



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

### **PUBLIC AUDIT COMMITTEE**

Wednesday 18 September 2013

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**Wednesday 18 September 2013**

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**PUBLIC AUDIT COMMITTEE**

**12<sup>th</sup> 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

**CLERK TO THE COMMITTEE**

Jane Williams

**LOCATION**

Committee Room 4



## Scottish Parliament

### Public Audit Committee

*Wednesday 18 September 2013*

[The Deputy Convener *opened the meeting at 10:00*]

### Interests

**The Deputy Convener (Mary Scanlon):** Good morning. I welcome members to the 12th meeting of the Public Audit Committee in 2013. I ask those present to ensure that mobile phones are switched off.

No apologies have been received. We have a full class today.

Under the first item on the agenda, I invite Hugh Henry to declare any interests that are relevant to the committee's remit.

**Hugh Henry (Renfrewshire South) (Lab):** I have nothing to declare, convener.

## Convener

10:00

**The Deputy Convener:** Only members of the Scottish Labour Party are eligible to be chosen as convener of the Public Audit Committee. I invite nominations for the position of convener.

**James Dornan (Glasgow Cathcart) (SNP):** I nominate Hugh Henry.

**Ken Macintosh (Eastwood) (Lab):** I second that.

**The Deputy Convener:** We have a battle to nominate Hugh Henry. I am delighted to say that James Dornan got there first—he nominated Hugh, and Ken Macintosh seconded. I ask the committee to agree that Hugh Henry be reinstated as convener of the Public Audit Committee.

*Hugh Henry was chosen as convener.*

**The Deputy Convener:** I hand over to Hugh Henry.

**The Convener (Hugh Henry):** Thank you very much, Mary. I thank the other committee members for their support.

The Public Audit Committee has always been interesting and somewhat understated. I am sure that that will continue and I look forward to some of the challenges. I also look forward to working with some familiar faces—I hesitate to use the phrase “old faces”—who have been here for a while. I will not mention any names, but I do not know what Willie Coffey has done to deserve such a long stint on the committee.

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** I was waiting for your return.

### Decision on Taking Business in Private

10:02

**The Convener:** Under item 3, do we agree to take items 5 and 6 in private?

**Members** *indicated agreement.*

## Section 23 Report

### “Managing early departures from the Scottish public sector”

10:02

**The Convener:** Item 4 concerns a section 23 report. The committee has been considering early departures from the Scottish public sector and agreed to write to the Scottish Government to ask for further information. Members have before them a reply from Sir Peter Housden, the permanent secretary.

I have looked at the letter that it was agreed that the committee would issue. It is fairly short, sharp and to the point. I was not aware of the discussions that preceded the writing of that letter, but I am extremely disappointed, to say the least, with the reply from Sir Peter Housden, because he singularly fails to answer the question that was asked. It is not rocket science to understand what the letter asked, and there is in the reply no reference to the question that was asked. The letter obfuscates and avoids the point completely.

It is disappointing that the committee could not get the information that it required on something that, I would have thought, was straightforward. I do not see how the committee can reach a conclusion without the information that it requested.

Are there any other views?

**Colin Beattie (Midlothian North and Musselburgh) (SNP):** The response makes it clear that the Scottish Government has not “sought to collect central data”.

It does not say why; it just says that it does not do it. It would be interesting to know the reasons why the Government deemed it appropriate not to do so.

**The Convener:** Exactly. That was the central question and there is just no answer.

**Ken Macintosh:** Like you, convener, I was not on the committee when the report “Managing early departures from the Scottish public sector” came from the Auditor General for Scotland. However, as it happens, I conducted a series of freedom of information requests to all public sector organisations on the subject of severance and redundancy payments. I received information that shows that the figures are quite staggering—we are talking about enormous sums of money.

Before the meeting, I had a look at compromise agreements alone. In the past six years, there have been 12,500 in the public sector—that information is just from my FOI requests—totalling

at least £52 million. My figures are slightly less than the Auditor General’s. I think that she includes pension strain and redundancy payments, which I did not, so I am saying that it is at least £52 million. The figures are substantial.

Within that information, I looked at some of the variation. From year to year over the past six years, the figures have varied from less than £3 million in one year to just under £18 million in another and from about 800 payments in one year to about 4,000 in another. In other words, there is huge variation only in those six years.

Given that we are talking about such amounts of money and about public resources, the Government at least needs to be on top of the matter. I am not saying that it is responsible for all those individual decisions, but it is responsible for the overall budget and I would have thought that, at the very least, it would want to monitor the use of compromise agreements.

The Auditor General flagged up as a concern the fact that compromise agreements are not subject to the same degree of public disclosure as other payments. The fact that we are not even monitoring their use, never mind what they might disguise, is a source of concern.

I suggest that we write back to Sir Peter Housden. You could just quote the figures that I have given, because they are straight from my FOI requests. If I can get those figures by making FOI requests as a back bencher, I would think that the Government, with the civil service at its disposal, could easily access the information. It was not a difficult process.

I suggest that we write back, even if we just ask the same question again. I would like a better answer, given how important the matter is.

**The Convener:** We can come back to what the committee will decide at the end of the discussion.

Did the 12,500 compromise agreements that you identified include Government agencies, agencies with a relationship to the Government and councils of varying political persuasion?

**Ken Macintosh:** Yes. It was the whole public sector—the national health service, councils, universities and the rest of the public sector.

**Tavish Scott (Shetland Islands) (LD):** As Colin Beattie rightly implied—I do not think that he stated it clearly—we should not accept the permanent secretary not giving us an answer.

It sets a pretty clear way of working within the body of Government at civil service level. Our job is not to question ministers but to question civil servants, so if the senior civil servant does not answer a straightforward and easily understood question, what chance do we have of getting other

civil servants to reply properly to the committee? Whatever we finish up doing, the important point is that no civil servant—especially not the most senior one in the Scottish system—should be allowed to get away with basically telling a committee that they are really not that bothered and will not give an answer.

**Bob Doris (Glasgow) (SNP):** Convener, your question to Ken Macintosh about which public bodies were included in the compromise agreement figures was quite important. I understand that there may be a nervousness about how those figures are reported, but the need to be sophisticated in how one reports such agreements is not necessarily a reason not to report them. The point is to get the process correct.

In his reply, Sir Peter says:

“These agreements are considered—both by Scottish Government and in our arms length bodies—on their individual merits and the criteria and processes set out in the Scottish Public Finance Manual.”

I totally accept that. I appreciate that simply looking at the raw data on compromise agreements may not tell the full story and that there may be nervousness about individual politicians jumping on figures without realising the details that lie behind them. However, those are not reasons not to present the figures; they are reasons to get the presentation correct, and to present them in a sophisticated way so that we can access them.

If the Government is keeping the matter under review, why is it keeping it under review and what does it consider to be in the public interest in relation to greater openness and transparency in reporting the figures? We should go back to Sir Peter Housden, say that we asked him why figures were not held centrally and that we appreciate that it is not a simple thing to do, and ask him to give us more information if this is work in progress.

**Mary Scanlon (Highlands and Islands) (Con):** The matter was flagged up by Bob Black, the previous Auditor General, and now Caroline Gardner has also flagged it up. Therefore, irrespective of the views of the committee, we have a responsibility to consider it.

I have to say that I was distinctly underwhelmed by the half-page answer in which we are referred to a Government manual. Like Colin Beattie, I do not think it is satisfactory, particularly as Sir Peter Housden is not only the permanent secretary to the Government but the chief accountable officer. The Public Audit Committee of the Parliament deserves more than it has got here.

**Willie Coffey:** We should remind ourselves what the permanent secretary said. He said that the information is disclosed with respect to the

organisations involved. His third paragraph makes that clear. What is not made clear is why it is not centrally collected as an all-rolled-up statistic—that is the point that members are making.

The information is available and is reported. Let us be clear about that. It depends how far back we want to go with it. Ken Macintosh went back six years, but I presume that a system relating to compromise agreements has been in place for a considerable time. The question is what value there is in the committee looking for answers and how far back it wants to go to find them. Alternatively, should we look to the future—which would probably be more wise—to determine whether there is a better system that gives us the kind of accountability that we think is lacking?

As I understand it, the information is available in terms of the agencies that use compromise agreement mechanisms.

**The Convener:** Yes, but there is one thing about which I am not clear, and it might be worth while to ask about it. The letter states:

“The Government Financial Reporting Manual ... requires disclosure of such agreements in respect of Management Board members.”

It does not state whether disclosure is required in relation to others. It might be useful to find that out.

I take it from the discussion that there is a feeling in the committee that the reply is unsatisfactory, that we need an answer to the question that was asked and that we should go back to Sir Peter Housden and seek the information that we need. Is that agreed?

**Members indicated agreement.**

**The Convener:** Thank you very much for that. With that, we move into private.

10:12

*Meeting continued in private until 11:14.*





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