

AUDIT COMMITTEE

Tuesday 3 February 2004
(*Morning*)

Session 2

£5.00

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AUDIT COMMITTEE

3rd Meeting 2004, Session 2

CONVENER

*Mr Brian Monteith (Mid Scotland and Fife) (Con)

DEPUTY CONVENER

*Mr Kenny MacAskill (Lothians) (SNP)

COMMITTEE MEMBERS

*Rhona Brankin (Midlothian) (Lab)
*Susan Deacon (Edinburgh East and Musselburgh) (Lab)
*Robin Harper (Lothians) (Green)
*Margaret Jamieson (Kilmarnock and Loudoun) (Lab)
*George Lyon (Argyll and Bute) (LD)

COMMITTEE SUBSTITUTES

Chris Ballance (South of Scotland) (Green)
Mr Ted Brocklebank (Mid Scotland and Fife) (Con)
Marlyn Glen (North East Scotland) (Lab)
Mr Andrew Welsh (Angus) (SNP)

*attended

THE FOLLOWING ALSO ATTENDED:

Mr Robert Black (Auditor General for Scotland)
Caroline Gardner (Audit Scotland)

CLERK TO THE COMMITTEE

Shelagh McKinlay

SENIOR ASSISTANT CLERK

Joanna Hardy

ASSISTANT CLERK

Christine Lambourne

LOCATION

Committee Room 2

Scottish Parliament

Audit Committee

Tuesday 3 February 2004

(Morning)

[THE CONVENER *opened the meeting at 10:31*]

Item in Private

The Convener (Mr Brian Monteith): Good morning and welcome to the third meeting of the Audit Committee in 2004. I make the usual announcement about mobile phones and pagers: please turn them off so that they do not interfere with our public address system.

The first item on the agenda is to consider whether to take item 5 in private. Item 5 is consideration of the draft report of our inquiry into the Auditor General for Scotland's report "Scottish Further Education Funding Council: Performance management of the further education sector in Scotland". Do members agree to take item 5 in private?

Members *indicated agreement.*

Business in Private

10:32

The Convener: Item 2 is to discuss a paper that the clerk has prepared on taking business in private. The purpose is not to take firm decisions about how we conduct business on particular items, but to allow members to comment on our procedures. At present, we decide whether to take items in private on a case-by-case basis and we do not plan to change that arrangement. The aim is to give the clerks and me a greater steer on what members think about how we have been proceeding so far. We want to know whether there is a need to change and, if so, in what way. I invite members to comment.

Margaret Jamieson (Kilmarnock and Loudoun) (Lab): I do not think that we need to change how we make decisions on taking issues in private session. We are clear that we do so to obtain advice from the Auditor General and his team or to consider lines of questioning. Recommendation 78 in paragraph 644 of the previous Procedures Committee's report "The Founding Principles of the Scottish Parliament: the application of Access and Participation, Equal Opportunities, Accountability and Power Sharing in the work of the Parliament" states that committees are

"justified in meeting in private where they consider public discussion might undermine the effectiveness of the subsequent evidence session."

In my view, that clearly applies to the lines of questioning that we discuss when we have witnesses. I support the suggestion that we should continue to decide on a case-by-case basis.

Susan Deacon (Edinburgh East and Musselburgh) (Lab): I will say something about the generality of the issue and then pick up on Margaret Jamieson's point about the specific issues for the Audit Committee.

I was heavily involved in the discussion in the Procedures Committee that is cited in the paper from the clerk. As many members will know, the Procedures Committee's inquiry went on for a long time—arguably for longer than it should have done. It is worth noting that, without question, one major criticism that came from a wide range of individuals and organisations was that too much of the Parliament's business is transacted in private. There was a real sense of disappointment about that. Although many people who had given evidence to committees were pleased about the different nature of the Scottish Parliament in that respect, there was a sense that everything closed down, committees disappeared from view for

weeks or months and something else came out at the other end. People could not understand how the process had gone from the evidence sessions that they had read assiduously and participated in to the end result of the report.

I will comment in a second about the Audit Committee, but it is worth remembering why the issue is around and why it was raised in the Procedures Committee's report. The Procedures Committee observed that, although decisions to meet in private were technically being taken on a case-by-case basis—in so far as an explicit decision is taken at each meeting about what is to be discussed in private—those decisions were, perhaps subconsciously, going through on the nod. The Procedures Committee hoped that, if nothing else, committees would at least pause for a wee minute to think whether they have got things right and whether they need to think more consciously about individual decisions. That is why I am pleased that we are having this discussion at all.

I accept that the Audit Committee is different from other committees in some respects, not the least of which is the involvement of the Auditor General and his staff. I am interested in hearing what Bob Black and his team feel about where we draw the line at present between public and private discussions. In our future deliberations, we must be mindful of anything that is said from that side of the house.

For what it is worth, my view—on which I would welcome comments from the Auditor General—is that we should recalibrate where the line between public and private discussions is drawn in two areas. I am not talking about a volte-face and taking in public everything that is at present taken in private. The first area is the consideration of the Auditor General's initial reports. Our standard practice is to have an initial discussion in public and a secondary discussion in private. I am not sure where the dividing line should lie, but it could be recalibrated a little, if I may use that word again. Some of the initial views and opinions that we launch into when we are in private could be shared in public without compromising anything that the Auditor General says or does.

In a similar vein, the second area that could be revisited is the first stage of discussions about the committee's draft reports. The practice of taking that stage in private was most criticised in the Procedures Committee's inquiry—the discussion of our "Individual Learning Accounts in Scotland" report was a case in point. I do not see why those initial discussions, which are intended to glean committee members' views and main concerns and observations, could not be taken in public. The counter-argument is that discussing such issues in public makes it harder for members to

agree because of party-political imperatives. I cannot help but feel that, particularly in a committee such as this one, members' views should stand whether they have their committee hat, party hat or chamber hat on. Another counter-argument is that members may grandstand. The sense in the Procedures Committee was that, if people are crudely grandstanding, that would be visible, whereas at present it is invisible.

I apologise for making a lengthy speech but, as you know, convener, I have taken an interest in the issue. I hope that we seek to recalibrate a wee bit where we draw the line in our discussions of what to take in public or private, while recognising and respecting the particular issues with which the Audit Committee deals. I do not think that we can necessarily resolve that today, but I hope that, if we do not move in that direction, we will be willing to explore it a wee bit further.

George Lyon (Argyll and Bute) (LD): In principle, each committee should always take the decision whether to go into private and defend it against the public record of how many times it has met in private; the decision should not be uniform throughout the Parliament. The Audit Committee is different from most other committees, in that we have a specific role that is set down in the Parliament's standing orders and are here to hold not so much the politicians but the accountable officers, who are civil servants, to account for performance, efficiency and the implementation of policy. The committee therefore needs to be able to discuss frankly and in private issues such as whether accountable officers did their jobs properly. Because we need to respect the fact that accountable officers are civil servants and not politicians who are there to be shot at, we must be able to have frank and honest discussions in private on such matters when we are drawing up reports.

The private briefings in which the Auditor General gives us further information after his public statements on reports that he has published are valuable and allow us to get a feel for some of the issues that lie below some of the views that are expressed in the papers. I support those private briefings continuing, but I think that we could hold our discussions on lines of questioning in public. Those discussions do not need to be held in private at all and I support holding them in public.

At the moment, we are not far away from where we should be and our position is defensible. We could hold our discussions on lines of questioning in public but, by and large, I concur with the way in which the committee is doing its business.

Mr Kenny MacAskill (Lothians) (SNP): The term "recalibration" is probably as good a way of stating the matter as we will get. Like George

Lyon, I am not against slight movement. The Audit Committee is distinct, as is the Subordinate Legislation Committee, on which I have also served.

My views have also been set by 20 years as a lawyer. There is a difference between what takes place in public court, which must for ever be in the public domain, and what takes place in a sheriff's chambers to resolve matters. Similarly, there is a difference between committee musings and briefings and committee deliberations: deliberations must always be in the public domain, but discussions in which we are generally trying to get our heads round a topic or taking advice should not necessarily always be in the public domain, because that would restrict the questions that we ask. It might, for example, be a disincentive to pursue a line of questioning that we think might turn out to be silly. Holding such discussions in private provides a more open and frank atmosphere and perhaps gives us a bit more leeway.

Like Susan Deacon, I am happy to take cognisance of what the Auditor General and his staff say, but there is at least a perception that more information—for example, on the background to a matter or what informal discussions took place on it—can be given in private briefings than in public deliberations, because once such information is in the public domain it would be open to criticism or challenge. If there is a suggestion that we change the calibration, I am not agin it, but I am not sure about discussing lines of questioning in public, because I can envisage a disincentive to ask what we might think is an idiot question. I can also think of pointed remarks in background discussions—I think of some of the discussions that took place regarding the Scottish Parliamentary Corporate Body and Parliament funding—that members might not want to be placed in the public domain.

Musings, briefings and advice should be taken in private, but deliberations and final decisions must be in public view.

10:45

The Convener: I invite the Auditor General to give his views.

Mr Robert Black (Auditor General for Scotland): It goes without saying that the matter is the committee's business rather than mine, but if it is helpful, I will offer one or two thoughts.

It strikes me that all the committee's substantive business is in public. A report is laid before the Parliament as a public document. I have the opportunity to make a statement in public to the committee to set the context and highlight the main findings. The members of the committee

then have the opportunity to question me in public on it, and my answers are in the *Official Report*. The questioning of accountable officers is in public and the final report is in public. That is a very public process and, as committee members well appreciate, we are therefore talking about two steps in the process: the point at which the committee members reflect on what questions they might wish to put to accountable officers and the point at which they reflect on some of the key conclusions that they would like to be included in the report.

Observing and participating in that process, we find that, from time to time, members want to test out ideas; they might not have the full facts and we might be able to supply them with the facts. It strikes me that there might be a link in that to paragraph 604 of the Procedures Committee's report, part of which is appended to the committee paper. That paragraph provides that

"discussions or draft reports concerning complaints against MSPs ... should not be held in public".

If, in discussions on reports of mine that are laid before the Parliament, there are questions in MSPs' minds not only about systems failures and weaknesses but about the extent to which failures and weaknesses might be attributed to individuals, such discussions might best be held in private. Similarly, when the committee is drafting a report, members might wish to reflect among themselves on their conclusions on the extent to which systems failures and weaknesses are the main reason for a problem and the extent to which it might be necessary to mention individuals' names. It seems to me entirely consistent with the sense of paragraph 604 that such matters should be held in private.

The Convener: The discussion has been most useful. We have to revisit the subject from time to time so that we can, as Susan Deacon suggested, consider our calibration. That is an apt choice of word, because the line that we need to get right is fine. It strikes me that the committee started off with a fairly comfortable position about what it was possible to take in public and what had to be taken in private and that, as the committee has become more experienced in operating its procedures and within its remit, it has found that it is possible to begin to bring more into the public domain because committee members have had greater self-confidence. That is right, because every agenda item, every report that we draft and every evidence-taking session that we have are treated case by case, which allows us constantly to recalibrate whether we hold those discussions in public or private.

Paragraph 604 of the Procedures Committee's report offers a helpful comparison. For me, the phrase

“ahead of any investigation being completed”

is the crucial part of that paragraph. When we discuss accountable officers, we may reach an entirely different conclusion from that contained in the initial draft. That suggests that there may be two kinds of reports. In some cases, we may be examining how an operation went wrong and delving into the decisions that people took. There are other reports of a more general nature—for example, on prescribing in general practice. In those cases, we are not seeking to discover blame or fault, but to examine the overall operation. In future, we may be able to say that discussion of such draft reports should take place in public.

However, we must take cognisance of the fact that if we are to discuss reports in public, we must start our discussion of them in public. The taking of evidence, the line of questioning and the initial draft report must be thought through on the basis that the entire process will be in the public domain. We cannot deal with an issue in private and later decide suddenly that we will discuss the draft report in public. That could be a difficult compromise, because the line of questioning that has been pursued will have created expectations and had an effect on the initial draft report by the clerks. In many cases, there may be room for considering lines of questioning in public.

On the issue of private briefings from the Auditor General and his staff, it is important that we remember that the published reports are agreed. The Auditor General's team has delved into and considered issues with the body on which it is reporting and the facts presented are as agreed. There may be issues that have not been agreed and that might bear further exploration, but they will not appear in the Auditor General's report. Perhaps those issues should be drawn to our attention, so that we can follow them up. From time to time, it is necessary to receive private briefings on such matters, so that we can begin to unearth issues that are not yet in the public domain. In that way, we are doing a very useful job for the public.

Those are my observations. It will be useful if, in future decisions that the committee takes, we bear in mind members' contributions, so that we can review constantly where to draw the line. I ask the committee to agree to note the paper.

Rhona Brankin (Midlothian) (Lab): How does the committee compare with similar committees in other legislatures? We tend to make the assumption that the US has a very open, transparent committee system. I do not know whether that is the case. Do we have any comparators?

The Convener: There are two answers to that question. First, if the member wants a detailed

answer, the clerk will provide the information that she seeks. The second answer is very anecdotal. In the Scottish Parliament, the Audit Committee takes more items in private than other committees do. It is generally acknowledged that that is due to the nature of the work that we do, compared with the work of subject committees. We intend to visit similar committees in other Parliaments to establish how they operate. Unless the clerk delves into the matter before that, I cannot provide a substantive answer to your question. However, the Audit Committee handles a larger proportion of its work in private than other committees of the Scottish Parliament do.

Rhona Brankin: It would be interesting to know whether a similar committee has considered this issue and works in a different way. We may not be able to learn much in that regard from the committees that we intend to visit. However, I do not want to instigate a major piece of research.

The Convener: We will obtain the information that the member seeks before we make our trip to Westminster, the National Assembly for Wales and, possibly, the Northern Ireland Assembly.

Rhona Brankin: That would be useful.

The Convener: Do we agree to note the report?

Members *indicated agreement.*

Work Programme

10:55

The Convener: We have received a further paper from the clerk on the Audit Committee's forward work programme. Members will see that the paper provides details of on-going work.

Later today we will consider our draft report on the Scottish Further Education Funding Council. There has been no progress on our inquiry into the scrutiny of financial consequences of legislation, as I am still to meet the convener of the Procedures Committee. Once that meeting has taken place, I will report to this committee.

We have yet to publish our report on Scottish Enterprise and further on-going work on Scottish Enterprise is being carried out by Audit Scotland. It will be for us to determine at a future date whether we want to develop that.

The paper contains an outline of Audit Scotland's provisional work programme. Members can see that reports on Historic Scotland, local economic forums and business support services will be published soon. Various items are coming up. Until the reports are published, we cannot determine whether we want to report and to take evidence on them.

Appended to the paper is an outline of diary dates on which the committee will meet and of items that are likely to appear on our agenda. It has been confirmed that on 2 March we will receive evidence from Paul Grice on the SPCB's accounts. We will take evidence on the report "Overview of the National Health Service in Scotland" from Lothian NHS Board on 16 March and from Borders NHS Board and Ayrshire and Arran NHS Board on 30 March. There are already a substantial number of items on our agenda. Unlike other committees, we meet and are resourced to meet fortnightly rather than weekly. We need to bear in mind how evidence sessions can be scheduled into the time that is available to us.

The next item on our agenda also relates to the NHS. We need to decide whether we want to take evidence from Trevor Jones, the accountable officer for NHS Scotland. That further evidence session would be slotted in on one of the dates when we are due to meet. Given that we are taking evidence from the health boards on 16 and 30 March, it would be natural to hear from Trevor Jones in April or May, should we choose to take evidence from him.

Our agendas for future meetings are already beginning to fill up with evidence taking. I make

the point to members that it is one thing to commission a report and to take evidence, but another to ensure that the clerks have the time to write up the evidence into reports so that we can publish them. We must always take account of that fact.

Those are my observations on the paper. I invite comments from members.

Rhona Brankin: This was a while back, so correct me if I am wrong; I cannot remember whether I raised the issue in committee or in informal discussion, but I would welcome a discussion of the broader issues relating to the concept of best value and how that is working in organisations such as the Scottish Executive.

The Convener: Okay. I propose to take comments from other members, and then we will try to resolve the issues that are raised.

11:00

Rhona Brankin: Other than the issue of best value, the programme seems to be straightforward.

The Convener: Are there any other comments?

George Lyon: It is probably inevitable that we will require Trevor Jones to come before us after we have heard from the NHS boards. We should take it as read that, on one of the dates that are given in the paper, part of the meeting will be such an evidence session. If we get answers during the NHS board evidence sessions to the questions that a lot of us want to be answered, I hope that that will lead to follow-on questions for Trevor Jones.

The Convener: I am wary of our moving on to the next agenda item, but I recognise what you say. That is why I flagged that issue up. The approach that you outline seems logical.

I invite Caroline Gardner to contribute to the discussion on the forward work programme.

Caroline Gardner (Audit Scotland): Thank you, convener.

I do not want to say much more about the items that are listed in the first appendix to the note on the committee forward work programme; they are included to give the committee a flavour of the reports that Audit Scotland will publish. As the convener has said, the question is how the committee can make best use of its time. I therefore suspect that some prioritising will have to be done in respect of the action that the committee chooses to take on some of the reports. The committee may want to note some of the reports and follow up progress on them later.

Rhona Brankin asked about the best-value agenda. We had hoped to make a presentation to the committee earlier in the session on best value in local government and across the public sector. The pressure of time caused by evidence taking and dealing with draft reports meant that we had to postpone the presentation, but it is still very much something that we would like to bring forward, as the committee's work programme allows.

We would also like to make time over the next couple of months for an informal discussion with the committee about the items that might come into our forward study programme. We are due to consult on that over late spring and summer. Obviously, it would be useful to have, at an early stage in the discussion, the views of committee members on items that we should consider for inclusion in that programme.

The Convener: Thank you very much. Was that helpful with regard to best value, Rhona?

Rhona Brankin: Yes.

The Convener: We should be mindful of that issue. It would be appropriate, were we to do any work on best value, to have a background briefing in advance so that we can work out where we might go and how we might gather evidence. On Rhona Brankin's behalf, I will liaise with Audit Scotland on when we can schedule that briefing. I will bring the information before the committee to determine how we might place it on the agenda, if it is a matter that the committee wishes to follow up.

Margaret Jamieson: Although it is helpful that Caroline Gardner and the Audit Scotland team will be able to provide us with a briefing, the Accounts Commission must also be involved in the briefing, given its involvement in the process. The briefing does not need to take place on a day on which the committee usually meets, and there are spaces in the schedule that would allow us to accommodate such a briefing.

The Convener: That is correct. We would look to involve the Accounts Commission. I agree that the briefing need not take place during a formal committee meeting; it could be done during an informal meeting. We must bear it in mind that, as some committee members are members of other committees, we must be flexible about the day on which we meet.

Margaret Jamieson: Where are we now in relation to visits to audit committees elsewhere? It seems to be some time since we decided to undertake those visits, but we have not had any information back to indicate when they are likely to take place.

The Convener: I understand that we are in the

process of tying up the visit to the National Assembly for Wales. I ask Shelagh McKinlay to comment on where we have got to with that.

Shelagh McKinlay (Clerk): Further funding was approved by the last Conveners Group meeting. I apologise for the clerks not being in a position to get the papers to the previous meeting of the Conveners Group; that had a lot to do with the delay and was due to pressure of work.

Christine Lambourne has drawn up proposals for the visit to Wales; I think that they were sent to the convener only yesterday. One of the issues that we will ask members to take a view is whether they are terribly keen to tie that visit to a meeting of the Audit Committee of the National Assembly for Wales, because it meets only once a month. It might be just as beneficial to go on a day when that committee does not meet. Members of the committees could meet informally and see other business of the Assembly. Otherwise, it would be difficult to arrange a suitable date.

We have been looking at the upcoming work of the Public Accounts Committee at Westminster, again on the assumption that members would want the visit to coincide with a meeting of the PAC.

We are definitely pushing the matter forward much faster now; I apologise that it has taken so long.

The Convener: Thank you. I confirm that last week we received approval for funding. I have not yet seen the paper on the proposed dates for the visit to the National Assembly for Wales.

I am happy to hear members' views on whether we should go on a day when the respective committees are meeting or whether we should go on any other day and arrange a meeting with members of those committees.

My opinion is that, in the case of the visit to Westminster, it would be of greater use to see the Public Accounts Committee in operation, whereas I am probably more relaxed about seeing the Audit Committee of the National Assembly for Wales in operation. We are more likely to be able to have an informal meeting with members of the Assembly's Audit Committee during which we can draw on their experience. I am happy to hear members' views before I get back to the clerks on the paper that they have sent me.

Rhona Brankin: It would be ideal to see both committees in operation. The difficulty is whether we will be able to see the committees in operation and spend time with the committee members. That is the problem. We should prioritise spending time with members of the committees; if we can see the committees working as well, it would be ideal to combine the two.

Robin Harper (Lothians) (Green): The convener said that he was relaxed about going to the National Assembly for Wales when its Audit Committee was not meeting. I agree with that, as we could learn other things about the way in which the Assembly works. It would be exciting to see how the Assembly works, in addition to seeing how its Audit Committee works. One-to-one discussions with the members would be more productive.

I would be very interested to see the PAC at Westminster at work, because it operates in a different style.

The Convener: It operates in a completely different style.

I would say that our position is essentially as Rhona Brankin has outlined it. We are naturally trying to arrange the visits in the best possible way, so that we can see the committees in operation and have time with the committee members. However, my fallback position is that we should see the PAC at Westminster in operation because it operates in such a different way from how we operate, whereas it is probably more important to have a meeting with members of the Audit Committee of the National Assembly for Wales, rather than have to fix our diary according to when that committee meets. The meetings of the PAC at Westminster are far more regular, therefore the arrangements for that visit can be more flexible.

Robin Harper: I ought to record my apologies for my overheated and late appearance at the committee. I was listening to some children talk about the future of Edinburgh and lost track of time.

The Convener: Your apologies are accepted.

As there are no other comments on the visits, I will endeavour to ensure that at our next meeting we will have finalised, or will be able to have a discussion on, our forthcoming visits to audit committees of various Parliaments.

In the meantime, we agree to note the report.

“Overview of the National Health Service in Scotland”

11:08

The Convener: Agenda item 4 is an opportunity for a discussion in which members can raise how we might go forward with our evidence and general lines of inquiry in regard to the Auditor General for Scotland's report “Overview of the National Health Service in Scotland”. George Lyon requested such an opportunity and I was happy to put it on our agenda. We want to obtain a sense of how the evidence sessions should be structured. I invite George Lyon to make the first contribution.

George Lyon: If we are going to get something worthwhile from the two evidence sessions that we will have with the NHS boards, it might be worthwhile to signal to them the areas on which we would like them to provide some in-depth information in order that they can come to the committee prepared.

During our discussions, the Auditor General raised an issue about transparency in relation to the dissolution of trusts, the move to unified health boards and the identification of rising cost pressures. That seems to be a fundamental issue and we need to signal to the boards that we would like them to spend some time on that.

I would also like the boards to give evidence on the cost pressures that will come into the system, whether those relate to the new general practitioner contracts, junior doctors' hours, consultants' contracts or the European working time directive. From my reading of the Auditor General's report, it seems that the Scottish Executive Health Department—at a high level—does not have a handle on what those matters will cost. What we need to find out from the health boards is: first, how much of the extra money that is being pumped into the system will be taken up by those matters; and secondly, how much extra output there will be from the service on the ground. That is certainly the question that the general public are asking; they are willing to pay extra tax so that more money can go into the health service, but they want there to be better outcomes and outputs.

The committee should be drilling down into those matters. One way of starting that process is to speak to the people who are charged with the delivery of services on the ground on behalf of the Scottish Executive, so that we can hear their views—and detailed information—on the deals that are about to be implemented, which are driving so much of the health service's agenda in certain directions. Do the health boards think that the extra money that is being provided will be

enough to implement those new deals? What extra output will they be able to deliver by 2006-07, when the peak of the new health spending starts to get into the system? That is a fundamental point. Perhaps a discussion with the boards will enable us to pick up some of the issues that we will need to take up with Trevor Jones at a subsequent meeting.

The Convener: Members are free to comment and I will then ask the witnesses from Audit Scotland to give their views.

Susan Deacon: I missed the committee's previous meeting because I was away on business with another parliamentary committee, so I apologise if I am raising matters that have already been considered.

I want to comment on the format of the proposed evidence sessions and in particular on the issue about inviting Trevor Jones back to give evidence. This might seem unorthodox, but I will explain my reasoning in a second: has any thought been given to the possibility that we might ask Trevor Jones, or another member of the Health Department, to be present while local health boards give evidence? One of the real limitations of the evidence-taking process that we follow in the Parliament is that it is very linear and depends on our going back to the Executive later to test the views that individual boards have expressed to us. That process does not provide an opportunity for alternative perspectives to be shared during a committee meeting. It might be slightly unconventional, but when committees have experimented with bringing groups together instead of hearing from them in separate sessions, the committees have gleaned a great deal more understanding.

My other question relates to the committee's discussion at an earlier meeting, at which I was present. I wondered whether the committee reached a final agreement that it should invite just two health boards to give evidence. I am concerned that, although we have opted to invite Lothian NHS Board for reasons that I think everybody agreed on, we will not have the opportunity to consider its evidence alongside that of Tayside NHS Board or Greater Glasgow NHS Board, which also run major teaching hospitals, for example. If the committee has already considered the matter, please tell me. I watched most of, if not all, the committee's previous meeting on the webcast later, so I have done my best to catch up.

Rhona Brankin: That is sad.

Susan Deacon: Very sad, yes.

11:15

The Convener: I will take Susan Deacon's points in the order in which she made them.

First, the intention behind the decision to take evidence was to ascertain the health boards' perspectives on the pressures that they are under. Indeed, we have not yet confirmed that we will invite Trevor Jones to give evidence, although there is sympathy for that proposal and we will discuss it and take a decision today. We did not consider the idea of running evidence sessions in tandem, but I think that such a format might be inhibiting for the health boards. It is right and proper that, after we have heard from a number of boards about their concerns and difficulties, we should explore the matter further. At that point it would be useful to invite Trevor Jones along. We might use the model that Susan Deacon proposed at another time but I would not recommend it on this occasion.

We decided to invite three health boards to give evidence: Lothian NHS Board, because we wanted to understand the particular financial pressures that a health board that runs teaching hospitals is under; and Borders NHS Board and Ayrshire and Arran NHS Board, because we wanted to hear a different perspective from boards that serve rural areas and that, to a certain extent, face pressures that are associated with the fact that they serve areas that are adjacent to urban areas. For instance, many people who live in the rural area that Borders NHS Board serves do not work there but commute to other areas. The committee chose to invite those three health boards to get a broad sweep of the different pressures that boards are under. I certainly do not suggest that we revisit our decision at this stage; however, we could do so after taking evidence, if we think that the evidence that we have heard is somehow incomplete.

On George Lyon's comments, it is important that we establish whether the uplift in funding is achieving the improved services that the public think and expect that it will achieve. The public—and the politicians who deliver the extra money—would be severely disappointed if the money did not make a difference. It would be helpful to ascertain as early as possible whether salaries, pay settlements and regulatory changes are absorbing the increase in spending, to the extent that we will see no change in the quantity or quality of the services that are provided. I suggest that the committee takes up that issue.

Robin Harper: First, I support George Lyon's comments.

Secondly, there might be considerable merit in Susan Deacon's suggestion. The objection has been raised that health boards might find themselves constrained if evidence sessions were set up in the way in which she suggests. However, if we consulted the boards and found that they thought that such sessions would be a good idea, would the suggestion not be worth pursuing?

Susan Deacon: If there is no appetite in the committee to change the system, I will not press for it to do so. However, I want to tease out the convener's comment that health boards would be inhibited by the proposed format. We must remember that our meetings take place in public session and that we are inviting senior managers, some of whom are on six-figure salaries. Whether Trevor Jones is watching our meeting on the webcast, reading the *Official Report* or sitting at the table 6ft along from those managers should not make a material difference to their ability to speak honestly and openly about their views.

By the same token—lest anybody think that I am simply talking about the health boards—given that the Executive frequently expresses a different view about the impact of decisions, for example, on big contracts, it too should be able and willing to express those views when local managers are sitting six feet away, rather than just express its views across the airwaves or in correspondence. I note that point as part of a wider point about how we try to debate and understand issues in Scotland, and I challenge the assertion that anybody should be inhibited because of the presence in the room of someone else during a discussion, especially as the whole discussion would take place in public.

One of the biggest issues that we will have to address in this perennial debate over health service funding is how we get away from the finger pointing that takes place in which the national service blames local services and local services blame the national service. Meanwhile, patients are tearing their hair out, very often at elected members, over the question whether improvements are being made.

Having missed the previous meeting, I have no intention of pushing and pushing to change evidence-taking sessions that might already have been established. That said, I would like to think that we could at least keep an open mind about bringing some of these different perspectives together in the same room. I genuinely think that such an approach would enable us to move forward on some of these debates.

The Convener: As I have said, I have an open mind on the matter, but that relates to what we might do in future, not to the decision that we have already taken.

As for whether witnesses will be inhibited, I think that I said that witnesses could rather than would be inhibited if everyone were put together in the same room. I was just flagging up that, no matter how professional we might want our health board chief executives to be, I do not know any of the people who will come before the committee and therefore cannot say whether they will feel inhibited or not. I hope that they will not feel that

way, but one cannot predict anything in that respect. On this occasion, I would prefer their attention to be focused on our questions rather than on anything else. After taking evidence from the health boards, we might find that we can take a different tack altogether in future.

Margaret Jamieson: I disagree with Susan Deacon. For this inquiry, we decided to take evidence first from Lothian NHS Board because of particular issues that members raised and then from health boards in the west of Scotland or in rural areas. We decided that we did not want to take evidence from Tayside NHS Board because that has been done to death and it needs to be left to carry on with its business.

It would be wrong to invite Trevor Jones to the meetings with Lothian NHS Board and with the other two health boards. Susan Deacon suggests that questions will inevitably arise from their evidence that Mr Jones will have to answer. That is not always the case. After hearing the evidence, it will be for the committee to determine whether it requires evidence from the accountable officer, Mr Jones, and the various issues on which it might seek that evidence. We need to go through the process before we can make that decision.

George Lyon: I think that we have already taken the decision on Susan Deacon's suggestion about bringing the health boards and the Health Department together.

My main reason for asking the health boards to prepare for their evidence sessions is that we do not want them simply to give us their opinions about how things are being delivered. We want them to come prepared with facts, which we will then take up with Trevor Jones. We know that the boards will appear before us and make their points as vested interests. Indeed, those of us who have been involved in organisations that lobby politicians—or whoever—know that the job of such organisations is to represent their vested interests and paint the best possible picture. However, it is up to politicians to demand facts and to probe our witnesses with hard questions to ensure that they are able to substantiate their comments. That is why I wanted to write to the health boards early on, highlighting the areas that we want to deal with and asking them to provide us with facts or to have those facts to hand when we start to delve into the matter. It might even be useful if they provided a paper before the meeting in question, so that we had some time to look at it.

The Convener: At this point, I invite the Auditor General to comment on what we might consider in our evidence gathering.

Mr Black: I invite Caroline Gardner to brief the committee on this matter.

Caroline Gardner: I will begin where George Lyon started and finished the committee's discussion by considering the questions that might be put to the three boards that have been invited to give evidence. It seems to me that the questions that members might want responses to clearly follow on from the reasons why the particular health boards have been selected to give evidence. Members were interested in finding out the cost pressures that all three boards are facing; how well they are dealing with those pressures; and the challenges that they face in that respect.

For example, members were particularly interested in Lothian NHS Board because of issues that sprang from the overview report, in particular the board's significant reliance on non-recurring funding to achieve a financial balance and the big shifts in the forecast of its financial position over the next few years. Members expressed an interest in finding out what was causing the situation and how it was being managed.

Members also wanted to learn from Borders NHS Board how a rural board was managing to achieve financial balance and to find out whether there might be any lessons from integrating the trusts and the board in that area. As for Ayrshire and Arran NHS Board, members wanted to take evidence from a board that had to deal with significant levels of deprivation. The committee wanted to understand how the board was dealing with those issues and achieving a financial balance by using a significant accumulated surplus from the previous financial year.

It might be worth reminding the committee that we are planning to produce a report in May that builds on the first overview report by providing more background information on trends of expenditure, activity, outcomes in the health services and so on. Although that report will not answer any questions about what is happening with all the additional funding that is going into the health service, it might—along with the evidence from the three health boards on managing new cost pressures—begin to cast some light on questions that members might want to ask the Health Department. As a result, we are very happy to work with the clerks to produce on each of the boards some areas of questioning that we can submit for the committee's approval. However, members might want to think about deciding on when to take evidence from the accountable officer of the Health Department, Trevor Jones, in the context of the publication of the second overview report and the additional background information that it will contain.

The Convener: Thank you. That was very useful.

Our intention was to distil the evidence that we receive from health boards into questions for Mr Jones. However, as a further overview report will be produced in May and our work programme shows that some dates in May are available for meetings, we might achieve a great deal if we carried out our work in conjunction with that report. For that reason, I ask the committee to agree today to invite Trevor Jones to appear before us and to flag up that we will ask him to appear on one of the two available dates in May. We can confirm the date nearer the time. Are members agreed?

Members indicated agreement.

The Convener: The clerks have suggested that we should clarify whether we should seek written evidence from the health boards in advance of our meetings.

Members indicated agreement.

The Convener: That is a definite yes. We will invite—

George Lyon: Factual information.

The Convener: Yes. We will invite the health boards to provide us with factual information.

I also want to clarify with members whether, when we talk about seeking evidence from health boards, we mean the boards that we will invite to come before the committee.

Members indicated agreement.

The Convener: Otherwise, we might confuse matters. I just want to ensure that no member misinterprets what I am saying.

We move on to agenda item 5, which we will take in private. I ask members of the press and the public to leave the meeting.

11:29

Meeting suspended until 11:40 and thereafter continued in private until 12:12.

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