this year's task is to build confidence and capability. That takes us into the field to which Mike Russell referred. The structure that has been put in place involves a new chief executive, who will give leadership to the whole organisation. He is supported by two executive

directors: Anton Colella, whose background is in education, and Brian Naylor, whose background is exclusively in public service.

We have appointed eight general managers, whose job is to fit the organisation together. Previously, the organisation worked in pipes; there was no diagonal across it. The general managers who are now in place are beginning to make the organisation work horizontally.

The next challenge is to get the organisation working at the interface between the first line of management and people. As I said earlier, we very much want to work on that. There is absolute recognition of Michael Russell's point. We are trying to move the structures to fit a culture that will make the organisation cohesive. We are building on the back of the measures that we put in place last year, for which there was no alternative.

Perhaps David Fraser will add to what I have said about the cultural element and explain what he would like for the organisation.

David Fraser: I have a strong commitment to delivering a high-quality public service and value for money. The two things must go hand in hand. I want the SQA to take it for granted that we deliver a high-quality, value-for-money public service. However, I agree absolutely with Michael Russell's point that we should be driven by the educational and other needs that the SQA serves. Instead of having an internal culture that looks only within the SQA—which was part of the problem in 2000—we must be an outward-looking organisation that works with businesses, colleges and schools. We must be driven by an agenda to improve quality in those areas.

As was said earlier, we must ensure that we match or exceed the best in the UK and in Europe. We should be judged by those gauges, not by whether the organisation has effective governance or is delivering value for money—that should be taken for granted and should be done as a matter of course. We should be judged on whether we meet the needs of students, young people, people going through qualifications and all the users of the service. As chief executive, that is how I want to be judged.

Anton Colella: I have little experience of the previous culture, but it is clear that the culture of the future, as David Fraser and John Ward have said, will be outward-looking. Our culture should involve asking what the users of Scottish qualifications need and working to the best of our ability to provide for those needs. We must ask what young people, teachers and managers in schools need; what teachers, managers and lecturers in further education need; and what training organisations and employers need. We

must respond to those needs. The SQA might require a different culture to respond to different needs, but we must clearly identify and define those needs and structure ourselves to support them.

In the schools sector, the SQA is in a unique position to contribute significantly to the attainment of young people in Scotland. We possess, monitor and maintain the standard. We gauge the standard annually and have thousands of appointees who oversee it. It is vital that we recognise that the information that we hold can contribute significantly not only to meeting the needs that exist but to raising the level of attainment both within Scotland's schools and within colleges and workplaces, where people are looking for skills development and improvement.

16:15

Ian Jenkins: I am glad that Mike Russell asked that question. I will raise more mundane matters. I would like the witnesses to reassure me about some of the points in their submission—I imagine that I will get that reassurance, but I ask for it all the same. The submission states:

"We are also looking at ways to improve the quality assurance of our qualifications, in particular moderation activity for those qualifications/units assessed internally by centres."

What is the problem, and how are you getting on with it?

To save time, I will mention a couple of the other points on which I would like reassurances. When the SQA was experiencing real problems, we talked about training for the staff who handled the data that came from schools. Those staff found problems in understanding data when they looked at information on screen. How is that training coming on?

The submission also mentions the challenge of establishing better communications across the organisation.

Anton Colella: On moderation, one of the SQA's key responsibilities is the quality assurance of our qualifications at both the external and internal assessment stages. The SQA wants to develop and improve the quality assurance of internal assessment even more than we are doing already. We identified that area because we want to develop it even further. We are going beyond what we are doing in schools and are implementing quality assurance for our higher national qualifications, particularly in colleges. Over the past two years, our focus has been on our national qualifications in schools, but it is important that we ensure that the quality assurance regime that we establish for all our qualifications is maintained. We included that

comment in our submission to inform the committee that we are taking that work forward.

On staff training, last year, we had temporary staff who came in at the peak time for data entry. This year, we have consolidated the permanent staff who have dealt with that area in the past and have identified the gaps for temporary staff. We are working with an employment agency to define the exact skills base that we are looking for and are preparing the training that we intend to put in place prior to employing staff.

On your third point, which was about internal communication, were you asking about communication within the SQA?

Ian Jenkins: Your submission states:

"One of the challenges for the next year will be to continue to improve communication laterally between units and functions".

Anton Colella: In the past, the SQA was characterised by a separation of development activity from awards. Sometimes, one activity did not communicate with the other. What is desirable as a qualification may not be deliverable, as far as the data are concerned. Both areas are now under one directorate, within which we have established three management groups to cover all functions within the organisation: the national qualification management group; the higher national qualification management group; and the vocational qualification management group. Those groups represent staff further down the management chain and ensure that all sections of the organisation are fully aware of developments. They also ensure buy-in across the organisation. That is an important development, which we highlight because we want to move forward. We think that the establishment of the management groups will go a considerable way towards meeting that challenge.

David Fraser: I could say a lot about communication. The committee should be aware that a key risk to organisations is when people do not raise issues and keep quiet about problems. That risk was identified in the committee's report on what happened in 2000. I gave every member of staff a message when I met them: if they have a problem or a difficulty, they must raise it, because the organisation will see that as a positive step. We have encouraged that approach, because we can ensure that we address issues only if people raise them. The challenge is getting people to be prepared to do that. [*Laughter.*]

Ian Jenkins: The source of the mirth is the fact that we were talking about Scottish Borders Council and the fact that there were problems there. You should get in there and sort them out.

Michael Russell: There is a job of work to be done.

Ian Jenkins: What does David Fraser feel about the winter diet?

David Fraser: The winter diet was established at the request of the further education sector. We received a small number of entries—around 360 altogether—and that makes it difficult to administer. The costs are high; in some instances the costs for an entry can reach several thousand pounds.

Complex issues are involved in running a winter diet. In terms of the advice that will be given to ministers, a report will be prepared that includes what the SQA perceives to be the problems and the benefits of the winter diet. The structure is complex for a small number of candidates—the majority of whom were from schools, rather than from colleges, and were using the winter diet for resits.

Ian Jenkins: I was sceptical about that.

Professor Ward: As David Fraser said, the board was concerned about the cost of the diet. It was also concerned about pressure on the markers. Members will remember that the markers are the same teachers who are used throughout the year. The pressure that is put on them and on schools, who have to release them, is significant. We have to balance the cost and the viability of the diet.

The board's view is that the winter diet should be examined carefully. We will make recommendations to ministers along those lines.

The Deputy Convener: One of the key issues, which was evident in the report and from discussions, was the issue of pessimism among staff. Your interim predecessor said that, because he was a Partick Thistle supporter, he was used to pessimism. Since he made those remarks, Partick Thistle has made a remarkable improvement, which is a consolation. That has been almost paralleled by similarly remarkable improvements at the SQA. How do we retain that confidence? For example, we could look forward to another Glasgow side getting into the premier league next year. From our visits to the SQA offices, we felt that more needed to be done about staff confidence.

I will end on a positive note, as that would be a useful conclusion to this afternoon's discussion.

David Fraser: We need to build on the success of 2001. The staff felt lifted by that and we need to ensure that that is sustained. We also need to ensure that the SQA staff see a positive, dynamic and developmental future for the SQA. They need to see that they have a leadership role throughout Scotland in the field of qualifications and awards. Everything that we have talked about this afternoon needs to be in place. The SQA staff are

ready for the challenge of meeting members.

I have been impressed by the positive approach of the staff whom I have met. I could have found a group of staff that were demoralised, but that was not the case. As we move into the future, the next phase of development at the SQA will be to go beyond meeting the requirements of 2002 and future diets.

The Deputy Convener: I thought that you were going to say that the secondment of John Lambie to Dalkeith would be useful.

Thank you for that contribution. Let us continue the process of progress and improvement. I hope that the 2002 diet will be delivered in the way that the diet was delivered last year.

Budget Process 2003-04

The Deputy Convener: Our next item of business is consideration of the Scottish Executive's 2003-04 budget. The Scottish Parliament information centre has prepared a paper to identify a number of issues. I invite comments from members before we agree on the process that we will follow.

Mr Monteith: I will skip straight to point 6, which recommends areas for our examination. I will chip in by saying that I would be interested if we examined specific grants. There are two reasons for that. The first is that the excellence fund is an important part of funding education. As the excellence fund is outwith the general area of education funding, it merits greater explanation. That would enable us to see what is happening.

Secondly, specific grants cover special educational needs. I am rather surprised that expenditure is not rising more. Given the Standards in Scotland's Schools etc Act 2000 and subsequent encouragement of mainstreaming, one would expect a significant development in funding. Gaelic-medium education is also supported by specific grant. However, funding seems to be standing still, which means that in real terms it is falling. We have not examined specific grants before. We could obtain further information and ask ministers for their views.

Michael Russell: I agree with much of what Brian Monteith said, with two additions. I echo that the Gaelic situation is worrying. The money has remained static and no new rights have been given to parents of Gaelic-speaking children. We must examine that carefully. I asked questions about that during the previous round of budget discussions.

The argument about expenditure in schools will be that declining school rolls lead to static or declining expenditure. I am not sure how sound that argument is. I would like to probe beneath that into issues such as utilisation of buildings and the relationship between the Scottish Executive and local authority spending, where the balance appears to be changing.

Jackie Baillie: We need to consider expenditure on schools and get a grip on the detail of what is allocated through the local government budget. Without overburdening the committee, I would also like us to consider children and young people and matters such as sure start grants and pre-five provision. The extent to which that funding is hypothecated or allocated generally is part of a wider debate that we must have with the minister. I would like that to inform discussions.

Ian Jenkins: I echo what Brian Monteith said

about special educational needs. We need a clearer picture of the commitments that legislation is putting on local authorities and how they are being funded—the way in which the money is distributed and the volume of it. We can ask generally about ring fencing.

Michael Russell: I echo the ring-fencing idea.

Mr Monteith: I echo that, too.

Michael Russell: The proportion of money that is ring-fenced must be clear. The convener raised that issue this morning as part of the Borders inquiry. We do not know enough about whether that amount is growing or reducing. I suspect that it is growing substantially. We do not know enough about the areas that it covers or how much of it remains unspent, which is an interesting issue. Ring fencing should be one focus of our inquiry.

The Convener: The focus has been on the education remit. Do we want to consider anything on the culture and sport side?

Michael Russell: The national companies are an interesting topic. I would like to probe below the real-terms increase in expenditure. The administrative costs of the Scottish Arts Council should also be scrutinised with a fine scrute.

Mr Monteith: I am unsure whether Mike Russell is talking about the national institutions or the national companies within the Arts Council.

Michael Russell: I am talking about the national institutions and the national companies. Despite the figures, we know that the national institutions have a problem. We should explore that funding and how it works.

Jackie Baillie: I do not know what the committee's practice is. I assume that the minister will be present to answer questions.

16:30

The Convener: The usual practice is that we appoint a reporter, who examines in more detail the points that committee members have raised. The reporter comes back to the committee with a report. At that point, we invite the ministers and relevant officials to the committee to question them on the issues. As usual, we are operating to a relatively tight time scale. I suggest that we try to appoint a reporter today.

Ian Jenkins: The reporter has usually been the deputy convener.

The Convener: Yes, it has been.

Mr McAveety: We are considering just five big things in a week and a half.

The Convener: We know that you do not have much to do with your life.

Michael Russell: I think that the deputy convener is an entirely suitable person to undertake the task.

Jackie Baillie: I agree.

Michael Russell: When will we get the report back?

The Convener: I suggest 12 March as a suitable date for reporting back to the committee. Is that agreed?

Members *indicated agreement.*

Subordinate Legislation

Children's Hearings (Legal Representation) (Scotland) Amendment Rules 2002 (SSI 2002/30)

The Convener: Members will be surprised to hear that this Scottish statutory instrument was introduced one day and revoked the next. Another instrument will come to us. That situation is probably symptomatic of the problems that we have experienced. I suggest that we do not wish to make any comment—in fact, we cannot make any comment on an instrument that has been revoked.

Michael Russell: That is in spite of the minister's letter telling us that it was the best thing since sliced bread.

The Convener: Yes, but we will get another instrument. Members will be equally surprised to learn that there was a mistake in the instrument's drafting, which is why it has been revoked. We will receive another SSI on the subject in a short time.

Michael Russell: There will be another one along in a minute.

The Convener: Like a bus. At that point we will hear from the relevant people again—Mr Boyd McAdam and Linda Sneddon. Does the committee agree to my suggestion?

Members *indicated agreement.*

Roman Remains (Cramond)

The Convener: Item 6 is about the Roman remains at Cramond. Members have the letter from Mr Ronald Guild. Today I have circulated an agenda for a meeting of the Cramond management group on Friday 1 March. Have you had that?

Michael Russell: Yes, I have seen that.

The Convener: The group is meeting on Friday 1 March. I suggest that we write to the council today to ask it to brief us on what happens at that meeting. At our meeting in the week after that or in the following week, we could get an update on what is happening.

Michael Russell: I warmly supported Mr Brian Monteith's selection as the rapporteur on Cramond; in fact, I seem to remember that I proposed him for that role.

Mr Monteith: There was no skulduggery involved.

Michael Russell: None whatever. I am pleased that Ronnie Guild is here, because I walked part of the Cramond ruins with him some time ago. I fully endorse his letter. The prevarication has been astounding. I do not understand how City of Edinburgh Council can do what it has done.

Anybody who goes to Cramond—which I would recommend—to walk round the ruins of Cramond kirk, for example, will find that they are the worst interpreted and worst displayed ruins in Scotland, at least that I have ever seen. No matter how necessary it is, the sewage pumping works is an abomination on the landscape. The potential destruction by the redevelopment of Dunfermline College of Physical Education is a worry. It seems that neither the council nor any of the other bodies involved is taking the matter seriously.

At the very least, we should say to the council that we want to know from the meeting on 1 March what it proposes to do as a matter of urgency. If it proposes simply to issue minutes, as has been the case until now, and hold 10-minute meetings, the Education, Culture and Sport Committee should inquire into the matter in more depth. The first stage would be to walk the Roman ruins with Mr Guild, to see how appalling the situation is.

Jackie Baillie: This is the first time that I have been introduced to the Cramond ruins issue as a member of the committee. I recognise the sense of frustration at the lack of activity, which shouts through every line of the letter. I am not clear whether the petition has prompted the management group meeting. The meeting is welcome. Writing to City of Edinburgh Council to find out exactly what its plans are might be a useful way forward.

Michael Russell: We must do so prior to Friday.

The Convener: Yes, today.

Michael Russell: Then the council will be in no doubt about the situation.

Mr Monteith: It would be useful for us to put Cramond on our agenda for a meeting soon after the council's management liaison committee has met. We could ask Herbert Coutts to give us a report—not minutes—of that committee meeting, so that we can tell what progress has been made and discuss the issue. It is only right that we do that so that we can report back to Mr Guild. There is a danger associated with where we tread and what our locus is. We are not the local authority or a landowner and we cannot instruct people to do things. However, we can take a keen interest as a committee that wants to consider issues of natural and built heritage. If we consider that not enough is being done, we can ask people to come before the committee to explain what they have not done and what they intend to do. At the very least, we need to let the council committee meet and find out what actions it proposes to take.

The Convener: I suggest that we put that on the agenda for 12 March. That would allow appropriate time for a response and a report. Is that agreed?

Members *indicated agreement.*

Ian Jenkins: If someone was asked to speak to us, that would make them think. I am sure that they would not want to appear obstructive.

Michael Russell: We would want to hear not just from the council, but from Historic Scotland.

The Convener: Let us get the report of the meeting and decide where to go from there.

Mr Monteith: The report that I produced and the comments that the committee made at the time made it perfectly clear that we did not see Historic Scotland as having a locus to do things. It was because there was inaction by all the other parties that we felt that Historic Scotland could take a lead. Therefore, it was surprising that Historic Scotland declined to do that. The matter then fell to City of Edinburgh Council. I thank the council for stepping in, but there seems to have been a long delay since then. If you write to Herbert Coutts, convener, perhaps you should include an extract of the *Official Report* of today's meeting.

The Convener: I am afraid that the *Official Report* will not be ready to send before Friday. However, I am sure that we can send it for information after Friday.

Michael Russell: We should note Ronnie Guild's work on the issue. He is tireless and persistent and, if it were not for him, nothing would be happening. At least now there is potential for

action. He has expended much energy on the matter.

The Convener: Absolutely. I am sure that the committee agrees with those sentiments.

Finance Committee Inquiry (PFI/PPP)

The Convener: Members have received a paper from the clerk of the Finance Committee asking us to nominate a member to join a reporter group in connection with the private finance initiative/public-private partnership inquiry. Are there any volunteers?

Mr McAveety: I recommend Jackie Baillie.

Jackie Baillie: Are you trying to get your own back, Frank?

Michael Russell: What is the composition of the sub-group?

The Convener: I do not know. The relevant committees have been asked to nominate someone.

Michael Russell: I would like to do it, but unfortunately the dates make that impossible. I am sure that Jackie Baillie will carry the views of the various members of the committee to the Finance Committee.

The Convener: I am sure that Ms Baillie will reflect the range of views on the committee.

Jackie Baillie: I will indeed.

Mr Monteith: What has happened to our inquiry?

The Convener: We have asked Rob Ball to produce a summary and update on where we are. We have not received that yet.

Mr Monteith: Several schools have opened since we last took evidence and it seems as though more are being commissioned.

The Convener: Let us push on. The summary will reach us soon.

Michael Russell: That is the problem with dealing with private consultants.

The Convener: I am sure that we can feed that view into the Finance Committee's inquiry if appropriate.

Mr Monteith: The issue will have to be debated at some point. I am sure that this committee would like to debate it.

Michael Russell: Indeed. It would be interesting to know what our views are.

Mr McAveety: Let me guess.

Michael Russell: I know mine—it is your view that I do not know.

Mr Monteith: It is not for me to stir things up.

The Convener: A debate would depend on when we have a report.

16:39

Meeting continued in private until 17:07.

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