



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

PUBLIC AUDIT COMMITTEE

Wednesday 18 December 2013

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PUBLIC AUDIT COMMITTEE
18th Meeting 2013, Session 4

CONVENER

*Hugh Henry (Renfrewshire South) (Lab)

DEPUTY CONVENER

*Mary Scanlon (Highlands and Islands) (Con)

COMMITTEE MEMBERS

*Colin Beattie (Midlothian North and Musselburgh) (SNP)

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

*Bob Doris (Glasgow) (SNP)

*James Dornan (Glasgow Cathcart) (SNP)

*Colin Keir (Edinburgh Western) (SNP)

*Ken Macintosh (Eastwood) (Lab)

*Tavish Scott (Shetland Islands) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Angela Canning (Audit Scotland)

Leslie Evans (Scottish Government)

Caroline Gardner (Auditor General for Scotland)

Paul Johnston (Scottish Government)

Jillian Matthew (Audit Scotland)

Tricia Meldrum (Audit Scotland)

Hilary Pearce (Scottish Government)

Stephen Woodhouse (Scottish Government)

CLERK TO THE COMMITTEE

Jane Williams

LOCATION

Committee Room 6

Scottish Parliament

Public Audit Committee

Wednesday 18 December 2013

[The Convener *opened the meeting at 09:30*]

Decision on Taking Business in Private

The Convener (Hugh Henry): Good morning and welcome to the 18th meeting of the Public Audit Committee in 2013. I ask everyone to ensure that electronic devices are switched off.

Under item 1, can we agree to take items 6 and 7 in private?

Members *indicated agreement.*

Section 23 Reports

“Management of patients on NHS waiting lists: Audit update”

The Convener: Members have copies of the report. The Auditor General for Scotland is here, accompanied by a number of members of her team: Angela Canning, Tricia Meldrum and Jillian Matthew. I invite the Auditor General to brief the committee.

Caroline Gardner (Auditor General for Scotland): Thank you, convener, and good morning. I previously reported on the management of waiting lists in February this year, and the Public Audit Committee subsequently produced its own report in May. The committee asked me to provide an update by the end of 2013, and the report that we are discussing today comments on progress by the national health service and the Scottish Government on implementing the recommendations in those reports.

In February, I concluded that the Scottish Government and NHS boards needed to improve their management and scrutiny of hospital waiting lists to assure patients that they are being treated fairly. Key aspects of the systems were inadequate at that time. My update report focuses on progress with improving audit trails and monitoring how waiting lists are being managed, and it comments on trends in NHS boards’ use of waiting list codes and waiting times performance during 2013.

Overall, we found that the Scottish Government and the NHS have been working together to implement the recommendations in the audit reports, and there are clear signs of improvement. The NHS boards have better controls and audit trails in place and they are now monitoring and reporting on a wider range of information about their waiting lists.

The NHS boards’ use of patient unavailability codes has fallen further, which continues a trend that I reported in February. Between September 2011 and September 2013, the percentage of in-patients who were coded as unavailable reduced by half, from around 36 per cent to 18 per cent. For out-patients, the percentage reduced from around 11 per cent to 5 per cent. Those reductions are shown in exhibit 3 on page 14 of the report.

Since October 2012, NHS boards have been using new patient-advised unavailability codes. They include new codes for patients who are recorded as unavailable because they choose to see a specific consultant or because they want to be treated only within their own health board area. We previously recommended that the NHS should introduce those codes so that boards could better

identify pressures in the system around their ability to treat patients locally and to meet waiting times targets.

In September 2013, 41 per cent of patients with patient-advised unavailability were waiting to be seen in a particular location or by a particular consultant. That suggests that there are pressures on capacity in some NHS boards, and we think that they need to use that information as part of their overall capacity planning.

The 12-week treatment time guarantee and the new patient-advised unavailability codes were introduced in October 2012. However, it has taken time for the NHS to update its electronic systems in line with those changes and to accommodate the recommendations in the various audit reports. Those updates will improve NHS systems, but in the interim NHS boards are not able to provide the same level of detailed in-patient data to ISD Scotland as they could before. ISD Scotland is therefore currently unable to carry out the same level of analysis as it did previously, and nationally published information on in-patients is less comprehensive. The NHS is working to resolve that and the Scottish Government expects to have full public reporting in place again early in 2014.

Most NHS boards are meeting the national target to treat patients within 18 weeks of referral to hospital, including any required out-patient appointments and diagnostic tests, but there are signs of pressure in boards. The percentage of people waiting more than 12 weeks for an out-patient appointment has increased and, as I previously reported to the committee, boards are finding the new treatment time guarantee challenging.

The report makes a number of recommendations to further improve scrutiny of the way in which NHS boards manage their waiting lists. In particular, boards need to implement the necessary changes to their electronic systems as quickly as possible and work with ISD Scotland to provide it with detailed in-patient waiting times data. That will allow better monitoring at a national level and more comprehensive public reporting in this important area of public interest.

As always, convener, my colleagues and I are happy to answer questions from the committee.

The Convener: Thank you. I have a few questions. On page 5 of the report, you note by way of background:

“The percentage of people waiting for inpatient treatment who were given a social unavailability code rose considerably between 2008 and 2011.”

Why did that happen?

Caroline Gardner: What we have done on page 5 is to recap the findings from our previous report, which was published in February. There were a range of reasons for the increase, and I ask Jillian Matthew to talk you through them.

Jillian Matthew (Audit Scotland): As Caroline Gardner said, we discussed the matter last time and raised it as an issue in our report. We found that boards were using the unavailability codes and that the numbers were quite high in certain boards, and we highlighted that.

Looking at the records from our previous fieldwork, I note that we did some quite detailed work on the transactions that were carried out in all the systems. In six boards, we made detailed investigations and looked closely at patient records, and we looked for reasons why unavailability codes were being applied. Often, however, there was no evidence there to show why they had been applied. There was a recommendation on that, and we are now seeing that there is a specific code for patient choice reasons where there was previously a gap. Last time round, we were not really able to get into that level of detail, but boards now have that code to show the different reasons why they are applying unavailability codes.

The Convener: So the figures for unavailability codes started to reduce, but that correlated directly with the rise in the number of patients who were waiting longer than 12 weeks. Because patients are now being recorded as waiting for 12 weeks or longer, that information is now in the public domain as opposed to being hidden, as it was in the past. One figure has gone down while the other has gone up. Is that right?

Caroline Gardner: Exhibit 3 on page 14 shows the trends in waiting times and unavailability for both out-patients and in-patients. You are right to suggest that, as the proportion of patients who are coded as being unavailable has fallen, particularly in the case of out-patients, the number of patients who are waiting for more than 12 weeks—which is the target time—has increased.

As Jillian Matthew said, when we did the work for the report that we published in February 2013, it was not possible for us to identify the reasons for the increase and then the fall in the use of unavailability codes, because of shortcomings in the systems that NHS boards had in place. That is why we have made recommendations on the need for better recording and monitoring of those reasons, which we are now seeing.

The Convener: Okay. On page 9, you note that “the Patient Rights (Scotland) Act 2011 brought in the Treatment Time Guarantee”, and you state that,

"Under this, eligible inpatients and day case patients have a legal right to receive treatment within 12 weeks of their treatment being agreed."

What are the implications if that legal right is not met?

Caroline Gardner: Perhaps Jillian Matthew can talk you through that.

Jillian Matthew: Although there is a legal right for patients under the 2011 act, there is no legal recourse for patients under the act if they are not treated within 12 weeks. However, the Scottish Government can decide to step in and take action if it feels that that is required.

Boards are also required to advise patients that they have not been treated within 12 weeks as required under the 2011 act. They have to explain why, apologise to the patient and explain what is going to happen for that requirement to be met. They also have to explain to patients how they can complain if they wish to do so.

The Convener: It is a bit of a farce, that. People have a legal right, but if it is not met, they do not have the power to do anything about it. They cannot go to court to enforce it and they do not get any financial recompense or an appointment immediately because the 12-week target has not been met. Nothing happens to those who fail to meet that legal right. At some uncertain point in the future, the Scottish Government might step in. It just makes me wonder what the point is of having a legal right when nothing can be done to enforce it. I accept that that is not a matter for Audit Scotland, but it seems rather bizarre that people have been given that right yet nothing can or will be done if the right is not mentioned.

You referred to exhibit 3 on page 14 and said that there have been signs of progress and some improvements, yet we see consistently throughout 2013 a rise in the number of out-patients who did not receive treatment within the guaranteed 12 weeks. That is a significant concern. Has there been any indication from the Scottish Government of what it has done to reverse that rise or any indication of when that figure will start to come down as the 12-week guarantee is met?

Caroline Gardner: We have reported clear progress on the management of waiting lists, with better recording of the reasons why patients are unavailable and better monitoring of that by boards. At the same time, as you say, we are seeing signs of increased pressure in relation to meeting the waiting time targets, particularly the target that out-patients should be seen within 12 weeks.

There is a difference in performance across Scotland, as you can see from exhibit 2 on page 11, which shows which boards are having particular problems and which are performing

relatively well. I ask Jillian Matthew to talk about the boards where the Government or the boards themselves are taking action because of the pressures.

Jillian Matthew: In our discussions with the Scottish Government, it has been very aware of the trend and it is working closely with boards where it is aware that there are capacity issues. In the report, we specifically highlight NHS Forth Valley, where 20 per cent of patients are waiting longer than 12 weeks. The health board has recognised that locally and is taking additional measures and allocating additional staff to put on additional appointments.

Nationally, the Government is working with boards and is accommodating additional appointments at the Golden Jubilee hospital and the treatment centre at Stracathro hospital. There are capacity issues and high demand in certain specialties such as ophthalmology and orthopaedics, so those are being targeted specifically. Some modelling work is also being done on how demand might increase in the future. The Government is keeping a close eye on the situation.

The Convener: Exhibit 2 shows that not a single NHS board met the 12-week guarantee, so it is just as well that there is no legal implication from that legal right that patients have. Every board right across Scotland would be in trouble if any action followed from that legal right. NHS Greater Glasgow and Clyde is not far away from meeting the guarantee, as is the Golden Jubilee hospital. However, notwithstanding what you have said, in addition to the NHS Forth Valley figure, which stands out, the figures for a number of other health boards show that they are around 5 per cent short of meeting the guarantee, and the figure for NHS Western Isles shows that it is even further away from meeting it. Have those other health boards given any indication of when they will meet the target?

Caroline Gardner: As Jillian Matthew said, the Scottish Government is monitoring with each health board what its performance looks like and where there are particular challenges that it needs to meet. The treatment time guarantee is slightly different from the 12-week out-patients target, which you can see in the third column in exhibit 2. Six boards were meeting the guarantee at the end of September 2013, but the others were not.

Our concern is that the pressure on out-patient services is likely to translate into pressure on both in-patient waiting times and the overall treatment time guarantee. Therefore, our focus is on ensuring that boards understand that and manage it and that the Scottish Government takes action nationally. We found evidence that they are improving the situation but, as we have said, there

are signs of pressure in the system. That is a particularly important point as we head into the winter period.

The Convener: I understand what you are saying. It is the guarantee that is the issue. In that case, only the NHS boards in Greater Glasgow and Clyde, Lanarkshire, Orkney, Shetland and the Western Isles and the Golden Jubilee hospital met the standard—all the others failed on that point. None of the boards is meeting the out-patient targets, and most of them are failing to meet the in-patient guarantee.

09:45

Mary Scanlon (Highlands and Islands) (Con): I am slightly out of touch with health—I have not been on the Health and Sport Committee for quite a long time—and I want to be clear about this. On page 9 of the report, paragraph 9 says that

“no patient should have to wait more than 12 weeks for their first outpatient appointment.”

Let us say, then, that it takes 12 weeks to see a consultant at an acute hospital. The next bullet point says that

“eligible inpatients and day case patients have a legal right to receive treatment within 12 weeks of their treatment being agreed.”

So, it takes 12 weeks for a patient to meet the consultant and the patient has to wait a further 12 weeks once the treatment has been agreed—is that correct?

Caroline Gardner: All three of the bullet points in paragraph 9 apply at the same time to eligible patients. I ask Jillian Matthew to talk you through how they interact. You are right to say that it is complex.

Jillian Matthew: There are two separate periods of 12 weeks. It is 12 weeks to the first appointment at hospital, and at the first out-patient appointment or at a subsequent appointment it is agreed what the patient's treatment will be. That has to happen within 12 weeks under the treatment time guarantee. However, the 18-week referral-to-treatment standard lies over those two periods. If someone goes on to get in-patient treatment, the period is not 24 weeks—it still has to be within 18 weeks overall.

Mary Scanlon: So, someone could wait 12 weeks to see a consultant. Let us suppose that, after they see that consultant, they require surgery. That surgery would be guaranteed within six weeks because of the 18-week—

Jillian Matthew: Yes, but that is not a guarantee, it is a standard.

Mary Scanlon: The patient has a legal right, though.

Jillian Matthew: The legal right is for 12 weeks.

Mary Scanlon: Is that to wait 12 weeks to be an in-patient? Is the target 18 weeks from referral by the general practitioner to treatment?

Jillian Matthew: Yes. That is not a legal standard, though. That is the overall—

Mary Scanlon: In that case, someone could wait 12 weeks to be seen as an out-patient. By simple arithmetic, if 18 weeks is the overarching period for referral from GP to surgery, surgery will take place six weeks after the patient has seen the consultant.

Jillian Matthew: Yes—if it takes 12 weeks for them to see the consultant, but the patient might be seen in a shorter time. A lot of people are seen in less than 12 weeks.

Mary Scanlon: I appreciate that. I needed that clarity.

On page 13 of the report, paragraph 17 says that

“the size of the waiting list for outpatients at a census on the last day of September increased by 20 per cent”.

That is a huge increase, from 208,000 to 250,000. The out-patient waiting list has increased by 20 per cent. Is that more and more people, as the convener has said, and is that why the treatment time guarantee for out-patients is not being met? That is where the bulge is. It is not the case that more patients are being treated, but that is the figure. I think that the pressure to meet the treatment time guarantee has increased in that there has been about 8 per cent more activity—is that right?—given the bulge in the figure. If there is a treatment time guarantee of 12 weeks, we assume that more people will be being treated within 12 weeks, but we have a 20 per cent increase in the out-patient waiting list.

I am trying to reconcile the figures. It can take 12 weeks for a patient to see a consultant. We are told that, once the patient has seen the consultant, they have a legal right to treatment within six weeks because of the overarching 18-week treatment time guarantee. Why, then, do we have a 20 per cent increase in out-patients?

Jillian Matthew: That is something that we have tried to highlight. Such an increase in out-patient demand places a big pressure on the boards. It is not entirely clear why there has been such an increase, but there are a lot of possible reasons, including the ageing population and the fact that more people are getting ophthalmology treatments in hospital. You can see that the out-patient standard is not being met by boards because of the increasing demand. Not every out-patient will go on to get in-patient treatment. The number of in-patients has stayed fairly steady,

whereas hospitals are having to manage increasing out-patient demand.

The two bullet points on page 13 that you highlight say that the waiting list has increased by 20 per cent, but the number of patients who are being seen has increased by only 8 per cent, so there is obviously a struggle to meet the demand at the moment. We spoke earlier about the things that the Scottish Government is doing with boards to address that.

Mary Scanlon: Can you tell me the timescale to which that increase of 20 per cent applies? Did that increase occur between September 2010 and September 2013? Was it an increase of 20 per cent over those three years?

Jillian Matthew: It occurred over that time, yes.

Mary Scanlon: That is a significant change. Did that coincide with the introduction of the new treatment time guarantee?

Jillian Matthew: The treatment time guarantee was introduced in October 2012, but the increase started to happen before that.

Mary Scanlon: Would it be more relevant to consider how many patients are being treated within a certain time than to ask about the increasing bulge in the number of out-patients? We want to know that more patients are being treated—there is more demand—and that they are being treated within the treatment time guarantee. I am not sure that the section 23 report tells us that, but we are seeing a huge bulge—a 20 per cent increase—in the number of out-patients.

Jillian Matthew: We did not investigate the reasons behind that in detail. The focus was more on the progress that was being made among boards and how they are managing their waiting lists. We do not know how many of the out-patients went on to get in-patient treatment.

Mary Scanlon: Are you saying that there is a lack of capacity? Are more resources required in order to meet the treatment time guarantees that are outlined on page 9?

Jillian Matthew: There are certainly issues around capacity for out-patients and for in-patient treatment.

Colin Beattie (Midlothian North and Musselburgh) (SNP): Overall, the report is encouraging in relation to the direction of travel in data collection and so forth, which was the key issue that we were concerned about.

Paragraph 52 refers to “gaps in inpatient information”, and there are clearly issues with data collection. To what extent would those gaps in information impact on the figures? To what extent do they impact on the figures that go up to the Scottish Government? I am trying to get a grip on

how serious that is, for want of a better way of putting it.

Caroline Gardner: As far as we can tell, they do not affect at all the figures in our report, which we highlighted in our introduction. The figures are collected by health boards and we have reported that the way in which health boards monitor them to identify and tackle problems has improved since our report in February. However, boards are not reporting that on to ISD, because the information systems have not all undergone the necessary changes to allow that to happen. The national reporting, which is being done by ISD, is now less comprehensive than it used to be.

We think that the most significant gap in the list on page 29 is a comparison of the actual time waited against the reported time waited, taking account of periods of social unavailability. To be clear, we are not suggesting that those issues are not being monitored by health boards—they are, and we think that there has been progress—but they are not currently being reported to ISD.

Colin Beattie: I want to make sure that I have understood what you have said. Are we saying that the information is being collected but that some of it, at least, is not going up to Government?

Caroline Gardner: That is right. Because of the time that it is taking to amend the information systems that are being used by boards, the information that is being automatically transferred to ISD is less comprehensive each time. As a result, the national reporting is less comprehensive. The Government expects to have that issue resolved by early next year and to be able to fill in the backlog. At the moment, however, that is not happening.

Colin Beattie: It seems rather an important point that, if the Government is not getting accurate figures, it is very difficult for it to plan and to monitor what is happening.

Caroline Gardner: We agree. That is why we have recommended that that gap be closed as soon as possible. As we say in our report, there is some manual data collection and reporting going on to compensate. However, the information that is available at patient level is less detailed than it has been in the past and than the Government wants it to be again in the future.

Colin Beattie: One of the issues that came up after the problem with NHS Lothian, in particular, was that of staff training and the familiarity of staff with systems and with the whole process. Has that situation improved significantly?

Caroline Gardner: We have seen some real evidence of progress. On pages 22 and 23, you will see some of our findings. In particular, NHS

Forth Valley and NHS Tayside are monitoring trends in the way in which individual staff members use waiting time codes. There has been progress in training staff in the requirements and the way in which the systems work, and some boards are making real progress in identifying staff who seem to have particular training needs and in targeting training at them.

Colin Beattie: One of the important things about staff training and awareness is that it is not just a one-off as a result of what happened, but an on-going process. Are you satisfied that it is?

Caroline Gardner: Tricia Meldrum can explain what we know about continuing training and awareness.

Tricia Meldrum (Audit Scotland): A new controls matrix has come in just recently, which has been developed by the Government, the boards and internal auditors working together. It is quite complex and looks at various issues that boards should be monitoring both in relation to how they manage their waiting lists, use their codes, send out letters and communicate with patients and in relation to who has access to patient information and systems. Information about how boards are complying with the controls matrix should be reported internally on a regular basis, and boards and non-executive directors should continue to scrutinise that and make improvements where they are required. There is now a more robust framework in place that addresses those important issues.

Colin Beattie: Are you satisfied that that matrix is now embedded across all the NHS regions?

Tricia Meldrum: It has only just come in.

Caroline Gardner: It is still quite new. We think that the introduction of the matrix is progress. However, as you have said, continued attention is needed to ensure that it stays up there on boards' agenda and that staff training is kept up to date as the framework requires.

The Convener: Are there figures that show the waiting times for each individual hospital, or are such figures collected only on a health board basis?

Jillian Matthew: That information is not available for individual hospitals at the moment. Boards will probably have that information locally but it is not reported to ISD. That is one of the more detailed kinds of information that are missing at the moment but that will be in place again next year.

The Convener: It strikes me that, if there are boards with particular problems, some of those problems could be caused by one or two institutions within those board areas, which would be a real cause for concern. I note what you have

said—that the boards should have that information but that it is not routinely reported to the Scottish Government.

Ken Macintosh (Eastwood) (Lab): You have highlighted the fact that the use of unavailability codes has considerably reduced, which is to be welcomed, but the fall-off has been dramatic, from 36 per cent of patients to 18 per cent. What could explain that?

Caroline Gardner: When we reported on that in February 2013, it was one of the areas that we looked at closely to try to explain it. Our conclusion was that, at that stage, it was not possible for us or anybody else to explain it, because the systems and records for individual patients did not contain the information that was needed. At the time, our recommendation, which was supported by the committee, was that all health boards should start to use their information systems to record the reasons why a period of unavailability had been applied, and the Government's guidance, which was coming into effect at that point, introduced new safeguards. Those included the need for health boards to write to individual patients when a period of unavailability was applied, explaining that it had happened and what was meant by the date by which they should be seen or treated, and to make sure that there was that additional check on the process.

All of that means that we can now be more confident than we could be in the past that the figures are accurate, but that historical lack of information about why the level was previously so high and why it started to fall simply cannot be reconstructed, because it was never captured in the first place.

Ken Macintosh: You highlight the fact that it began to fall at the same time as you identified NHS Lothian as abusing the system.

Caroline Gardner: There is definitely a correlation. It is worth being clear about the fact that we did not identify that in Lothian; it was identified, as the committee highlighted at the time, as a result of whistleblowing within Lothian. The same trend was apparent in the use of unavailability codes across other health boards, but despite extensive audit work on our part the audit trail simply was not strong enough to explain why that happened elsewhere.

10:00

Ken Macintosh: So you could not discover that through audit. Since the NHS Lothian scandal was revealed, the figures have fallen from 36 per cent to 18 per cent.

Caroline Gardner: That is right.

Ken Macintosh: On availability codes, the convener said that no one has the right to enforce the supposed legal obligation to meet the targets. You also suggested that the boards are not particularly good at explaining any rights.

Caroline Gardner: I think that we found in the report that boards have made progress in doing that and that the letters that they are now required to send out to patients are a big step forward from the relative lack of information for patients that existed previously. We highlighted that some boards are doing very well. We have a couple of case studies in the report, which I ask Jillian Matthew to talk us through, to explain the progress that we have seen.

Jillian Matthew: Since the treatment time guarantee came in in October last year, boards have had to write to patients to set out the fact that they are entitled to the treatment time guarantee and to pass on information about when they should be treated, and to tell them that they are listed as unavailable or if other changes are made to their status on the waiting list. Boards are doing that.

We reviewed examples of the letters that different boards send out. There is no standard template, so the letters vary quite a bit in their level of detail and how clear they are. The case study on page 20 shows where things are being done well and highlights good practice that other boards could take on. NHS Dumfries and Galloway in particular wrote very clear letters and explained the situation to patients very well. In other boards, we saw that the situation was not explained very well; they mentioned the treatment time guarantee but did not really explain to patients what it meant to them or why they had to be treated within a certain time. We think that those letters could be a lot clearer. The Scottish Government has picked up on that and has said that it will be a priority for 2014 to work with boards to make sure that they all send out clear letters to patients.

Ken Macintosh: How did you find that out? Did you ask patients whether they understood the letters?

Jillian Matthew: We did not do that. It was quite a high-level piece of work. Some boards have said that they are working with patient groups and have received feedback from patients about the letters.

Ken Macintosh: One of the most worrying comments that you make—it is on page 12—is about the pressure on boards' capacity to cope. You suggest that some boards refer patients to national services in order to cope with pressure on demand. Is there an overreliance on those national services in some cases, which indicates a lack of capacity building and a lack of focus on

providing services that patients need at their local hospital?

Caroline Gardner: I do not think that that is a conclusion that we can draw from this piece of work. We say in the report that the increase in the number of patients not being seen within the standard times, or within the treatment time guarantee where it applies, is an indication of pressures in the system, which are greater for some boards than for others.

Referral to the national centres at the Golden Jubilee national hospital and Stracathro is an effective way of meeting patient demand for some specialist procedures. I know from family experience that the Golden Jubilee national hospital is extremely good at planned joint replacements, because it does a very high level of such operations. In many ways, it can offer patients higher quality because of the expertise that it has built up.

In this report—and in the report that was published a bit earlier in the autumn on NHS finances—we have said that those signs of pressure are definitely there and that individual health boards need to look at a range of data to identify where their pressure points are and what action they need to take to address them. The Scottish Government needs to be doing that at a national level.

Jillian Matthew talked you through some of the examples. In NHS Grampian and NHS Greater Glasgow and Clyde we saw exactly that. The Government is putting additional resources into the two national centres, but the signs of pressure are there and will need continued attention to make sure that the treatment targets can be met. Alongside those, the financial targets, the patient quality framework and the other things that health boards are required to get right to deliver the best possible patient care within the money that is available to them also need to be addressed.

Ken Macintosh: Just to explore that for a second, what do you mean when you talk about a lack of capacity? Do you mean a lack of doctors, consultants or nurses?

Caroline Gardner: That can mean different things in different places. Jillian Matthew will keep me right about this but, for example, NHS Grampian is currently investing in additional theatre space and time and additional doctors and consultants to carry out procedures. The problems might well be different in different health boards.

We know that orthopaedics and ophthalmology tend to be high-pressure specialties across Scotland. Circumstances are different in different places, and that is why we recommend that individual health boards use the range of data so that they can identify where the pressure points

are and what is needed to release them. We also recommend that the Government should stand back and do that across Scotland.

Ken Macintosh: I mentioned that because, in paragraph 15 on page 12, you talk about

“increasing vacancy rates for consultant and nursing staff”.

Caroline Gardner: We reported that in our report on NHS finances, in which we talked about the level of vacancies for doctors and nurses. There are pressures, some of which come from things with which we are familiar, such as the changes to doctors’ training arrangements and the working time directive and its impact on the hours that medical staff can work. There is a range of pressures, which is why boards’ ability to understand the demands on their services and to plan for the necessary capacity to provide those services is so important. That information is the starting point, but it is only the starting point.

Ken Macintosh: We would all agree that we want the health service to be able to cope locally with patient demand, but when it does not, it has to take emergency measures. Your report says that NHS boards sometimes rely on national services, and you have also identified the fact that they buy in private sector healthcare. Do you know how much is spent on that?

Caroline Gardner: We reported that in our report on NHS finances, which we published earlier this year. Angela Canning is trying to check on that for you—if we can, we will come back to that in a few moments.

Ken Macintosh: The report mentions that NHS Lothian—just one health board—is spending £27 million on a range of measures, including private sector healthcare. Does that worry you?

Caroline Gardner: NHS Lothian faces particular challenges because of the problems that were uncovered when its manipulation of waiting times was exposed back in 2011. At that point, it had a much bigger backlog of patients who were waiting to be treated than it knew about or had planned for. Catching up with that backlog at the same time as dealing with the referral of new patients is clearly a challenge for NHS Lothian and the specific circumstances there.

More generally, across the health service, as we say in our report, we are seeing signs of pressure in the number of patients on waiting lists and the number who are not being seen within the target times. That is the reason for our recommendation that health boards should look at the range of information, identify where their capacity challenges are and work with the Government to meet them.

Ken Macintosh: Okay. Has Angela Canning found the figure?

Angela Canning (Audit Scotland): Yes. You might remember that the Auditor General brought a report on financial performance in the NHS to the committee back in November. It showed that spending on private healthcare increased by around £15 million in 2012-13 to just over £80 million, which was a rise of 23 per cent over those two years. At that time, we highlighted to the committee that that was a reversal in the trend, in that we have seen an increase in spending on private healthcare. However, we also noted that the increase is quite a small proportion of total NHS spending.

Ken Macintosh: We are seeing more vacancies for nurses and doctors, we are spending more money on private healthcare and we are not meeting demand locally. Those are my three observations.

Angela Canning: That is right.

The Convener: Could you clarify which two years you mentioned?

Angela Canning: I am sorry—I was trying to read without my glasses on.

Spending on private healthcare was £80.3 million in 2012-13, which was an increase of £14.8 million from 2011-12. There was a rise of 23 per cent between those two years.

Ken Macintosh: Did you say £80 million?

Angela Canning: Yes, it was £80.3 million in 2012-13.

The Convener: And it went up from £50 million?

Angela Canning: Yes, it was around £50 million.

The Convener: What was the figure of 14 that you mentioned?

Angela Canning: The figure of 14.8 is the difference between the two years—

The Convener: But how does that translate into a rise of 23 per cent?

Ken Macintosh: It was £14.8 million—

Angela Canning: Sorry. What we do not have in the report is the baseline figure for 2011-12.

The Convener: If there is an increase of 23 per cent, that is fair enough, but what I do not understand is that you are also saying that there was an increase of 14 per cent. I am not quite sure—

Caroline Gardner: We will clarify the figures for you. They come from our report “NHS financial performance 2012/13”, on which we briefed you at a previous meeting. We will pick up the point separately, to ensure that we do not mislead you.

The Convener: Okay.

Bob Doris (Glasgow) (SNP): Mr Keir and I never get a pass on health matters—we were at the Health and Sport Committee meeting yesterday.

Mr Macintosh asked interesting questions and mentioned the increase in vacancies for nurses and consultants. I understand that there are more vacancies because more posts have been advertised and not because existing posts are unfilled. Can Audit Scotland confirm that the cause is an expansion in nurse and consultant numbers, rather than a failure to fill core posts?

Caroline Gardner: The figures come from the financial performance report that I mentioned. I do not think that we were able to break down the vacancies into those that relate to new posts and those that relate to long-standing posts. It is certainly true that there has been an increase in the number of consultant posts, as we said in the report.

Bob Doris: I think that the Cabinet Secretary for Health and Wellbeing has been able to confirm that, but I wanted to put that on the record.

Depending on how we interpret it, the table on page 11 either makes for pretty uncomfortable reading or shows work in progress. I am looking at the column for the target “All eligible inpatients guaranteed to be seen within 12 weeks”. Nine boards either met the target or were within 1 per cent of it, and only one board was outwith 5 per cent. There is still an unmet target, but I contend that the table shows fairly robust performance. In contrast, the data on the target “No outpatient will wait more than 12 weeks for their first appointment” show a significant challenge.

When the committee considered the issue recently, Robert Calderwood from NHS Greater Glasgow and Clyde, which covers my area, said that he used unmet waiting time targets to inform him of where the pressures are in the health board area and then allocated existing resources to the pressure points. The table on page 11 shows that NHS Greater Glasgow and Clyde met two out of the three targets in the table, and that it met the third target in 99.9 per cent of cases—so it was 0.1 per cent outside the target. It is important to put that on the record, because it is an example of a health board allocating existing resources effectively to meet the obligations that the Scottish Government places on it. Your report is excellent, because it draws that out quite nicely.

What evidence do you have or would you seek in future to show that health boards are using the audit trail to better inform resource allocation? When you come back in six months’ time or a year’s time, such evidence would enable you to say of health boards such as mine, “They have

dramatically improved the situation, because they have used the audit process to identify shortcomings. They have allocated existing resources and transformed the situation.”

Caroline Gardner: There was a lot in your question. I will try to pick up on the range of points that you made. First, you are right that exhibit 2 contains a lot of information about what is happening and shows a mixed picture. On the treatment time guarantee—the column on the right of the table—six boards are meeting the target fully, some are within 1 per cent of meeting it and a handful are not meeting it.

On the following page, we noted that only three boards have met the treatment time guarantee every month since it was introduced in October 2012. There is a challenge for most boards in that regard—the exceptions are NHS Orkney, NHS Western Isles and the Golden Jubilee national hospital.

We also said in the report that the out-patient target is significant, because many of the people who are waiting for out-patient appointments will in due course transfer to in-patient waiting lists and therefore to the treatment time guarantee. That suggests to us that pressure is building up in the system.

10:15

You are absolutely right: we say in the report that health boards should be using the wide range of information to understand for themselves where the pressures are, what the bottlenecks are and what they can best do to relieve those pressures. We set out in exhibit 6, on page 25, the range of information that we think health boards themselves should be monitoring to ensure that they can do that. That is quite detailed information, and it breaks down at specialty and hospital level to make it possible for boards to understand in detail what action needs to be taken to meet existing pressures.

We have not yet made decisions about when we will follow up this piece of work, but we are interested in the question of capacity planning and how, both at a local level and nationally, the NHS can ensure that it meets the sometimes conflicting demands around targets for scheduled and unscheduled care, the financial targets and the patient quality framework requirements and the various staffing requirements. That is a complicated mix to manage, and we would like to understand better how health boards are doing that.

Bob Doris: That is helpful. As for the role that the committee can play, members might look at individual tables, exhibits and paragraphs in your report and can pick out things that are of particular

interest to them, but I am delighted that you will have a hands-on role in working with health boards to ensure that they better set out how they use the audit information to plan better. What is the committee's role in following through on some of those things? There is no turf war here with the Health and Sport Committee, which will no doubt investigate winter resilience in due course, I imagine, but is there a useful role for the Public Audit Committee in following through on some of the audit information and in examining where subsequent investment goes? Do you think that that would be a useful exercise? I know that it is for us to decide how to proceed, but I am interested to hear your views on how we use the numbers to better inform ourselves about health board actions.

Caroline Gardner: Clearly, that is a decision for the committee to take. It is always helpful to us when the committee endorses our recommendations, as that ensures that they are taken seriously by people in public services. There is also value in the committee taking evidence both from health boards that are doing well—NHS Greater Glasgow and Clyde has been discussed in relation to the targets—and from health boards that are facing more significant challenges, so that you understand how they are doing and build up an understanding of what the problems are and what the responses available to health boards might be.

Bob Doris: Much was made by the Scottish Government—I am certainly supportive of this—of the new patient advice line, which is for any patient in the country who is unsure where they are in the waiting time system, what their rights and entitlements are and how the process works. I am interested to know your thoughts on how that is working in its very early stages. In the NHS, you are damned if you do and damned if you don't: if people use the line, that means that there are bad things happening; if people do not use the line, it is not being promoted enough. Sometimes you cannot win in that sort of situation. How do you feel that that is going?

The national confidential alert line has also been set up for the NHS: if any NHS staff member feels that inappropriate actions are being taken, whether in relation to waiting times or other areas, they can pick up the phone and report them confidentially.

How confident are you that both the advice line and the alert line are helping to achieve robustness in the system and are better informing patients?

Caroline Gardner: The honest answer is that it is early doors for both lines. We refer to the waiting times information line and website in paragraph 28 of our report. It was introduced only

in October 2013, and it is designed to give people general information about, for example, what the treatment time guarantee means, how it relates to the other targets, and other complex things of that sort. It is not a substitute for detailed information from each board about an individual patient's circumstances, and we would like to see more about how those two sources of information interact to give patients better information.

We also refer in the report to the confidential helpline, which was introduced a wee bit earlier. The key thing is that, so far, the level of calls has been relatively small. There is no way of knowing whether that is a good thing or a bad thing. When we reported, there had been about 74 calls to the line. It is not possible to be sure how many of those related to waiting times issues, as opposed to wider concerns about healthcare.

We are therefore not in a position to discuss the effectiveness of the lines, other than to say that both are clearly good things to have in place as part of a culture of openness about what patients can expect, and they reflect the willingness—indeed, the desire—of the NHS to hear about concerns that people might have about healthcare.

Bob Doris: I will sneak in a final question. You piqued my interest when you referred to the new patient advice line giving general information and how that would marry with the detailed information that each health board would have. Do you envisage that, in future, if the patient had their Commission for Healthcare Audit and Inspection number or a reference number, the computer system and the patient advice line would link directly to the patient's own care circumstances, so that they could get immediate information about where they were in the system, rather than just general information about their rights?

Caroline Gardner: That is a question for Government but, obviously, technology is making it increasingly possible to provide such tailored, personalised information, based on good computerisation. I suspect that that would not only provide more transparency about waiting lists in general but be welcomed by patients.

James Dornan (Glasgow Cathcart) (SNP): On page 21, you state:

"The Scottish Government asked all NHS boards to provide it with written assurance that they are addressing"

the recommendation on identifying patients with additional support needs. The responses proved to be a mixed bag.

This is perhaps not for you to say, but would you be looking for the health boards, first, to improve, and, secondly, to reach the standard of NHS Greater Glasgow and Clyde and the six other boards that do what it does; or do you think that an

acceptable standard would be to adhere to the more comprehensive action plan that NHS Lothian has put in place? What did you think was appropriate, and what would the Scottish Government have been looking for when it wrote to the boards?

Caroline Gardner: That is a really good question. Patients with additional support needs have been a focus of our concern in all the reports that we have done on waiting lists, particularly in the reports that we published in 2010. It seems that they are patients who need and deserve more support but who can be left behind when it comes to ensuring that they are treated properly and in line with the treatment time guarantee and the other standards.

The things that we think are not happening consistently enough are highlighted in paragraph 30, which starts on page 21, and which you have highlighted. First, the system should prompt staff to check for special needs and to record them where appropriate. Secondly, there should be a specific field in the patient's record, so that the information can be retrieved easily and used to monitor performance. That should be done consistently throughout Scotland, so that we are sure that patients are being picked up consistently.

Most boards still rely on the GP or other referrer to identify those needs. Getting the systems right, in line with the indicators that we suggest later in the report, would help to ensure that the patients are getting the extra support that they need and that their rights under the waiting times framework are being upheld.

James Dornan: Did the Scottish Government write to boards with an eye to getting that uniform system in place?

Caroline Gardner: Yes. The Government was looking for assurance about the progress that boards had made. At that point, progress was mixed, as we say in the report, and we think that there is more that many boards could do. The approach that NHS Lothian plans to take is promising, and it looks as though it covers the right areas. There is probably scope for boards to learn from each other more in getting that aspect right.

James Dornan: I have a further question connected to that. I noticed that exhibit 6 on page 25 shows that the

"Number and percentage of people with additional support needs recorded"

is not included in the ISD benchmarking tool. Is there any particular reason why something like that would not be included?

Caroline Gardner: I am not sure, but Tricia Meldrum may be able to tell you more about that.

Tricia Meldrum: The expectation is that that information would be held within the boards' own systems, which the boards would monitor themselves. Because there is not a specific field for additional support needs in most boards' systems at the moment, there is no means to translate that information directly to ISD.

ISD has advised that it will continue to keep the benchmarking tool under review. It might add new indicators as required, and as new information becomes available. In future, boards might look to add that in, but there is no specific field at the moment, so ISD does not have any place to draw that information from as far as centralised data are concerned. You would expect boards to be monitoring that themselves.

James Dornan: There is a recommendation that there be a specific field for that. If a specific field were put in place across all the boards, ISD would then be able to monitor the information and include it in its benchmarking tool.

Tricia Meldrum: We recommended that boards improve how they manage and make information available to patients with additional support needs, and we think that a specific field would help to do that. That recommendation is not currently part of the national guidance, which is really about improving.

James Dornan: We will keep an eye on that.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): Auditor General, you made it clear in your opening remarks that there have been clear signs of improvement since your previous report, and you mentioned the improvement in audit trails, letters and communication with patients, for example. Where are the greatest opportunities in the recommendations on page 8 to take us towards the 100 per cent target that several members have mentioned?

Caroline Gardner: There are two different issues in your question. On improvements to the management of waiting lists, the most important thing is probably first to fill the gaps in the information that is reported through ISD nationally so that the comprehensive reporting, exploration and challenge can be done very clearly to identify where there are problems and what is needed to address them. That will require finalising the changes to the information systems, which is due to happen early next year.

That will provide a baseline to deal with the second part of your question, which is really about tackling waiting times performance. It is clear that there are a number of pressures, which will vary in different places and which need to be looked at as a whole. Progress has been made on getting the information right first of all, and we have seen real progress to improve the way that the information

has been used by boards. The challenge now is to ensure that it is used consistently as part of a wider understanding of demand and capacity to highlight exactly where the problems are in a particular board and to plan how best to fill those gaps to ensure that everybody meets the targets and standards that are in place.

Willie Coffey: Systems and processes get us to a certain point and give us the information that we need to effect such changes. When we initially look at the table on page 11, we think that the picture is not good, but there is a good story to tell if we look beneath that. A lot of hard work is going on.

Do you have any information about when people who miss any of the targets are actually seen? Most of the targets might be missed by a day, or they might be missed by weeks or months, and you might be concerned about whatever the answer to that question might be. We are talking about people and their health needs. When are they seen if a target is missed? Is there any information about that?

Caroline Gardner: We think that that is the most important gap in the information that health boards currently report to ISD. Members might remember that, in the report that we published in February, it was possible to compare the reported waiting times for patients with the actual times that they waited, taking into account unavailability codes. For most patients, the gap was not significant, although some patients waited longer for various reasons. However, having that information by health board and nationally is an important way for the health service to manage performance in this important area and for patients to have confidence that they and all of us are being treated fairly. The recommendation to close the gap in the information that is reported to ISD is important to us, as it will give a window on how long patients are waiting at the individual patient level rather than at the average level that is currently reported.

Willie Coffey: So we will get that information at some future stage and be able to see when people have been seen, rather than just whether the winning posts have been missed, which is what we see with the targets and the columns in this table. We will see that pattern developing.

Caroline Gardner: We have had that information in the past. We reported it in our February report, and the Government expects it to be available early in 2014. We recommend that it is very important that that information is available again for exactly the reasons that you have highlighted.

Willie Coffey: Thank you for that. That is helpful.

Tavish Scott (Shetland Islands) (LD): I would like to go through the timeline that is illustrated in exhibit 7. The bill that introduced all the measures was passed by Parliament in March 2011, which means, by definition, that the consultation and the parliamentary proceedings, including its committee proceedings, would have started at least a year in advance of that. However, as you have just said to Mr Coffey, we do not expect to have all the data fully resolved until next year. Correct me if I am wrong, but the Government set out a policy intention to do something in 2010, yet it will take until 2014 to get the data together to allow us to know accurately what is happening.

10:30

Caroline Gardner: In broad terms, that is right. A number of things were happening that affected the availability of that information. First, the new guidance on the waiting times framework and the treatment time guarantee was introduced later than planned because of the problems that emerged at NHS Lothian and the need to make sure that the guidance responded to those problems.

Secondly, the recommendations from the audit reports that we and the internal auditors of the health boards produced were taken into account in putting the guidance together. NHS boards have been implementing new electronic waiting list management systems and updating them. There has been a lot of movement from systems that were barely adequate to systems such as TrakCare, which are much better. All that has affected the timeline for getting the information in place. That is not an excuse, but it is a reason for the things that have been happening in the background.

Tavish Scott: I take that point, but exhibit 7 shows that, in May 2012,

"ISD Scotland began planning for the funding and staffing for IT developments required to the national waiting time database."

Am I right in thinking that ministers had said what they wanted to do and had illustrated that two years in advance of ISD starting to do that work in May 2012? Am I missing something here? Why did ISD take so long to begin that work?

Caroline Gardner: The timeline sets out accurately what happened. Questions about why particular pieces of work were started at particular times are for the Government and ISD. However, a lot was happening around waiting lists during that period, particularly in response to the problems that became clear at NHS Lothian.

Tavish Scott: I am not casting aspersions. I am simply puzzled because, if I was the Government, I would be keen to see the system up and running

the minute my bill hit the statute book. Audit Scotland's timeline illustrates that that did not happen and, although we know to some extent what is going on, we will not know completely what is going on until 2014, which is four years after the bill was an idea in a civil servant's mind. It seems to be an awful long time to get the data sorted out.

Caroline Gardner: That is absolutely right in terms of the national level data, but we are confident that it is being managed better than it was at health board level. It is a game of two halves in that sense.

Tavish Scott: Is Audit Scotland minded to make recommendations to Governments that are conceiving of legislation that includes data requirements that they should think through the consequences for the management of the data?

Caroline Gardner: We have made such a recommendation in audit reports repeatedly over the life of the Parliament, but it is often seen as less important than getting the policy or service in place. It should be just as important.

Tavish Scott: Absolutely. Thank you.

Mary Scanlon: I have a brief question. We keep talking about the treatment time guarantee, but there is no guarantee. Audit Scotland itself says that the treatment time guarantee for out-patients is "deteriorating". We also talk about legal rights for patients. Am I right in saying that there are no legal rights? There is a treatment time guarantee that cannot be guaranteed, and the so-called legal rights for patients do not exist. Is it therefore right to keep talking about legal rights and treatment time guarantees?

Caroline Gardner: It is a complicated picture and the best that we can do is refer you back to page 9 of the report. The treatment time guarantee is a new right for patients that was introduced in October 2012 under new legislation, which gives eligible patients the right to be treated within 12 weeks of their treatment being agreed.

The point of the earlier questioning is that that right is not legally enforceable by patients. It is enshrined in statute, but there is no legal recourse if it is not met, although the Government can intervene with health boards and take any action that they feel is needed. Alongside that 12 weeks from decision to treat to treatment, there are two waiting times targets, or standards: no patient waiting longer than 12 weeks for their first out-patient appointment; and 90 per cent of patients starting treatment within 18 weeks of referral. All those nest together in the way in which Jillian Matthew was explaining earlier. The treatment time guarantee is enshrined in legislation, but patients do not have recourse to law if their right is not met.

Mary Scanlon: Yes, but a treatment time guarantee is not being guaranteed and there is no legal right for patients. Is that correct?

Caroline Gardner: It is not legally enforceable under the legislation.

Mary Scanlon: The legal right is not legally enforceable and the treatment time guarantee for out-patients as you state in this report is "deteriorating", so it is not guaranteed.

Caroline Gardner: The treatment time guarantee does not apply to out-patients. What applies to out-patients is the target that they should all be seen within 12 weeks of referral.

Mary Scanlon: Well, you say in exhibit 1:

"the treatment time guarantee is not being met, and performance against the standard that all outpatients should be seen within 12 weeks has been deteriorating."

Caroline Gardner: Those are two different conclusions. First of all, the treatment time guarantee is not being met and—

Mary Scanlon: It is not a guarantee if it is not being met.

Caroline Gardner: It is not a legally enforceable right although it is enshrined in legislation.

Mary Scanlon: Yes, but if I have a guarantee, I think that it is rock solid. If I have a guarantee that something will be done in 12 weeks, I assume that it will be done in 12 weeks. It is a bit of a misnomer to call it a guarantee and a legal right.

The Convener: To be fair, we can take that up with ministers rather than with the Auditor General.

Colin Keir (Edinburgh Western) (SNP): Like some of my colleagues, I see some improvements in the report. I am happy with the likes of paragraph 34, on page 22, which says that better audit trails and better scrutiny have been identified.

I will be a touch parochial, because my constituency lies within NHS Lothian's territory. NHS Lothian was found out not so long back and is trying to get its act together right now, so I will ask about reporting mechanisms. NHS Lothian has been in a pretty bad place with what has happened over the past period. It has certain difficulties with buildings, for example. Edinburgh royal infirmary seems to have been built too small, with too few beds, and the board is having to go through a reorganisation of beds. It is also pulling in consultants to work in the high-turnover specialty that was mentioned earlier and is having difficulties with, I think, paediatric consultants. Because of the historical difficulties, I was not expecting a massive improvement. Are you examining NHS Lothian's on-going performance reporting mechanism particularly closely? I do not

expect vast improvements in a short period, but will you put in place a longer-term case management system to highlight in future reports how it is getting itself out of the mess that it is in?

Caroline Gardner: You are right that NHS Lothian has specific problems. It would be facing the same problems as any of the big health boards anyway due to rising demand against the financial pressures to which the NHS as a whole is having to respond. The big backlog that arose when the suppression of waiting list numbers was uncovered has made it more difficult to tackle the backlog and achieve the standards for new patients who are being referred. Obviously, that is still reflected in the performance figures for NHS Lothian, as you can see in exhibit 2.

We found many examples of good practice in what NHS Lothian is currently monitoring and the approach that it is taking to identifying where problems are and investing in areas where there are specific challenges. It will take a while for all that to work its way through.

Your question was about, I think, our audit risk assessment and monitoring. We do that for all 200 audited bodies for which Audit Scotland has responsibility for me and the Accounts Commission. NHS Lothian, for obvious reasons, is one of the bodies that we are keeping a close eye on at the moment. That tends to start at the level of governance and financial management through the annual audit and then play into the work that the performance audit teams do on specific areas to ensure that there is a good interflow of information.

We are keeping a close eye on NHS Lothian and maintaining a good dialogue with the chief executive and the board about their priorities, the progress that they are making and the ways in which they are managing the risks that they see.

Colin Keir: I was just asking about the continuing management. There has been a major problem, but there are many other problems, particularly centring on the royal infirmary and new assets that will have to be built at some point. However, I am comfortable as long as there is a mechanism for reporting back.

The Convener: Auditor General, I am aware that you will provide some further information. I thank you and your staff for your contribution to the meeting.

10:40

Meeting suspended.

10:44

On resuming—

“Police reform: Progress update 2013”

The Convener: I reconvene the meeting. We are taking oral evidence from Scottish Government officials. I welcome to the meeting Leslie Evans, who is director general learning and justice; Paul Johnston, who is director of safer communities; Hilary Pearce, who is head of police finance team; and Stephen Woodhouse, who is head of finance and workforce sponsorship unit—which is an intriguing title. They are here to contribute to our consideration of the section 23 report “Police reform: Progress update 2013”.

I invite Leslie Evans to make an opening statement.

Leslie Evans (Scottish Government): Thank you, convener, and thanks for the opportunity to provide evidence to the committee in response to the Auditor General for Scotland’s report on police reform.

I am here this time in my capacity as the accountable officer for the Scottish Government’s justice portfolio, which includes responsibility for ensuring that the Scottish Police Authority has in place the necessary controls to safeguard public funds. In undertaking that task I draw on a number of assurance systems, including effective sponsorship arrangements between the Scottish Police Authority and the Scottish Government, but I also undertake the performance appraisal of the chair of the Scottish Police Authority—Vic Emery—and meet him regularly.

The committee heard last month from the Scottish Police Authority, Police Scotland and Her Majesty’s inspector of constabulary for Scotland. I record my thanks and appreciation for the hard work, energy and commitment that has been demonstrated by all three organisations in making Scotland’s new single police service a reality.

As the Auditor General stated in her evidence to the committee on 20 November:

“Police reform has involved one of the biggest and most complex restructures in the public sector since devolution, and the biggest change in policing since at least 1967.”—*[Official Report, Public Audit Committee, 20 November 2013; c 1746.]*

It is, indeed, a singular achievement, and I welcome Audit Scotland’s recognition not only of the achievement but of the good practice that has been demonstrated in how reform was effected. So, in addition to passing legislation to establish the Scottish Police Authority and Police Scotland,

and supporting the production of a policing plan for each of Scotland's 353 multimember wards, we established effective project and programme management, appointed both the chair of the Scottish Police Authority and the chief constable six months before the start date of the new service, and enabled publication of the Police Authority's strategic plan, supported by an annual police plan. All that ensured that Scotland's policing services were maintained during the transition to the single service.

However, it is not only the structure of policing that has changed. For the first time the police have a statutory purpose, which is set out in the policing principles of the Police and Fire Reform (Scotland) Act 2012, and is focused on prevention and on delivery of outcomes. The legislation makes it clear that the purpose of policing is to work in partnership to improve the safety and wellbeing of people and communities in Scotland and to promote

"measures to prevent crime, harm and disorder."

That is a significant shift from the Police (Scotland) Act 1967, in which the main duty of police officers was

"to guard, patrol and watch".

Two years ago, we were visiting our European neighbours to learn about reform; now they are coming to see us.

Partnership working is at the heart of Police Scotland's approach to policing in Scotland. The new structure and purpose enable the police leadership to make a powerful, strategic and cohesive contribution to complex issues that require close working with other sectors and agencies. They include issues such as tackling alcohol, the early years, new psychoactive substances—also known as legal highs—and internet safety for children and young people. Local policing is the bedrock of Police Scotland. There is now a local commander for each division in Scotland, working with communities, councils, community planning partners and other partners to shape and deliver policing in their areas.

We are merely nine months into a major reform programme; huge progress has been made, but transformational change of this scale takes time to deliver and to bed down. Both the Police Authority and Police Scotland are confident that they will deliver sustainable savings this year and that they are on target to put in place by the end of this financial year strategies and performance management systems to track progress on realising the benefits of reform, in keeping with Audit Scotland's recommendations.

The Auditor General's report recognises that the Scottish Government, the Scottish Police Authority

and Police Scotland are working together to address the areas that require continued effort, and it recommends continuing joint emphasis to complete that. We agree.

Thank you, convener. I am happy to take questions, as are my colleagues.

The Convener: Thank you. Why did the Scottish Government not prepare a full business case?

Leslie Evans: As you will know, we prepared an outline case, which formed a very strong and effective basis for the financial memorandum for the 2012 act. In doing so, we were differentiating between an outline business case that explains the feasibility of savings for that particular route of reform and a full business case, which requires due diligence for how the savings are going to be delivered and therefore owned by the new leadership and the new organisation itself.

We differentiated between those and provided what was required to take a decision—which was a very full outline business case. It involved a good deal of consultation and was scrutinised by the directors of finance from the police forces themselves. We differentiated between that outline business case and the requirement of the new organisation and the new leadership to detail how and where they were going to change the service in order to enable the reforms and the savings to be made and to be detailed.

The Convener: So, was there no need for a full business case?

Leslie Evans: It was essential to have an outline business case and for the information before Parliament—

The Convener: No—I am not talking about the outline business case. Are you saying that there was no need for a full business case?

Leslie Evans: There is a need for a full business case, which is what the Police Authority is working on now with support from us, from Police Scotland and from others.

The Convener: You are preparing a full business case after the event. Just for argument's sake, suppose that that full business case shows that what you have proposed is a bag of mince. What would you do?

Leslie Evans: I think that we are confident that it will not be "a bag of mince".

The Convener: No—but just suppose that it is, for argument's sake, since you are preparing a full business case after the event.

Leslie Evans: We are asking the SPA and Police Scotland to realise the outline business case based on strategic decisions that they will

make, changes to services, how they manage their estate, the resources that they deploy, the structure of the new policing in Scotland, and the balance between national and local policing. There is a wide range of decisions; it is very important that they be reflected in the financial circumstances of the authority in the future. The new authority and Police Scotland are not preparing a full business case exceptionally or separately but are doing so based on what has already been prepared, and will deliver it themselves. It will be in place before the end of the financial year.

The Convener: I understand all that, but we have been told that this is the biggest single structural change of services since 1999—since the creation of this Parliament. You prepared—as you described it—

“a very full outline business case”.

Audit Scotland has indicated that no full business case was prepared; I am sure that it would not have mentioned that fact if it thought that it was irrelevant. You have not looked at a full business case in preparation for this event. Now that the event has happened, you are preparing a full business case. Surely a business case is part of the argument for justification of change?

Leslie Evans: Absolutely. That is why the outline business case was so comprehensive—

The Convener: No, no, no. Forget the outline business case. You have just agreed with me that a full business case is part of the justification for change, but you are not providing such full justification until after the event.

Leslie Evans: I think that the last thing that anybody would have wanted and the least helpful approach would have been for a bunch of civil servants sitting in St Andrew's house to decide how the services were going to be delivered. You cannot separate the full business case from the way the services are going to be constructed.

The Convener: No. The business case is not about determining how services will be provided. That is an operational matter for the chief constable; it is also an issue for the board of the SPA. That is a side issue. We are talking about whether the case that was made would justify the change. You have just told me that part of that justification is the full business case, but you did not provide that; we still do not have it. The change has been made but there has been no business case to justify that. Why is that?

Leslie Evans: The outline business case that informed the financial memorandum as well as the 2012 act and the decisions around the act was scrutinised and held up to account. That was the basis on which the decision for reform was taken;

indeed, it was discussed when and how a full business case would be brought to bear. The police, civil servants and the Cabinet Secretary for Justice himself all said that there would be a full financial business case and a corporate strategy to support that business case. Both of those are being enacted now. I think that Audit Scotland said in its report that there should be a strategy of that nature by the end of the financial year. We are well on target—working with the SPA and Police Scotland—to produce that.

The Convener: If other organisations were planning change, they would normally make a full business case to justify the change to shareholders, boards or whoever. As far as the Scottish Government is concerned, is it correct that when major changes are to take place, there is no need to have a full business case ahead of that?

Leslie Evans: There is a need for very explicit understanding of the impact of reform and how that will impact on a business case. That was done through the outline business case, which formed the basis of the financial memorandum, in keeping with Treasury guidance.

The Convener: As far as the civil service senior management team is concerned, is it a matter of policy that you do not provide a full business case ahead of the decision being made when major structural changes take place?

Leslie Evans: We have to provide a business case that will inform and satisfy Parliament of the case for reform, which is what we did. Parliament was satisfied with the financial memorandum, so it was agreed. We then have to ask the incoming organisation to put flesh on the bones. We ask how it will organise its estate and human resources practices, what the top, middle and lower layers of its hierarchy are and what its staff costings will be. It is then for the organisation, on that basis, to put flesh on the bones.

The police were quite categorical about that. The leadership of the SPA and the chief constable were perfectly aware of that responsibility, which is why this year they have been working very carefully on what their strategic intentions mean for the organisation.

The Convener: Is it correct that you are a member of the senior management team in the civil service?

Leslie Evans: It is.

The Convener: In your time in the senior management team, has the Scottish civil service produced a full business case to justify any major structural change that has taken place, or is it the case that full business cases are not produced?

Leslie Evans: Undoubtedly we must have sufficient information in the business case to inform a decision on reform. That is what formed the basis of the financial memorandum in the 2012 act.

The Convener: Is Audit Scotland therefore wasting time by making reference to this?

Leslie Evans: No—not at all. Audit Scotland said that a full set of strategies needs to be in place, including a financial strategy. Vic Emery calls it a corporate strategy for the SPA. It has to be in place by the end of this year and it will be.

The Convener: In your professional judgment, there is no need to have a full business case ahead of a decision to make a major structural change.

Leslie Evans: In my professional judgment, we need to be satisfied that the content of the business case as examined at the time of reform is sufficient for the decision. That was the case with the 2012 act. The requirement is then to put flesh on the bones and to ask the leadership of the organisation what specific actions it is taking and what strategies it is following to ensure that the business case is realised.

The Convener: You told me that it is necessary for you to consider the business case, but if no business case is made, how can you consider it?

Leslie Evans: The information in the outline business case—which, as I have said, was cited as one of the best that the gateway review team has ever seen—was comprehensive. It was not a short or small document; it was based on a significant amount of research, on the police objective analysis cost allocation modelling that was undertaken, and on a range of consultant, internal and external advice. The police were involved absolutely in creating that.

The Convener: Why not call that the full business case?

Leslie Evans: That would have assumed that the decisions that would be taken by the leadership in the early months and the first year of the establishment of the organisation could have been taken at that time.

The Convener: So, is a full business case actually something that happens when operational decisions are made after the event, in the early months?

Leslie Evans: I am trying to differentiate between an outline business case, which is about savings being feasible and examined—

The Convener: I know what you are trying to outline, Leslie.

Leslie Evans: —and the due diligence that is required, which will require decisions on strategy as well as cost.

The Convener: I know exactly what you are trying to outline and I know what you are saying about the outline business case. Are you telling me that a full business case does not need to be prepared until after a decision is taken and that that is a matter of policy?

Leslie Evans: I am not sure what you mean by “a matter of policy”.

The Convener: Is that what happens?

Leslie Evans: It is certainly a matter of practice that the outline business case needs to be comprehensive enough to inform the decision on reform.

The Convener: Yes.

Leslie Evans: It has to be convincing and it must lay out options and costs. The outline business case and the financial memorandum did that.

11:00

Thereafter, once the decision has been taken to go down the route of a single authority—as in this case—the leadership of the organisation would need to take responsibility for putting flesh on the bones in terms of due diligence in relation to the reality of the costs and savings, and the decisions that would need to be taken on a range of issues. That has happened this year, and—in keeping with Audit Scotland’s recommendation—the financial and corporate strategies to cover that will be in place before the end of the financial year.

The Convener: Since you became a member of the senior management team, have you been aware of outline business cases that have been prepared in other areas?

Leslie Evans: I am aware of reform that has been undertaken on the basis of deciding which model to use and how to do that, and of further work being done by the incoming Administration.

The Convener: I want to be clear about what you said. Have outline business cases been prepared on other issues since you became a member of the senior management team.

Leslie Evans: Do you mean other than for police and fire services?

The Convener: Yes.

Leslie Evans: That was done for fire services as well, of course.

The Convener: Yes.

Leslie Evans: I do not know whether they were called outline business cases, but they would have differentiated between the costs and savings from reform and the decisions that would have been taken by the leadership of the organisation to put flesh on those bones.

The Convener: Are you aware that any full business cases have ever been produced by the civil service?

Leslie Evans: I cannot answer that—I do not have information on that at the moment.

The Convener: We can clarify that with the permanent secretary.

Bob Doris: I have a couple of supplementaries on the business case, but I will try to be brief.

Mr House and Mr Emery came to committee and were asked very similar questions. I asked them what would have happened to the savings that were planned for the financial year 2013-14 had Parliament waited for another financial year before going ahead with police service reform, and awaited a full business case rather than deciding on the basis of an outline business case. My understanding is that £63.9 million of savings were planned for that financial year, and nearly all of those have already been made. If the Government and Parliament had delayed reform by a financial year, would there have been a financial cost to Government and to the police, given that we are anticipating financial savings in this year of £63.9 million?

Leslie Evans: A couple of issues at least would have arisen from that set of circumstances. First, if reform had been delayed by another year, there would not have been the savings that have already been accrued in the current financial year.

Secondly, delay would have meant that we would have been moving to implement reform during the year of the Commonwealth games and the Ryder cup, which would not have helped in planning for those events.

Thirdly, delay would have increased the uncertainty that already existed—it would have done so in any sector—and was being expressed very clearly from various sources as well as the police and the community.

In addition, it was not possible until the organisation was established to take the decisions that were required—which the SPA has taken and is taking now—to put flesh on the bones in respect of savings. The savings would have been lost or delayed, and there would have been a great deal of uncertainty at a time when Scotland was anticipating significant events in 2014.

Unless we had had a shadow organisation operating alongside eight—well, 10—police

organisations, which is a recipe for confusion, those organisations would not have had the capacity to take the decisions to put the business case to the board anyway, because they would not have been in charge of, or executing, decisions in real time.

Bob Doris: That is helpful, because that was also the evidence that we heard from Mr Emery and Mr House. In your answers to the convener, you had not articulated that particularly, so I wanted to give you an opportunity to put it on the record.

You mentioned that the decisions on fleshing out the reforms could be taken only once the reforms had been completed. Again, I am merely reflecting previous evidence to committee to see whether you agree with it. I want to ensure that the arguments that you make dovetail with the arguments that the SPA is making.

You mentioned putting flesh on the bones. That is just a description—it means nothing to people. Mr House said that had a full business plan been prepared before he became chief constable, he would have been looking at a fait accompli in terms of reforms in human resources, information technology, capital estate, vehicle fleet and wider procurement. Those are five examples that one would expect a chief constable to be hands-on with when dealing with and working in conjunction with the SPA.

Would it have been appropriate for all those detailed decisions to have been taken before there was a chief constable? Obviously, you cannot put a chief constable in place until you have police reform. Once you have police reform and have put a chief constable in place, you have to have various work streams from which a full business plan would flow, in terms of human resources, information technology, capital estate, vehicle fleet and wider procurement. I could go on. I found that to be a compelling reason for not having a full business case, but you have not really said any of that. Those are examples that were given by Mr House and Mr Emery: you have not given examples, other than to talk about putting flesh on the bones. I am not trying to put words in your mouth.

Leslie Evans: I suppose that “flesh on the bones” is shorthand for what you have described. However, I said earlier that it would not have been appropriate—nor would it have been feasible—for a bunch of civil servants in St Andrew’s house to start taking decisions on issues that would have such a fundamental impact on the operation of the police in Scotland.

As I was discussing earlier with colleagues, one of the reasons why I was so keen to ensure that we appointed the chair, and that the chair was

then able to appoint the chief constable in advance of the authority's taking up power, was that we wanted to give them time to make a smooth transition, to prepare the ground, and to get to grips with operational issues and what the shape and size of the authority would be.

The items that Bob Doris has described are operationally influencing decisions that the authority would want to take under advice from the chief constable, who is in charge of the new policing operation in Scotland.

Bob Doris: Thank you.

The Convener: Before we move on, how did you arrive at the expected figure of £1.1 billion savings by 2026?

Leslie Evans: That figure was arrived at based on production, testing and scrutiny of the outline business case. It also informed the financial memorandum.

The Convener: Although there is no full business case or detailed justification, are you fully committed to that £1.1 billion of savings?

Leslie Evans: We are committed to it, and we tested the figure again after the 2012 act was passed. We asked the Association of Chief Police Officers in Scotland and Kevin Smith to do some due diligence work on the likelihood of savings and where those savings would be amassed on the basis of the decision to go to a single authority. Kevin Smith did further work on it at that point.

The Convener: Will the future funding for the police be predicated on that £1.1 billion of savings?

Leslie Evans: Yes.

Mary Scanlon: I refer you to appendix 2 of the report, and the progress that you have made in police reform against the recommendations in Audit Scotland's report, "Learning the lessons of public body mergers". Out of 10 recommendations, you have achieved two. Of the other eight, one is a definite no, one has not started and six are in progress. Did you read Audit Scotland's report and act on its advice before you prepared your outline business case?

Leslie Evans: Yes. We were aware of the public body mergers information and have been using it as a benchmark. Most of the recommendations are in place or in progress. As you might imagine, some take longer than others, and it would not be possible to complete some before the new authority has been in place for some time.

I spoke to the committee two weeks ago about reform in further education—both the reform teams have been talking to each other about what

they have learned and what they have put in place in terms of public body mergers.

Mary Scanlon: Well, two out of 10 is not exactly great progress in my book.

Something that has not even been started is the scheduling of

"a post-implementation review within six months".

My party supports police reform, but we want it to work and I am disappointed that, given the criticism that Mr House and Mr Emery have taken on this issue, you as the director general for learning and justice have not even started to look at that review. You have also been criticised for not updating estimates or preparing a full business case.

Leslie Evans: But we have talked about the full business case—

Mary Scanlon: I know, and I do not want to return to that issue.

Leslie Evans: No. In terms of the post-implementation review—

Mary Scanlon: Surely it is not beyond your ability.

Leslie Evans: Absolutely. We have started it internally in the first instance—

Mary Scanlon: Well, it was not started when the report was written. Did you start it after the report came out?

Leslie Evans: No. We had already put the bare bones in place. However, since the publication of the report, we have begun to look at what we have learned internally and I have given a commitment to the boards of the fire authority—

Mary Scanlon: So has Audit Scotland got it wrong? This report was published in November. Have we been given misleading information in it?

Leslie Evans: It might not have been aware—

Mary Scanlon: The report says that the review was not started.

Leslie Evans: It actually says:

"The SPA and Police Scotland have no immediate plans to carry out a post-implementation review".

It does not mention the Scottish Government at all. As with other reform programmes, we have started an internal consideration of what we have learned from this reform and, long before this report came out, I gave an undertaking to the fire board that I would ask it to be part of the post-implementation review. I shall be doing the same with the police board. I mentioned that when I met the board in August and I am going back to see it again in the new year. There are several different parties involved in this.

Mary Scanlon: Yes, but I do not think that it is fair for you to pass the buck to the SPA and Police Scotland. The recommendation in the report is that “The results of the review should be reported to the Scottish Government to support wider learning and sharing of lessons.”

That suggests that you are part of that review.

Leslie Evans: Absolutely.

Mary Scanlon: It is not entirely outwith your responsibility.

Leslie Evans: No, and that is why we have started it.

Mary Scanlon: You have started it.

Leslie Evans: Yes.

Mary Scanlon: But not before the report was written.

Leslie Evans: I suspect that we started it before the report was written, but I can confirm that for you if you would like.

Mary Scanlon: Obviously then there has been a lack of communication between you and Audit Scotland—

Leslie Evans: There may be some confusion.

Mary Scanlon: —because it is under the clear understanding that the review had not even been started.

Leslie Evans: As I have said, the comment in the report is that the Police Authority and Police Scotland “have no immediate plans” in this respect. I actually think that that is understandable, because they have quite rightly and understandably been focusing on the transition process and trying to get the service under way. To give them credit, they need some information and operational experience before they can begin to reflect on the reform.

However, we have started that work. Given that we started the reform before the SPA and Police Scotland were engaged in it, it is only right and proper that we start to share some of our learning not only with other reform teams in the Scottish Government but among ourselves. There is much more to be done on this issue.

Mary Scanlon: There is considerably much more to be done. As Mr Doris and other members have pointed out, we have taken evidence from Mr House and Mr Emery, but there are a considerable number of responsibilities that the Scottish Government has—if you like—failed on. For example, paragraph 45 on page 17 mentions

“different interpretations of the Act”

and

“the Scottish Government’s intention behind the Act”.

Could you not have done more to assist the chief constable and the SPA in making this merger more successful than it has been?

That paragraph also refers to

“the lack of good baseline information”.

Because we do not have that information, we do not know what the merger has cost or what savings are being made. I would have thought that the Government and the director general of learning and justice would have been responsible for that.

Thirdly, the paragraph talks about

“a lack of shared understanding and expectations”,

and I would have thought that you would have been key to ensuring that this process was smooth. Finally, the reference in paragraph 45 to

“the Scottish Government’s changing position over the way the SPA should operate”

is quite a damning criticism with regard to a merger that we across the Parliament want to see working.

Leslie Evans: Absolutely.

Mary Scanlon: So do you take responsibility for failing to ensure that the process could have been much smoother and relationships much better?

11:15

Leslie Evans: I would be naive if I did not say that some things could go better in any reform process, particularly when it is the size of this one. That brings us back to the point about us learning lessons, which is one reason why I wanted to instigate the process quite quickly.

As far as the interpretation of the act is concerned, we were in discussion and dialogue on that with the two key players, but particularly with Vic Emery from the earliest point of his appointment. Way back in September and October 2012, we were in regular dialogue as he rightly began to think about how he would want to work with the chief constable whom he subsequently appointed.

There was a great deal of dialogue. We had meetings and exchanges of letters. I had meetings with both the key players. We were aware, as it emerged, that Vic Emery would like to adopt a business partnering approach, which I think he mentioned when he appeared before the committee on 20 November. I think that he has admitted that that is a very ambitious approach to the relationship and to the interpretation of the act.

The act is permissive and flexible and business partnering would undoubtedly have been one approach to enacting it in a flexible and permissive

way. However, as time went on, we became concerned, which is one of the reasons why we intervened at key times. As the Scottish Police Authority and Police Scotland began to get to grips with their roles, we began to have concerns that the approach might end up not being very proportionate and might act as a distraction when everybody wanted to ensure that the transition on 1 April went ahead as smoothly and successfully as possible and that the public would not notice any difference to the service, which in fact is what happened.

We worked closely with them over a period of time. We had conversations, we wrote to them and we helped to clarify what we felt was a more helpful interpretation of the act. That is now in place and has been agreed by the board.

Mary Scanlon: All that we have is the Audit Scotland report. That is what the committee is tasked to look at. Has Audit Scotland got it wrong again on paragraph 2 of page 8, where it says:

"Planning the move to a single police service was hampered by poor baseline information, a lack of clarity in roles and responsibilities, and difficult relationships between the Scottish Government, the SPA and Police Scotland."

Audit Scotland did not write that three years, two years or one year ago; it did so in November. Has Audit Scotland got it wrong again?

Leslie Evans: It was written earlier than November actually—I am not splitting hairs.

Mary Scanlon: Audit Scotland refers to "difficult relationships". We expect more from professional people.

Leslie Evans: Things have changed since the report was written—I think that Audit Scotland would recognise that. It is not surprising, given the dynamic nature of reform and the fact that it is the first year of the operation of the new authority and the Police Service. There was certainly a responsibility on all parties to try to ensure that the relationships were as productive and effective as possible.

Both Vic Emery and Steve House said at the committee's evidence session on 20 November that relationships are working well, and they are working well. Such issues are inevitable when you have a completely new set of responsibilities. Let us not forget that the act was also giving a new responsibility to the Scottish Police Authority to hold the chief constable to account and, equally, giving a new power to the chief constable to administer the SPA. It would therefore have been odd if some dialogue had not been required to ask, "How is this going to work?" We helped to support that process. It is absolutely right to say that we intervened on occasion. We wrote to them and had conversations with them. Indeed, the

cabinet secretary met the board in 2013 to ensure that there was absolute clarity, which there now is.

Mary Scanlon: But we see in the Audit Scotland report that

"the move to a single police service was hampered by ... the difficult relationships".

Things may have improved between October and November but, from an audit point of view—which is our perspective—it is disappointing that the move was hampered by something that could have been solved.

Leslie Evans: I think that it depends what success is measured by.

I understand what Audit Scotland has said. I do not agree that the move was hampered. The sign of success for the new single Police Authority—and the fire authority—is that on 1 April 2013 the new authority and the new service were in operation. It has worked incredibly well. The savings are on target to be achieved—I think that we are less than £3 million adrift from the target that has been set for this year. We have new services operating extremely effectively and a new 101 line. Between them—with support from HMIC—the police and the board have achieved a range of changes to operational and strategic approaches. To me, it does not feel as if success has been hampered, but I recognise that discussions took place—quite rightly—about the interpretation of the act in the early days.

Mary Scanlon: I can only go on the information that is in front of me.

How can you talk about savings and costs et cetera, given

"the lack of good baseline information on non-operational police activity; in particular, the lack of comprehensive financial information to identify how savings outlined in the OBC would be achieved"?

The information is just not there. If there is no clear baseline data, how can you reel off costs and savings? Did Audit Scotland get that wrong as well?

Leslie Evans: The fact that we had eight different forces and 10 different policing organisations operating in Scotland undoubtedly meant that the creation of a baseline was pretty challenging. One of the areas in which we have invested in reform is in the creation of a single finance ledger and the harmonisation of payroll and HR information, which will assist with the benchmarking and baselining of information. I will pass over to Hilary Pearce, because she might want to give a little more detail on how that difficulty with baseline information was overcome.

Hilary Pearce (Scottish Government): Yes—thank you.

The costs and the financial analysis that were provided in the outline business case were based on the work of the sustainable policing project, which, as Leslie Evans mentioned, was provided by the directors of finance of the previous eight forces. That was subject to external benchmarking and scrutiny at the time. Further work was done on that to produce the financial memorandum to the Police and Fire Reform (Scotland) Bill. Further data on baseline costs was produced in September 2012 through the work of Kevin Smith, which helped with the development of the savings plan for the current year. As Mr Doris mentioned, that is achieving £60.9 million-worth of savings in the current year and is informing the savings plan for the next year.

The Convener: Before I bring in James Dornan, there is something that I want to clarify with Leslie Evans or Hilary Pearce. I think that Leslie Evans said that the £1.1 billion of savings would be achieved. Do you know how those savings will be achieved?

Hilary Pearce: The £1.1 billion is the figure up to 2026. We have the savings plan that identifies the sources of the savings for the current year, which come from three main groupings—people, procurement and property. Those three areas will be the sources of the savings in future years as well, although the proportions of those savings are likely to change as time goes on. We do not have the detail up to 2026.

The Convener: So how do you know that the savings will be achieved?

Hilary Pearce: Because the majority—in fact, all—of the savings in the current year will be recurrent. It is the expectation—the police are committed to this—that they will be in future years, too.

The Convener: So the police are committed to making the savings and you think that they might make them. You said that they will make the savings, but the SPA and Police Scotland have not finalised their strategy to show how they will be achieved. Therefore, the correct answer is that we do not know whether the savings will be achieved.

Hilary Pearce: They are completing their financial strategy for the coming years—it is at an advanced stage at the moment, and it will be published in the spring. However, they cannot do a savings plan up to 2026, because that will depend partly on what the Scottish Government's draft budget will be and on funding allocations.

The Convener: I think that that is a reasonable answer, so how can you tell me that the savings will be achieved?

Hilary Pearce: Because, based on the savings plan for the current year and the plan for the next

two years, which the police are working on at the moment, the areas from which savings are being generated will continue to generate savings into the foreseeable future.

The Convener: So the savings that are being made this year and next year will be recurrent.

Hilary Pearce: Absolutely.

The Convener: That is what will deliver. If that is the case—

Hilary Pearce: There will have to be additional savings in future years as well, but the recurrent savings—

The Convener: That will be only a proportion of the savings.

Leslie Evans: It will be the majority proportion of the savings—

The Convener: Okay. Will you provide a detailed breakdown of how the savings up until 2026 will be achieved?

Leslie Evans: As Hilary Pearce said, we cannot give you a business plan or rather—

The Convener: No, no, I am not asking for a business plan.

Leslie Evans: We cannot give you a financial plan up to 2026. However, what we can give you—it will be present shortly based on the information that we are getting from the police—is the proof of the savings that have been achieved this year and the proof that they are recurrent, so that is a chunk of the savings already.

The plan for the subsequent two financial years will also have savings of which a very large proportion if not all will be recurrent. I think that Vic Emery made the point to the committee at its 20 November session that the gap between the recurrent savings—the tough savings that are being driven out by the structure and changes to conditions, estates and decisions about procurement, as Hilary Pearce said, of which the vast majority will be recurrent—will be small, but we would still be expecting the police to reassure us on that.

The Convener: Leaving aside that small gap for the moment, you can provide me with details about the contribution that the savings for this year and for the next two years, which you confidently say will be recurrent, will make to the £1.1 billion. You know that already, so you can provide us with that information.

Leslie Evans: That is the information that the police is compiling for us. I do not know the date when that will be published. Hilary Pearce might know.

The Convener: Never mind about when anything will be published. That information is the working basis for what you have just said about the savings. You have that information, so I would appreciate it if you could provide the committee with information on how much of the savings that have been made this year or will be made over the next two years will recur and how much of that will contribute to the £1.1 billion. You can then tell me how much of a gap that leaves and give me an indication, given that you are confident that the savings will be achieved, of how you think the gap will be met.

Leslie Evans: Yes. We can do that.

James Dornan: I am sorry to do this, but I want to return to the outline business case very briefly, so that a matter can be clarified. The outline business case was part of the financial memorandum that went to the Parliament. We all, as MSPs, voted that through—[*Interruption.*] Yes, we did as a Parliament. Some of us now seem to think that the issue has just come out of nowhere and are shocked and cannot believe that there was not a full business case. That should not be the case, because the outline business case was part of the reason why the Parliament passed the legislation in the first place. Am I correct?

Leslie Evans: That is correct. Indeed, the police, civil servants and the Cabinet Secretary for Justice said that the full business case was the responsibility of the incoming leadership of the new organisation.

James Dornan: Thank you. Will you comment on how you see the Government reforms being met now and in the immediate future?

Leslie Evans: Sorry, did you say how the savings will be met?

James Dornan: No. I asked how the reforms are being met now and how they will move forward in the immediate future.

Leslie Evans: The reform has three strategic aims, as you will probably recall, having seen those go through in the act. The first aim is to protect and improve local services. Within that, savings are on track, as we have just discussed, and they have come from the bringing together of the 10 organisations that previously administered the police in Scotland. I think that the whole range of processes, including delayering, as you might call it, voluntary and early retirements, and having a property asset plan, are well on track to fulfilling that strategic aim of reform.

The second aim is to create equal access to specialist support. I have mentioned the new 101 number. I believe that, in December, it received its millionth call. The specific new structures that have been set up, such as the national rape task

force, emergency event and resilience planning, and an operational support division, means that we get ease of access to specialist reports from commanders across Scotland. Equal access to specialist support is another key plank of the three reform terms from the act. We think that that is well on its way, too. I have been at meetings recently—I mentioned some of the policy areas in my opening statement—that have benefited from having one single police perspective and a strategic input that is well informed, cohesive and consistent. I mentioned legal highs. Another area is early years: I have seen the police making a real difference to the early years collaborative and the way in which we are addressing those issues through partnership working at a local and national level. There have been a lot of unseen and undiscussed benefits from taking a new strategic approach with one single police force.

11:30

The third strategic aim of reform, as outlined in the 2012 act, was to strengthen the connection between the police services and local communities. As the committee is probably aware, the police annual plan has informed local police plans. We have 14 divisional commanders, and we have more local authority elected members than ever before involved in scrutinising those 32 police plans and the 353 ward plans: there has been a 150 per cent increase in the number of elected members who are engaged in scrutinising the police at a local level.

The work is not finished but, given that we have been operating in that way for nine months, it is testimony to the work of the chief constable and the chair of the SPA—and of HMICS and some of the civil servants who are here today—that we have done as much as we have. There is much more to do, and we still have to learn from reform, but we have had a good start. That is certainly what we are hearing from other parties south of the border, in addition to the international plaudits that have been received.

James Dornan: Have you had any feedback on the new relationship between the single police force and the community?

Leslie Evans: Interestingly enough, there are two ways in which we might get such feedback. One way is through the local community planning partnerships, which are getting to grips with the way in which policing is working in different ways in their areas. Some of them have adopted a scrutiny role through a full-council approach, and some have taken a community safety perspective. We have had full engagement with, and interest from, community planning partnerships—and other partners, too, particularly in the health sector.

The other way—which I discussed with the chief constable yesterday—is through the survey that the police are undertaking with real people, who are the most important element in terms of using services. Previously, the police surveyed 9,000 people, but this year they are surveying 30,000, so we will get a very rich seam of data from real people—as I will call them—about the quality and accessibility of the services that they are experiencing post reform.

James Dornan: Do you know when that report is due?

Leslie Evans: I do not, but I can find out for you.

James Dornan: That would be helpful.

I move on to savings. You say that you have already made savings of £60.9 million this year; I believe that the target is another £3 million.

Leslie Evans: To fill the gap by the end of this year, savings of £2.985 million, which are still to be identified, are required.

James Dornan: I will just call that £3 million.

Leslie Evans: Okay.

James Dornan: Are you confident that you are on target to achieve that? What role does the Scottish Government have in ensuring that those targets are met?

Leslie Evans: I will ask Hilary Pearce to say a bit more about the role that she is playing, but we are confident. There was a meeting this week at which we were keen to ask the police about what the savings plan for the rest of the financial year is looking like, not least because of recent tragic events involving the police that have required a good deal of additional overtime and investment. We had a very confident response from them that they will meet the target, and they gave the same response to the Cabinet Secretary for Justice in November.

Hilary Pearce can tell you about the meetings that she attends.

Hilary Pearce: I have regular meetings: Stephen Woodhouse and I meet the directors of finance for the SPA and the Police Service to go through the savings activities. We look at the areas from which the savings are coming and how the process of identifying and generating savings and recording and tracking them is going for the current year. The police said at the meeting on Monday that although they have still to identify just under £3 million of savings, they are fully confident that they will do so.

James Dornan: Does the Government have a role? For example, if the committee heard that there were savings not of just under £3 million but

of £13 million to be made, at what point would the Government step in to try to get the police to achieve those savings?

Leslie Evans: We have a key role in ensuring that the savings are on track. I would be disappointed if we were to discover a gap of that size at this point in the financial year, which is why we have such regular contact and dialogue to exchange information between Government officials and the SPA and Police Scotland.

James Dornan: So it is an on-going process?

Leslie Evans: Very much so.

James Dornan: Thank you.

Tavish Scott: I must apologise to Mr Dornan—I did not mean to interrupt his question.

Did the Government initially plan to complete a full business case prior to 1 April 2013?

Leslie Evans: I was not there at that point, but my understanding is that the intention was always to have an outline business case, because that was what was required to compare and contrast the three different routes of reform that were being discussed as part of the decision that led to—

Tavish Scott: That is not what I asked. I asked whether the Government planned to have a full business case prior to 1 April 2013. I know that you were not there, director general, but do you know whether the Government planned to have one?

Leslie Evans: The intention was always that the new leadership would take forward the full business plan, but those people were only in place from October 2012—in fact, the new leadership team was not completely in place at that point—so it was always going to be after that point that there would be the opportunity to develop a full business plan, and that is what is being worked on now.

Tavish Scott: Given the Audit Scotland recommendations on how to conduct public sector mergers, did the Government plan, in the initial stages, to have a full business case prior to 1 April 2013—yes or no?

Leslie Evans: I do not think that I can answer that question on a yes-or-no basis. The intention was always to have an outline business case and to have a full business case, and it was always going to be a requirement that the full business case would need to be fulfilled by the leadership of the organisation, for reasons that we have discussed. Those people came in, as it happened, towards the end of 2012. It was unlikely that the leadership could have taken decisions on operational and strategic matters before people had a chance to discuss what those might look like. We would never have said, “It has to be done by this date,” because that would have pre-empted

decisions that are the responsibility of the board, informed by the chief constable.

Tavish Scott: I do not understand that. In evidence to this committee on 20 November, the Auditor General said that the full business case

“was the subject of a fair amount of discussion with the Finance Committee when that committee was scrutinising the financial memorandum.

At that point, the Government gave a commitment that a full business case or financial strategy would be developed by the service.”—[*Official Report, Public Audit Committee*, 20 November 2013; c 1760.]

Leslie Evans: That is correct. It would be developed by the service, and that—

Tavish Scott: At some point in the future, not—

Leslie Evans: Well, at a time when the service was in a position to do it, with encouragement, support and investment from the Scottish Government, and that is what is happening.

Tavish Scott: Now?

Leslie Evans: It is happening now, and it will be delivered, as Audit Scotland has recommended, before the end of 2013-14.

Tavish Scott: Are you familiar with paragraph 80 of the Audit Scotland report? It states:

“It is therefore not clear which costs are a direct consequence of introducing a single service and what savings could have been achieved by delivering services differently.”

Do you agree with that Audit Scotland finding?

Leslie Evans: That could mean one of two things. I am not absolutely sure, but I will give you my interpretation of both. When we took forward the 2012 act and its financial memorandum, we were looking at three different models of reform, as you know. I am not sure whether the intention of that paragraph is that we should be checking and reverting back to the alternative models—for example, the model with eight forces or a version with three structures.

I think that the paragraph is probably referring to the fact that, in the financial memorandum, there was a recognition that there could be costs arising for other parts of or partners in the criminal justice structure, such as councils or other organisations that work in the criminal justice journey. In considering that, we would want to ensure that we were clear about what those costs might be. We would do that by reflecting on it at the end of the first year of operation; it would be difficult to do that without due information at the moment. We would also want to talk to those parties, as we do regularly through the justice boards, where we get the leadership of all the—

Tavish Scott: I am completely lost by that, because that paragraph is actually about

Parliament being clear about the choice that it was asked to make in reflecting on the single service or different options. What that paragraph states to me very clearly is that the costs of the different options were not clear. That is what that paragraph says. Do you agree?

Leslie Evans: No, I do not agree. I think that—

Tavish Scott: You cannot not agree. With the greatest respect, director general, the Audit Scotland report is cleared by the Government. As with all Audit Scotland reports, you have an opportunity to say, in private to Audit Scotland, that you do not agree with it, so how can you not agree with it now?

Leslie Evans: We give feedback to Audit Scotland. The outline business case and the financial memorandum examined and scrutinised three different models for reform and costed them carefully, based on the information that Hilary Pearce referred to earlier.

Tavish Scott: So you disagree with the paragraph?

Leslie Evans: If it is saying that we should be looking back to the other models that were considered for reform, that would be possible to do, but I am not sure how productive it would be. Certainly, however, the outline business case and the financial memorandum—which Parliament scrutinised carefully—considered the three different reform models that were up for discussion at the time, and the one that was agreed on, on the basis of costings and savings and on a strategic basis, was the single police service model.

Tavish Scott: The Audit Scotland report—

The Convener: Just before you move on, I should say that we can get clarification from Audit Scotland: we can find out from the Scottish Government and Audit Scotland whether the Scottish Government made any comments on that issue.

Tavish Scott: Thank you, convener.

Director general, I am sure that you are familiar with the finding in paragraph 79 of the Audit Scotland report, which states:

“the Scottish Government does not distinguish between the costs specifically associated with restructuring and those arising from wider police reforms as identified in the Financial Memorandum.”

Why is that the case?

Leslie Evans: I think that I mentioned earlier that we were aware that the changes in the way in which the police operate as a result of reform might have wider implications for other justice organisations. The financial memorandum says that the costs of those implications are unknown

and too complex to estimate accurately. Assuming that we are able to calculate those costs, it is rather too soon to do it at the moment, as there is insufficient reliable data for us to use. That would be something—

Tavish Scott: How, then, can Parliament have any confidence in the savings figure? You have said that the costs are complex and potentially impossible to discover.

Leslie Evans: Those are costs for parties outwith and beyond the police. They are part of the criminal justice—

Tavish Scott: What proportion of the savings would that cover?

Leslie Evans: I do not have a figure for you, but I am sure that we could find out. The problem at the moment is that reform is in its first year of operation and the implications for other parts of the justice system are unknown. There might not be any implications and, if there are, many of them are likely to be beneficial. However, if there are costs associated with those, we would want to capture them. The financial memorandum says that the costs of those implications are unknown and are too complex to estimate. I would expect that we would need a year of operation before we could make any calculations.

Tavish Scott: That is a fair answer—but how fair it is depends on the size of the savings, which we will presumably find out in due course.

Leslie Evans: Hilary Pearce could perhaps add some detail.

Hilary Pearce: We are tracking the accurate costs of police reform in the current year. We have the costs for the previous two years, which Audit Scotland published. After the end of the current year, we will be able to do a comparison. That will not be possible until April.

Tavish Scott: Quite. Is that the main and sole reason why the Government chose not to distinguish between the costs of restructuring and the costs of wider police reforms?

Leslie Evans: My understanding is that the costs that I described earlier are the ones that we want to examine most closely after the first year.

Tavish Scott: So that is the main reason for that decision. Thank you.

My next question is based on the evidence that was given to us on 20 November and relates to paragraph 72, which says:

“The police-led reform team did not agree to provide financial information to the Government before the chief constable was appointed.”

I appreciate that you might not have been around at that time, Ms Evans. However, do you

recognise that sentence and do you have any reflections on it?

Leslie Evans: As I mentioned earlier, a fair amount of work was undertaken by all the police as part of the contribution to the outline business case. In particular, work was done by Kevin Smith. We commissioned him to do some further work on behalf of ACPOS on the explicit and implicit costs in the model that had been agreed. He asked other members of the police to contribute to the evaluation of those costings, in order to put a bit of flesh on the bones before the new Police Authority took that responsibility forward.

There was some reluctance on the part of the police. I think that some of them felt that they did not want to be seen to be prejudging the role of the Police Authority and the chief constable in describing the full financial strategy, which we spoke about earlier.

Tavish Scott: What happened when they were reluctant?

Leslie Evans: We asked Kevin Smith to return to the issue and to encourage them to support him in that piece of work. He did that and we got the reassurance that we needed at the time that the savings were credible and realistic.

11:45

Tavish Scott: Okay. Thank you for that.

I have another couple of brief questions on the evidence that the chief constable gave at the committee meeting on 20 November. He was asked:

“Is it you, the SPA or the Government that decides what a visible police presence is?”

The chief constable replied:

“All three have a part in that.”—[*Official Report, Public Audit Committee*, 20 November; c 1777.]

I am sure that you have had a chance to review that evidence. I presume that you agree with the chief constable's observation. In fact, the chief constable gave not so much an observation but a policy position in response to that question.

Leslie Evans: I think that that is accurate, in that we are all responsible for the success of police reform in Scotland.

Tavish Scott: That is not what he said. He was specifically asked who decides what a visible police presence is, and he said that it is all of you.

Leslie Evans: We all play a role in it. Clearly, his is the operational role, which is absolutely crucial. However, as the Scottish Government, we provide the funding and strategic framework and objectives that inform the Police Authority and the

way in which the chief constable administers the police.

Tavish Scott: That is fine. Thank you for that.

You helpfully mentioned in your opening remarks that it is the Government's responsibility to conduct a performance appraisal of Mr Emery. You will be familiar with the Audit Scotland observations and findings in relation to paragraph 52, which illustrate that under Mr Emery's control there was board micromanagement of the organisation, and with Audit Scotland's evidence to the committee that he has had two interim chief executives and three finance directors since 1 April 2013. Given all that, do you have any reflections on his management of the organisation?

Leslie Evans: I think that there was a discussion about interim chief executives on 20 November. The first chief executive of the SPA was quite clear in the early stages that it was going to be an interim post. My understanding is that applications for the full-time, permanent chief executive post for the SPA closed earlier this week, on Monday. We will therefore have a permanent chief executive very soon.

Tavish Scott: That is all good, but it is not what I asked about. I asked whether you have any reflections on the fact that there have been three finance directors and two interim chief executives, and on the board micromanaging, all of which happened under Mr Emery's responsibilities as chairman.

Leslie Evans: You asked me to comment on my appraisal with Mr Emery. Clearly, I cannot comment on the detail of that, but he and I have been in regular contact. We have quarterly meetings, and Paul Johnston has monthly meetings. We are very aware of the way in which Mr Emery is operating and leading the board, and it has been very successful in terms of the transition to 1 April 2013.

Tavish Scott: So it is not a concern that there have been two interim chief executives and three finance directors, and that the board was micromanaging.

Leslie Evans: I do not think that anybody would think that the interim nature of senior management was ideal, but there was a set of circumstances that was very difficult to pre-empt. I do not believe that any of the interim chief executive changes had anything to do with Mr Emery's style, if that is what is being implied.

Tavish Scott: Okay. Thank you. I was not implying anything at all; I was just asking you.

Colin Beattie: I refer to the statement that heads paragraphs 74 to 77 in the report, which says:

"Limited financial capacity and capability within the police has contributed to the lack of a financial strategy".

Are you satisfied that that capability now exists? If so, has the Scottish Government provided any resources? Where have the police got the resources from that will enable them to produce the business plan and financial strategy?

Leslie Evans: I mentioned the recruitment exercise that is under way for the chief executive of the SPA. The recruitment of permanent directors of finance for both Police Scotland and the SPA is also under way. Over and above that, we have provided support in a number of ways. Paul Johnston might want to discuss the issue in more detail, but, for example, we have three people on secondment to the SPA, and the Scottish Government's finance section has given advice about operating in a new financial circumstance. We have also provided cash, if you like—we have supported reform by providing some private sector advice and expertise on financial matters for the SPA.

Therefore, as well as the civil servant contact that we have, which Hilary Pearce discussed, we have our own people on secondment with the SPA; we have provided advice from our own finance experts in the Scottish Government; and we have supported the provision of private financial expertise to support the SPA in developing and executing its financial strategy this year. I do not know whether Paul Johnston wants to say anything else on that.

Paul Johnston (Scottish Government): As Leslie Evans has made clear, it is a matter of close engagement at various levels to ensure that the capacity of the new organisations is built up. An entire team in the Scottish Government is in regular contact with both the SPA and Police Scotland to provide them with on-going support on the development of the financial strategy and the corporate strategy. In addition, we have provided support through the provision of staff for short periods of time when that has been necessary, such as through short periods of secondment. Some of those staff are currently with Police Scotland and the SPA. We have also worked with Police Scotland and the SPA as they have looked to recruit permanent members of staff. We are currently involved in that process.

Colin Beattie: That sounds like quite a commitment of resources. I would think that there would be a substantial cost for that. You are seconding three people to Police Scotland and providing support to the SPA, and you mentioned giving cash to Police Scotland. Can we quantify how much that has cost? We are plugging a gap for which the police apparently did not have resources.

Leslie Evans: We can quantify that. I think that Hilary Pearce will probably want to deal with that detailed question.

Hilary Pearce: Yes. We are tracking all the costs that Mr Beattie mentioned. However, the reform budget investment that we are putting into improved information and communication technology systems, for example, would have been needed, regardless of the people involved. That is a separate element of investment to assist the development of the single ledger and the other modernisations of the finance systems.

Colin Beattie: The secondment of three people and so on can provide only short-term support. I presume that those people will leave eventually. Leslie Evans said that Police Scotland is in the process of recruiting a director of finance. I presume that it will need other resources to support him if there is to be a professional approach to the financial strategy and doing the business plan. What timescale are we looking at?

Paul Johnston: Applications for a finance lead in the Scottish Police Authority and a director of finance in Police Scotland closed earlier this week. Staff will of course support those individuals, and many of those staff are already in place in those organisations.

Colin Beattie: I would be interested to know the on-going costs of the additional resources.

Leslie Evans: We can provide those figures for you.

Colin Beattie: I want to touch on governance and the issues between the SPA and Police Scotland in the past, which other members have touched on. I hope that you will be able to reassure us that all those issues are in the past and that everything is going smoothly now.

Leslie Evans: Yes. I think that there is clarity and that some of the decisions that the SPA board took earlier this year have confirmed the clarity about roles and responsibilities. It is clear that we will want to continue to talk to the SPA and Police Scotland about that and maintain close contact with them, but the clarity in the governance arrangements that were passed by the SPA board earlier this year has certainly helped to establish great understanding of the roles, responsibilities and complementary nature of the SPA and Police Scotland and the role of the Scottish Government.

Colin Beattie: Is there a plan to revisit those governance arrangements in the future?

Leslie Evans: There is no plan to do that, but it is clear in the first year of reform that everything needs to be reflected on in due course. That goes back to some of the lessons that have been learned. However, as I said, there is no plan currently. Everybody is content with what has

been described in the governance arrangements that the SPA board has agreed and undertaken.

Colin Beattie: There is some negative mention of the accuracy of police statistics and baseline data in Audit Scotland's report. How far down the line are we in getting accurate information?

Leslie Evans: Audit Scotland's June 2012 report entitled "Learning the lessons of public body mergers" recommends that newly formed organisations should have a system for reporting publicly on performance information no more than two years after they were formed. Therefore, in theory, there is a two-year period for the new performance regime to be undertaken, developed and put in place. In fact, we are much further down the road. There has been a huge amount of work and, nine months on, we are at quite an advanced stage of work on the performance regime.

One of my colleagues may want to talk about the detail, but there are two aspects. One is ensuring that publicly available and accountable information goes to the board to hold police performance to account, which happens. On 4 December, we had another development of that, which colleagues might want to describe, and there was a development during the February board meeting. There is an incremental but specific increase in the level and spread of performance information.

The second area—which, I think, came up at the 20 November committee meeting—concerns official statistics. Not only has the police landscape changed, but the role of producing statistics has changed for each of us—certainly, it has changed for the Scottish Government. Now, the SPA is the guardian of data and statistics for the police in Scotland, so we need to consider carefully the role of official statistics that the Scottish Government currently produces and whether there is an opportunity and a need for the Police Authority or the police to produce official statistics.

If that was the case, a number of principles and protocols would have to be followed, which are informed by the UK Statistics Authority. We would need to support the SPA and the police in going through those and to agree which statistics we would continue to produce. However, the main aim is not to get into a highly techie discussion about who produces what statistic but to have an open, accessible and easily navigable performance regime that the public and the Parliament can use and interrogate effectively. That will depend on the timing of the statistics as well as on their quality and nature.

Colin Beattie: That work is clearly continuing. Do we have a date when we hope to reach the end point?

Leslie Evans: Yes. The intention is that, by the end of the financial year, a national performance framework will be in place. Perhaps Paul Johnston would like to say a bit more about that.

Paul Johnston: I can certainly say a little more about it. The Scottish Government has provided resources to ensure that a national policing performance framework is developed this year. The SPA is leading on the development of that framework. It leads a performance steering group and a performance practitioner group. The Scottish Government, Her Majesty's inspector of constabulary and Police Scotland are actively involved in both those groups as the work is taken forward.

As Leslie Evans said, there was significant progress on that work at the most recent SPA board meeting, at which a partially complete national policing performance framework was considered and debated in public. Through the network of groups and close collaborative work, we are working towards the completion of that performance framework in this financial year.

Ken Macintosh: I, too, will pursue the limits of the responsibility of the Government, as opposed to the new police service, for the financial strategy and the full business case, which we have all pursued. The issue is not new; it was a concern before the 2012 act was passed. Do you regret reassuring the Parliament during the passage of that act that work on a full business case was under way?

Leslie Evans: Work was under way, as I mentioned earlier. There was continuing work on what the new structure would look like and what the financial responsibilities would be. That work was being done concurrent with the act going through the Parliament, but it was always clear and was stated during the passage of the act that the work on the detail of the costs and savings—not the feasibility of the savings, but the due diligence for, and the reality of, the costs and savings—would have to be undertaken by the new organisation as it got to grips with the strategies that Mr Doris mentioned, which would inform the nature of the financial flesh on the bones, as I called it more colloquially.

Ken Macintosh: My question was whether you regret offering the reassurance. At the time—as you say now—you said that the full business case would be prepared by the Police Authority or Police Scotland and that it was not your responsibility. At that point, the organisations had not been established and the legislation had not been approved. Many members of the Parliament raised their concerns, the Government specifically reassured the committee that work was under way and the committee accepted that assurance.

12:00

Leslie Evans: The important thing to hold on to and understand is that we had absolute faith in and were completely reassured about the credibility of what was put before Parliament about the nature of the reform and that we understood that the outline business case gave us a robust and consolidated piece of advice on the savings and the feasible savings that could be gleaned from the reform models that were put forward. It was always going to be the case that the new authority would have to put its stamp of approval on this and take some hard decisions about how it would operate the police in Scotland. As a result, it was always going to have to take the role of making a finite decision about the financial strategy and the corporate strategy that would inform the financial strategy. That is why we are in this position.

Ken Macintosh: Indeed, but it was not people from the SPA who reassured Parliament—it was the Government itself. After all, the SPA and Police Scotland did not exist at that point. The reassurance was given not by them but by you. Do you now regret that reassurance to the committee?

Leslie Evans: The important thing about the process of introducing the 2012 act was that the Government made it clear that that role would have to be undertaken by the Police Authority. The outline business case that was presented to Parliament and the committees was not just sufficient but one of the best that had ever been seen in a gateway review for making a decision on that basis. The review and Parliament were convinced that the financial information provided in the outline business case was compelling.

Ken Macintosh: The point is that you justified the reform not on the basis of the outline business case but on the fact that work on a full business case was under way.

Leslie Evans: And a full business case is about to be produced.

Ken Macintosh: I have been referring to evidence from February 2012. It is now December 2013, so we are talking about just under two years.

Leslie Evans: As I think the chief constable said, he and the SPA were sighted on ensuring that a full business case and financial strategy, as we would call it, with a corporate strategy wrapped around it were produced. However, as he made clear to the committee on 20 November, bringing nine budget, financial and HR systems together into one system was particularly challenging. A lot was going on in the SPA and Police Scotland at that time. Work continued on a financial strategy, but the transition process had to be produced

between the passing of the 2012 act and 1 April 2013.

As I said, the work that is going on now is based on corporate strategic decisions that the Police Authority has had to take to be convinced of and to confirm where and how the changes in strategic approach will inform the outcome of the savings produced at the end of the year. The SPA has to take some of those decisions; we cannot do so. We could not decide how the estates strategy would work—that would not have been appropriate. Had we done so, I could be sitting here in front of you being criticised for having taken decisions on issues over which I have no control, for which I have no responsibility and on which I have—I say this myself—precious little expertise.

Ken Macintosh: My difficulty is that you and the chief constable have outlined how difficult the process is, but the Parliament knew how difficult the process would be before it passed the legislation. That was utterly predictable; the process is very complicated. We do not need to be told now how uncertain and difficult it is. We asked at the time and were assured specifically by the Scottish Government—not by anyone else—that work on the full business case was under way. Here we are, two years on, and work is still under way. Do you think that that is acceptable?

Leslie Evans: As you said, it is a very complex piece of work. It would have been unacceptable for me or another civil servant to take a decision about an estates strategy for an organisation that was not yet constituted. The alternative was not very appealing—hence my previous answer.

Ken Macintosh: On that point, you say that it would have been inappropriate for civil servants to take decisions on an estates strategy, but civil servants decided to rent Bremner house at quite extensive cost—a cost that has been singled out in the Auditor General's report. Was that signed off by a minister?

Leslie Evans: The decision was signed off by two ministers. The advice was based on our understanding and expectation that there was no office base for the new organisation to take up. We knew that it needed to concentrate on the really important things that it faced at the time: making a smooth transition and making savings in the first year.

We undertook an appraisal of five options under a range of criteria. Bremner house scored best against those criteria. We had a written assurance from the chief executive of the Police Authority that it would be used and occupied.

Ken Macintosh: From whom was the written assurance?

Leslie Evans: From the chief executive of the Scottish Police Authority.

Ken Macintosh: Which chief executive?

Leslie Evans: The first one.

Ken Macintosh: Right. Which two ministers signed off the decision?

Leslie Evans: The Cabinet Secretary for Finance, Employment and Sustainable Growth and the Cabinet Secretary for Justice.

Ken Macintosh: So Mr Swinney and Mr MacAskill both approved Bremner house.

Leslie Evans: On the basis of the appraisal of the five options, we advised them that Bremner house was the best fit. We believed that it was our role and responsibility to ensure that there was an office base for the new organisation. Vic Emery described it as a “prudent” decision when he was before the committee on 20 November.

Ken Macintosh: I am having difficulty in this situation. You have said today several times—or twice at least—that it would not have been appropriate for civil servants to intervene or make decisions that would affect the Police Authority, specifically in the estates strategy, but you intervened in that decision and the cabinet secretary, Mr MacAskill, signed it off.

Mr House was pictured—he bridled at this—in front of Bremner house and he said, “I’ve never even seen this building. I shouldn’t be to blame.” Should Mr Swinney and Mr MacAskill be to blame?

Leslie Evans: You need to differentiate between what I said about taking decisions with operational implications and ensuring that a new organisation has an office base to operate from, with some support in it. That was considered by us to be a prudent decision.

For a range of reasons, the SPA decided not to take up that accommodation, even though it was placed very much at the SPA's disposal from the first date of the appointments. Mr MacAskill and Mr Swinney took the decision on advice from officials, who had gone through a due diligence test involving five office accommodations and criteria that included costs, location, security, quality and size of accommodation.

Another issue was that, at that time, we were not entirely clear about how big the organisation would be. We looked carefully at ensuring that the footprint would be appropriate for what we understood that the authority would need in the first few months. The approach was not binding; it was always interim—it was always something that would buy the authority time. Rather than a strategic estates strategy or anything else, it was one less administrative thing for the authority,

which would have enabled it to focus on what we felt that it needed to focus on—ensuring that it made the transition successfully and put the planks in place for the new authority and single police force.

Ken Macintosh: I understand that the Police Authority is shedding buildings—in other words, it has way too many buildings. In that context, why did you take on a new one?

Leslie Evans: I explained why we took on that office accommodation. The reason why we took it on, apart from the criteria that we went through, was that it was not associated with the previous estate. We were keen not to assume that one previous building from a previous police authority would absorb the new authority. There were sensitivities about where the new authority should be placed, so we decided that it should have some independence.

The SPA is looking at its estates strategy and Bremner house is being included in that consideration, which is live. We are pursuing other tenants and we have a tenant that we expect to take up residence there in early 2014.

Ken Macintosh: You declined to offer any regret over the assurance that you offered the committee about a financial strategy. Do you want to take the opportunity to offer some regret over buying Bremner house?

Leslie Evans: I could have been here in different circumstances, in which I would have been asked why I did not have an office when the new authority was milling about, trying to find somewhere to base itself. It would have been inappropriate for us not to have provided for that.

Ken Macintosh: Was it a good decision?

Leslie Evans: It was an appropriate decision for a new organisation that required office accommodation, to ensure that it could focus on the important tasks in hand.

Ken Macintosh: As well as the lack of a financial strategy, there is no workforce strategy in place yet. What do you make of the fact that the chief constable said that

“backfilling happens on a daily and on-going basis”?

Leslie Evans: I think that what Mr House—or Sir Stephen House, as we should call him—meant was that it happens occasionally. I do not understand from him, or from what he said subsequently, that that is a routine approach. He uses backfilling when he needs to, for flexibility.

The other point that he made was that posts that are going from the back office are disappearing—they are not being replaced. Those posts disappear, and nobody is required to fill them. I think that he said that backfilling happens

occasionally, when there is a requirement for it. I think that, in the same evidence session in which he made that comment, he said that his interest is to get as many police out on the streets as possible. It is not in his interests to have police in back offices, unless that is absolutely necessary.

Ken Macintosh: If he had said, “It happens occasionally,” that would have been in keeping with what the cabinet secretary has been saying. However, he did not say that. I will quote him directly and in full, as I do not want to get it wrong. He said:

“I say for accuracy's sake that of course backfilling happens on a daily and on-going basis”.—[*Official Report, Public Audit Committee*, 20 November 2013; c 1794-95.]

Does that strike you as being the same as occasional?

Leslie Evans: I trust Mr House in his assessment of the situation, and I trust him to take a balanced approach to back-office to officer work ratios within the workforce of Police Scotland.

Backfilling may happen more than he wishes it to, but I know from having spoken to him that his main focus is to ensure that police officers are on the streets, not on back-office functions. There will be occasions, due to pregnancy, maternity leave, sickness and so on, when it has to happen. However, my understanding is that it is short lived.

Paul Johnston: We need to bear in mind the size of the workforce that is being referred to. As you know, the workforce is well in excess of 17,000 officers, with a police staff of many thousands. My understanding is that, as Leslie Evans has said, it is entirely to be expected with a workforce of that size that there will occasionally be people off sick, on maternity leave or unavailable for other reasons. There is therefore a need for some flexibility in the deployment of staff in that context. That is not the same, however, as suggesting that there is a routine and widespread policy of permanently filling jobs that were occupied by police staff with police officers.

Ken Macintosh: I am not suggesting that it is a policy. That has been explicitly denied by several people, including the cabinet secretary, but backfilling is routine and widespread. The chief constable said that it is routine and widespread—he said that it is “daily and on-going”. That could not be more routine and widespread. Do you disagree with what he said?

Paul Johnston: I am not taking issue with what he said. I am suggesting that, when we bear in mind the very large size of the workforce in relation to both police staff and police officers, it is not surprising that a degree of flexibility is needed on a very regular basis in order appropriately to manage the way in which the workforce is deployed.

Ken Macintosh: "Very regular" is different from "occasionally". It is "very regular", is it?

Paul Johnston: As I say, I am not taking issue with the way in which the chief constable described it. It is clear from his evidence and from what the cabinet secretary has said that there is no policy around routine backfilling as it is commonly understood.

Ken Macintosh: There is clearly a lack of common understanding here. Members of the Parliament have repeatedly raised the fact that backfilling is happening. It is taking officers off the street. The cabinet secretary has explicitly denied that as a matter of policy, but the point is that it is a matter of practice. It is routine, widespread and regular, and it should be corrected.

Is there a link between the lack of a financial strategy, the lack of a workforce strategy and backfilling on a regular basis?

12:15

Leslie Evans: I cannot see a link in that respect. Steve House has said that he wants as many officers as possible to be on the street in an operational role. There is a huge workforce, and some flexibility will be expected, but there is no evidence of endemic backfilling. It happens from time to time for the reasons that Paul Johnston has given—it would be surprising if it did not happen in operational roles. However, I have no reason to believe that Steve House, of all people, has any interests other than maintaining the highest possible number of police officers on the street.

To return to my earlier point, when staff leave through voluntary severance or early retirement schemes, their jobs are closed down, so there is no need for backfilling. My understanding is that the kind of backfilling that Steve House was referring to is much more about flexibility and the occasional circumstances that Paul Johnston mentioned—it is to cover sickness absence, maternity leave and so on.

Ken Macintosh: My understanding is that the majority of the savings that are being made by the new Police Authority are being made by reducing the number of civilian staff. That is your main saving. When some of those staff leave, police officers are having to backfill. Are you suggesting that there is no link between those two facts?

Leslie Evans: I am not surprised that the majority of the savings this year—56 per cent, I think—have come from reducing people costs. It is not surprising that a large number of those people might be back-office staff because of the nature of the organisations that we have inherited. There is always a responsibility to ensure that as many

officers as possible stay on the street so, given that there were eight duplicating structures, it is not surprising that the first stage of reform implementation is to take out a large number of duplicated back-office roles. That is sensible and to be expected.

Ken Macintosh: The difficulty is that if you try to make savings without a financial strategy or workforce strategy and you ask people to come forward for redundancy and civilian staff are leaving, there is a huge danger—I cannot believe that you will not accept this—that officers will end up having to fill those posts, even if it is on a temporary basis. Do you not accept that?

Leslie Evans: I accept—and I think that we have accepted—that that will happen on an occasional basis. I suspect that it has happened before. In other words, there will be times when people do not turn up for work or have been unable to get into work for a range of reasons. Therefore, an occasional interim process would be undertaken.

This year, the majority of savings have been made from reducing the number of people and one would expect many of those people to hold duplicated back-office roles. That is just common sense.

Hilary Pearce: Not all the people savings come from the savings from voluntary redundancy schemes. Quite a lot of the savings have come from reductions in overtime and reductions in the number of senior officers. It is not just the staff VR savings that constitute that figure of more than 50 per cent of the savings.

Ken Macintosh: You accept that there are large-scale savings to be made. Backfilling might have happened in the past, but this is an organisation in transition in which hundreds and hundreds of staff are leaving their jobs. Is there not a danger that police officers are filling in for those staff?

Paul Johnston: It is important to be clear that not all staff members who indicated that they would like to leave have been able to leave. Rather, particular and detailed case-by-case consideration is given to every single application for voluntary early release in order to decide whether that member of staff can or cannot be released. I suspect that, to the disappointment of some members of staff, the advice thus far is that they cannot be released. In some cases, that is because it is not possible for them to go, as that might result in backfilling, for example, and therefore those members of staff are still in place. It is important to emphasise the interest that there has been in taking voluntary early release, but very detailed consideration is given to every case.

Leslie Evans: There have been about 2,000 applications, but nothing like that number have been agreed to—that number is significantly smaller.

Ken Macintosh: I am glad that a great deal of case-by-case attention is being given, but do you accept that there is no overall workforce strategy?

Paul Johnston: The workforce strategy is absolutely being developed alongside the corporate strategy, which has already been discussed this morning.

Ken Macintosh: Is that also alongside the financial strategy?

Paul Johnston: Indeed.

Leslie Evans: I do not want to dance on the head of a strategy pin, but the corporate strategy will be the overarching document that the SPA will produce. Underneath that, there will be separate informing and interdependent strategies that will include estates and human resources, and the financial strategy will wrap those together in identifying the savings from each of the changes. That will be in place by the end of the financial year. The fire authority produced its strategy a few weeks back, so we are not very far behind.

Ken Macintosh: Director general, do you understand the committee's anxiety? You are saying that you have not yet produced a workforce strategy, a corporate strategy or a finance strategy, and yet you are in the middle of making huge savings. You have laid off hundreds and hundreds of staff. You have been given repeated advance warning of this and yet you expect us to accept that the strategies will be in place once all the savings have been made. I do not understand what is strategic about that.

Leslie Evans: We are in only the first year of a savings plan and those savings have been identified as part of the reform settling down and the construction of a new authority. Those savings were the ones that were identified at first hand.

Other decisions will need to be taken on the basis of strategic intent or, in other words, on the basis of how the authority sees the organisation operating in years to come. That will help to identify and flush out additional savings. I am confident that the savings that have been identified for this year will be made. As you heard earlier, we have a close listening and interactional relationship with the SPA in relation to those savings and where they will come from. In addition, we know that the police service has a star chamber that is looking at the savings regularly. It examines and interrogates the information. I am therefore confident that the strategies that will be in place by the end of this financial year will inform future savings, and I am

confident that the savings that have been made so far have been made on the basis of eight forces and other organisations being brought into one.

Ken Macintosh: I am glad to hear that future decisions will be strategic.

On performance reporting, you have suggested that the deadline will be the end of the financial year. Will the figures for performance reporting be as comprehensive as those that were previously offered to police boards? The Auditor General suggested that they are more selective.

Leslie Evans: Paul Johnston might want to come in on the detail. I am absolutely confident that the performance regime that we will have brought in by the end of the financial year will be fit for purpose for the new organisation. It is important to note that it will also include some aspects of previous data that were reported, so that we do not lose the trends. The regime will need to complement the Scottish Government's official statistics, so it should be cohesive and strategic from that point of view.

Paul Johnston: I do not think that we should expect the regime to be the same. As Leslie Evans said, the police service has a new statutory purpose. We would therefore expect the performance regime to be geared towards assessing the extent to which that is being met. The performance work is therefore focused on looking at the statutory purpose that is set out in the act; the strategic priorities that the Scottish Government has set for the policing of Scotland and the way in which they will be measured; and the specific objectives that the Scottish Police Authority has set for Police Scotland. The work flows from the strategic framework that is already in place and the aim of ensuring that the achievement of that will be properly and thoroughly measured.

Ken Macintosh: That is great. However, I was just asking whether those figures will be as comprehensive as the figures that were previously presented to boards.

Paul Johnston: We have to be clear that the regime will flow from the priorities and objectives that have been put in place. In some respects, there will be a considerable amount of additional material in light of the new priorities of Police Scotland as enshrined in the act.

Ken Macintosh: So there will be additional material in the performance reporting. Will some of it be more selective and give less information?

Paul Johnston: We are certainly not proceeding on the basis that the reporting will be selective in any way. If you were to look at the performance reporting that was shared with the SPA board a few weeks ago, you would see the

extensive nature of the performance framework that is under development.

Ken Macintosh: The Auditor General has specifically said that, at the moment, the reporting is more selective. Do you accept that, at the moment, you are being more selective in the information that you provide?

Paul Johnston: I think that the Auditor General was referring to the fact that a fully developed policing performance framework is not yet in place. We have explicitly acknowledged that it is still under development and therefore, inevitably, the information that has been provided has not been subject to that overarching completed strategic framework.

The Convener: James Dornan wants to come in, but before he does I would like Lesley Evans to clarify a couple of things.

You say that the applications for redundancy are all being decided on a case-by-case basis, but there is no strategic framework within which you are operating. How can you be sure that each decision on redundancy is making a positive contribution to the overall strategy when you do not have a strategy?

Leslie Evans: It is for the SPA and the police to decide where the posts should be and how they should be identified, and then to propose them for redundancy.

We have a business case requirement for the money that is applied to us for voluntary severance. Part of the money to support reform—the £60 million this year to which Hilary Pearce referred—is set aside for voluntary severance. The police and the SPA make proposals for those severances with a business case to show that they will recoup money from closing down the posts. That is the process in which we are most closely engaged.

In addition, the police and the SPA are looking carefully at where they need to marshal their resources to maintain, support and administer the police organisation. There are therefore two processes.

The Convener: Okay. Which business case are you referring to? Is it the outline business case?

Leslie Evans: I am talking about a business case for the investment of reform cash in the changes that are being proposed in structures and staffing levels. On each occasion—

The Convener: Is that a separate business case from the outline business case and the full business case?

Leslie Evans: It is a case-by-case proposal for applying for funding for reform. When the SPA asks us for funding to execute aspects of reform,

such as investment in ICT or voluntary severance, it explains to us why that is a good use of reform money. We will expect that investment to pay back over a period of time.

The Convener: Okay. Will that form part of the final business case?

Leslie Evans: That money will have been expended and given to the SPA in-year. The business case will—as a strategic strategy, as I mentioned earlier—be looking right across the organisation. What we have talked about relates to particular aspects of reform.

The Convener: We will just leave it at that.

You have said repeatedly—including towards the end of your previous contribution—that backfilling is occasional. The chief constable has said that it is happening “on a daily ... basis”. Your definition of “occasional” is “daily”.

Leslie Evans: We explained what we understand the circumstances to be with regard to when backfilling takes place.

The Convener: Yes, but is “daily” occasional?

Leslie Evans: I would not wish to contradict Stephen House—

The Convener: I am not asking you to contradict him; I am talking about your definitions. Do you believe that “daily” is occasional?

Leslie Evans: That is semantics, isn't it? I think that what Stephen House describes as “daily” is—I am sure—accurate.

The Convener: Yes.

Leslie Evans: However, I have total faith in him that his efforts are placed in ensuring that the maximum number of officers are put on the streets of Scotland.

The Convener: Sure—we all accept that, but when he says “daily” you believe that it is occasional, and you stand by that. You have said it on a number of occasions.

There is another thing that I wanted to check with you. The chief constable said that the backfilling is not only happening “daily” but “on an on-going basis”. You say that it is short-lived. If you believe that it is short-lived, that means that you must know roughly when it will end—not the specific date, but for how long it will go on and when you expect it to end.

Leslie Evans: I cannot possibly say that it will finish, because we understand, for reasons that were described earlier in our conversation, that the chief constable expects occasionally—or “daily”, as he says—to be able to use the posts on the basis of somebody being ill or on maternity leave.

12:30

The Convener: I understand that, and I think that the committee understands that. Most people understand that.

You are saying that you cannot give a commitment that backfilling will not continue to happen, but you said that it would be “short-lived”. Those are your words; they are not mine or the chief constable’s. That is on the record.

Leslie Evans: I do not know whether I said “short-lived”, but my understanding is that there will be occasions when that will have to happen, so I cannot say that it will never happen again.

The Convener: You used the words “occasional” and “short lived”. Now you are telling me that the practice could well go on, and the chief constable has said that backfilling happens on an on-going basis. Why did you say that it would be short-lived if that is not what you mean?

Leslie Evans: I suppose that I am trying to describe the fact that I understand that there will be occasions when the chief constable will have to make use of the mechanism. He would not want to do that any more than any other chief constable would. I trust him on that. If your interpretation of my words is that I was saying that it would never happen again, I was wrong and I withdraw that.

The Convener: In respect of the chief constable’s evidence that backfilling happens on an on-going basis, you said that the practice would be short-lived. Now you seem to be resiling from that.

Hilary Pearce: On 20 November, the chief constable also referred to the fact that work needed to be done—work which I think has started—to determine the correct final balance between officers and civilian staff. At some point, the need for officers to step into other posts for a few hours or whatever will dissipate as the balance is found and the correct ratio is achieved.

James Dornan: There is no doubt that the chief constable said that the use of officers to fill civilian posts happens

“on a daily and on-going basis”.—[*Official Report, Public Audit Committee*, 20 November 2013; c 1795.]

Could that mean that, somewhere in the police estate, someone might be covering for someone else? Could it mean that, every day in the police estate, a couple of police officers might be covering for others? That is a completely different thing from the practice being widespread and systematic, which I think is the phrase that Ken Macintosh used.

Ken Macintosh: It was the phrase that Mr Johnston used. I just repeated it.

James Dornan: He would say that it is not—

Paul Johnston: I said that it was not widespread.

Leslie Evans: Paul Johnston made the point—and it has been implicit in other bits of the conversation—that in an organisation as big as Police Scotland, which has 17,000 police officers and 22,000 or 23,000 employees in total, it is likely that, at any one time, there will be an area that is not covered by one member of staff and which needs to be covered by another. I know that that happens in my organisation and I am sure that it does in others. It is not surprising that that has to happen occasionally.

As Hilary Pearce said, the ratio will change as the structure changes. Can I say that the practice will never happen in the future? I would be a foolish woman to say that, particularly in light of Steve House’s views about the need for flexibility in the organisation. Do I trust Steve House to ensure that he gets as many officers as possible on the front line? Yes, I do. I think that he gave that assurance in his evidence to the committee on 20 November.

Willie Coffey: We must remember where we are in this process. The director general said that we are nine months into a process that probably represents one of the biggest transformational changes in the Scottish public sector since local government reorganisation. When we spoke to the chief constable, all of the committee congratulated him and Police Scotland on the seamless service that they have continued to deliver for the public, which has seen the delivery of a 39-year low in crime. That must form the background to the discussion.

There has been quite a lot of dancing on the head of pins this morning, and I, too, am going to dance on the head of a pin, in relation to the VAT issue, which I raised at the meeting on 20 November. Previously, the eight Scottish police forces were exempt from VAT, but I understand that the Police Service of Scotland is now not exempt from VAT and that the change will cost the Police Service £22 million a year. I know that there have been exchanges between the cabinet secretary and David Gauke on exempting the Police Service in Scotland from VAT, but agreement has not been reached on that.

The point that I made at the time is that the Police Service of Northern Ireland is a single police force, as is the Police Service of Scotland, but that the Police Service of Northern Ireland is VAT-exempt and we are not. What is the Scottish Government’s view of that, and what might the implications be over the long term?

Leslie Evans: You will be aware of, and have probably seen, some of the correspondence between Westminster and ourselves. Ministers

feel that they have pressed, and would like to continue to press, to have that situation changed.

Northern Ireland comes in under a special provision of the relevant VAT act, which is one of the reasons why it has been given different treatment. The Cabinet Secretary for Justice was absolutely adamant that he wanted to press the Treasury as hard as he could to ensure that a solution is found, because the additional burden of VAT is £21.5 million a year—with an additional £4 million for fire, although I know that we are not talking about fire this morning. That is a significant amount of money that would need to be accommodated into the annual budget for police and fire.

Willie Coffey: I have had the chance during the meeting to work out the figures. There could be about £280 million of VAT over the 13-year period to 2026. That must clearly have some kind of impact on how Police Scotland delivers services during that time. Have you made any kind of estimate of that impact?

Leslie Evans: I shall ask Hilary Pearce to answer that, but I can say that we have certainly had to take account of the issue in our funding and financial planning for the new authority. As you say, it is because the police are no longer funded by local government but are now funded by national Government. My understanding is that it would require a change in the legislation to allow the police authority to be in receipt of the capacity to claim VAT.

Hilary Pearce can say more about the process and about our accommodating it in the budget.

Hilary Pearce: Part of our reform budget for the current year and the next two years is intended to cover the costs of VAT, which have arisen because of the reform happening. That will be covered for this year and the next two years.

Willie Coffey: I am sure that our colleagues in Northern Ireland will be delighted to hear that they are basically being treated as a local authority when it comes to VAT issues.

I also see from the correspondence that a VAT exemption is granted to academy schools in England. I just get the sense that, if there were a will with the issue, there would be a way for the UK Government to solve it but that there is no will to solve it and that Scotland will therefore have to bear the cost over the coming years if the situation is not resolved.

Colin Beattie touched on another issue that I would like to ask about and which other members have not raised: performance reporting to the public about the service that the police deliver. Having been on the committee for a number of years, I know that one of the common messages

heard around the table was about how we could know how well the police were doing in all the forces across Scotland when there was always a different set of criteria within each police force. For example, we might have wanted to know how long it took police to attend non-emergency incidents, and the answers were quite different among the eight police forces.

I am looking forward—as I am sure members of the public and MSPs are—to a consistency of information about those kinds of issues, which are important to the public. In the performance reporting agenda, can we look forward to information being consistent across the board? When might we be able to see that coming through?

Leslie Evans: Instead of having to navigate and interrogate eight different sets of information and data, it will be a matter of looking at one, although I should add that a reporting process is being put in place now with local community planning partnerships and local authorities. The part of the organisation that holds the police to account locally will be in receipt of reports on local statistics.

You are right to say that one of the great benefits of reform—and there are many, as I have said—is that there will be one set of statistical data and performance information. We spoke earlier about how we are trying to ensure that we get some complementarity between those things, because the data provision roles and the responsibilities for holding data have moved from the Scottish Government to the Police Authority.

Paul Johnston may wish to add something.

Paul Johnston: All I would add is that it is very much a feature of the work that is being undertaken that, as well as there being good, consistent information available at national level, there is information available at local level. Comparing and contrasting the situation is much more straightforward under the system that is being developed.

Willie Coffey: My last point on that would be to make a plea that we should not lose sight of the importance of information at a local community level. I have seen some samples of the local reporting that can be achieved, and it is very impressive.

I suppose that I am speaking in support of my colleagues in local government—councillors—who now represent bigger council wards. It can be quite difficult in multimember wards to get a clear picture of what is happening in different settlements within communities. We must not lose sight of the fact that we still need that level of detail within the communities in multimember wards. That goes hand in hand with delivering the

kind of quality information that we need for the public at a local level.

Let us not lift up too much nationally and provide only national information. Let us ensure that we maintain local information for local people.

Leslie Evans: Can I mention one aspect in connection with that? The approach will also depend on how local authorities have decided to model their scrutiny processes. I think that I mentioned earlier that some are doing that on a full-council basis. Some councils have given responsibility for scrutinising local policing to their policy and resources committees, and others have included it in a subsection of their community planning partnerships. Therefore, depending on where you are in Scotland, you may have a slightly different scrutiny version.

That is fine—that is what local accountability is about—but it will also be important, particularly given that we are now in a digital world, that councils are able to access the right level of data to make maximum use of it and for us to ensure that it is publicly accessible and navigable.

The Convener: Was there another structure that could have been considered that would have avoided VAT?

Leslie Evans: As you probably know, the point of principle here is that the new police authority is paid by Government. The tipping point for a decision being different would have been if local authorities had continued to pay. Others will correct me if I am wrong, but my understanding of the models that were being discussed is that, aside from the current model—in other words, eight models—the other two models would still have required a shift of ownership. Is that right, Stephen?

Stephen Woodhouse (Scottish Government): Yes.

Leslie Evans: In other words, under the reform the funding would always come from the Government.

The Convener: Would it have been possible to have a single police force in which the board was largely comprised of councillors and where the funding would, in the majority, have been channelled through local councils, which would have avoided VAT?

Hilary Pearce: I can explain the situation. The VAT exemption that the forces used to have was predicated on the fact that they had the right of precept over local authority funding. You would therefore have to set up some sort of arrangement around that. The Police Service of Northern Ireland is different; it has a specific exemption from VAT.

The Convener: I understand that; I am just asking about Scotland. In theory, it could have been possible to construct a set-up that would have avoided the VAT.

Leslie Evans: To be honest, I do not know. I would rather write to you on that than give you a false reassurance today.

Colin Keir: Has it been normal practice for officers who are unfit for front-line service to be asked to work in the back office while they are recuperating, rather than being sent home?

Paul Johnston: That is certainly my understanding.

Colin Keir: Okay.

I was on the Justice Committee when the Police and Fire Reform (Scotland) Bill was going through, and I fully commend everybody who took part, simply because of the complexity and timescale involved. Considering that the act has been up and running for nine months, I am not surprised that we can pick faults here, there and everywhere. When the chief constable gave his rationale for not focusing on the business plan, effectively saying that he had to get his design right to ensure that there was an on-going service, I thought that the focus of attention would follow on after that.

A lot of the questions that I was going to ask have been answered. At the back of my mind has always been the concern that one problem in moving from the eight legacy forces to the new single force is ICT and tying in the different computer systems. Where are we on compatibility and procurement for the future? How are we moving along with what was perceived to be a problem, certainly in the Justice Committee at one point?

12:45

Leslie Evans: There are two aspects. One thread involves the baseline figures, which came up earlier, and how we have supported the amalgamation of HR and finance data through investment in IT. Another thread is more to do with operational services. Members might have heard of the ICT project i6, which the SPA discusses regularly. In June, the SPA board agreed the contract to produce that ICT system, which has been awarded to Accenture.

Two investments in ICT are therefore taking place. One is to do with the issue that you raise of aligning back offices and the eight systems as much as possible, and the other is to do with a new ICT system that will help us to produce a single platform that will deliver savings through operational services.

Stephen Woodhouse: We are providing funding to help the Police Authority and Police Scotland to deliver an ICT blueprint that will bring together some of the systems. Part of that process involves looking at standard operating procedures. The police will standardise processes and look at how to merge computer systems to deliver the new processes.

As members would expect, that is a big piece of work, of which i6 is a major part. For example, all the forces used an HR system called SCOPE, but they had variants of it, so the systems cannot just be added up—adjustments must be made to bring them together as something that is consistent. That is taking a lot of time and effort.

Colin Keir: If Audit Scotland looks at the situation, will an easy reporting mechanism be used to explain it?

Stephen Woodhouse: The ICT department is reporting internally on the progress that it is making. I am not sure whether that is easy to follow.

Colin Keir: Will all the Auditor General's recommendations be easy to comply with in the next few months?

Leslie Evans: We are working hard on all the recommendations. We have discussed in detail today some of the most challenging ones. We are well ahead on the performance framework, which would not be expected to be brought in for two years after the merger. We are on target to produce savings and, in alliance with that, a new corporate strategy will be produced before the end of the financial year.

We think that the relationships and the clarity on governance are much improved since the report was written. The committee has heard from other colleagues—from Steve House and Vic Emery—that the relationships are productive.

We find the report helpful, as Audit Scotland reports always are. It is thought provoking. We have undoubtedly learned from the process and we will share our learning more widely with other parties. We are confident that we are making good progress on all the recommendations that Audit Scotland made in the report. We will keep a keen eye on that, because some of them have deadlines that are coming up soon.

Colin Keir: You have mentioned the speed with which the reform was devised and implemented. At the beginning, an assessment was done that was based on budgetary constraints and how to keep the service moving. That is why ACPOS and the Scottish Police Federation were united in their desire for a single force.

Obviously, we have an idea of how much money should be saved, can be saved and we hope to be

saved—whatever we want to say about it—but, if we had not been making the savings in the first and second years, would there have been no option but to implement the Winsor reforms?

Leslie Evans: It would have been a very significant decision for the cabinet secretary to implement the Winsor reforms and one that he would have wanted to resist. He has been open and public about his unhappiness with those reforms and the fact that he did not want them to be reproduced in Scotland.

It is clear that the primary purpose of reform was to allow us to protect front-line police services, and without reform it would have been difficult to do that and to sustain the levels of front-line policing over the period that you are talking about. We will have saved more than £60 million in the first year and are on target to save a significant amount in the second year.

We would have been very close—dangerously close, some might have said—to the Commonwealth games and other major events in 2014. Moreover, uncertainty is quite a corrosive and highly influential circumstance. There was a great deal of uncertainty earlier on in the discussions and we did not want to prolong that.

Although the timescale was compressed, and although those of us who were around the table and others had to ensure that we compressed processes within that timescale, it allowed us to take decisions in time. As a result of those compressed timescales, we were able to ensure that we appointed the leadership within six months of the establishment of the new organisation in line with Audit Scotland's recommendations.

The Convener: I have one further thing to clarify, going back to discussions on savings and budgets. Either Hilary Pearce or Leslie Evans indicated that it is estimated that, in the financial year 2014-15, the SPA and Police Scotland will have to save up to £68 million. Certainly, that is what is quoted in the Audit Scotland report.

Hilary Pearce: The target is £88.2 million.

The Convener: Is that for 2014-15?

Hilary Pearce: Yes.

The Convener: Right. Audit Scotland says £68 million for 2014-15. Anyway, whichever figure it is—we can clarify with you and Audit Scotland which is the accurate figure that needs to be saved—exhibit 7 of the Audit Scotland report indicates that, in 2014-15, the Scottish Government will provide £70 million as a contribution to the cost of reform. In essence, therefore, the saving for that year will be met by a grant from the Scottish Government.

Hilary Pearce: No. The reform budget of £70 million is intended to cover the costs of VAT, which arise out of reform, and other costs that have arisen out of reform and will help to generate savings that will recur in future years, such as the VR costs and ICT investment costs.

The Convener: So that will not show in the books or on the balance sheet as income and expenditure.

Hilary Pearce: Yes, it will. It is part of the costs that I am tracking.

The Convener: So the savings of £68 million or £86 million or whatever will show, on the other side of the equation, £70 million of a grant coming in. In that year, the pressure on savings is being helped by the £70 million that is being given for reform.

Hilary Pearce: It helps to achieve the recurrent savings, which will go on in future years.

Leslie Evans: It also includes the VAT charge, which we mentioned was £21 million.

The Convener: Okay.

It has been a long evidence-taking session but a useful one. A number of questions still remain to be answered and we look forward to getting further clarification from you. There are a few things that we need to clarify between you and Audit Scotland, so we will need to get to the bottom of those issues. I thank you very much for your patience and for bearing with us.

I ask committee members to agree to defer item 4 to 15 January.

Members *indicated agreement.*

The Convener: With that, we move into private.

12:54

Meeting continued in private until 13:08.

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e-format first available
ISBN 978-1-78392-406-6

Revised e-format available
ISBN 978-1-78392-419-6

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