



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

LOCAL GOVERNMENT AND REGENERATION COMMITTEE

Wednesday 13 August 2014

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LOCAL GOVERNMENT AND REGENERATION COMMITTEE

21st Meeting 2014, Session 4

CONVENER

*Kevin Stewart (Aberdeen Central) (SNP)

DEPUTY CONVENER

*John Wilson (Central Scotland) (SNP)

COMMITTEE MEMBERS

*Cameron Buchanan (Lothian) (Con)
*Mark McDonald (Aberdeen Donside) (SNP)
*Stuart McMillan (West Scotland) (SNP)
*Anne McTaggart (Glasgow) (Lab)
*Alex Rowley (Cowdenbeath) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Fraser McKinlay (Audit Scotland)
Douglas Sinclair (Accounts Commission for Scotland)
Gordon Smail (Audit Scotland)

CLERK TO THE COMMITTEE

David Cullum

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Local Government and Regeneration Committee

Wednesday 13 August 2014

[The Convener opened the meeting at 10:00]

Subordinate Legislation

Local Government Pension Scheme (Scotland) Regulations 2014 (SSI 2014/164)

Town and Country Planning (General Permitted Development) (Scotland) Amendment (Amendment) Order 2014 (SSI 2014/184)

Local Authority Accounts (Scotland) Regulations 2014 (SSI 2014/200)

The Convener (Kevin Stewart): Good morning and welcome to the committee's 21st meeting in 2014. I ask everyone present to switch off mobile phones and other electronic devices, because they affect the broadcasting system. Some committee members may consult tablets during the meeting, as meeting papers are provided in digital format.

Under agenda item 1, which is subordinate legislation, we have three negative instruments to consider. Members have a paper from the clerk setting out the purpose of the instruments. The Delegated Powers and Law Reform Committee considered the instruments and drew several issues to our attention, which are set out in the paper from the clerk. If members have no comments to make on the instruments, do we agree not to make any recommendation to the Parliament on any of the instruments?

Members indicated agreement.

“An overview of local government in Scotland 2014”

10:01

The Convener: Agenda item 2 is an oral evidence session with the Accounts Commission for Scotland on its most recent local government overview report. I welcome Douglas Sinclair, chair of the Accounts Commission for Scotland; Fraser McKinlay, director of performance audit and best value at Audit Scotland; and Gordon Smail, portfolio manager at Audit Scotland. You are very welcome, gentlemen. Would any of you like to make some opening remarks?

Douglas Sinclair (Accounts Commission for Scotland): Thank you very much, convener. First of all, the Accounts Commission welcomes the opportunity to discuss with the committee the challenges facing local government. As we all know, Scotland's councils provide important services, but they do so against the background of reducing budgets, an ageing population and rising demands and expectations from the people whom they serve.

Our work shows that although councils are coping well, they face increasingly difficult choices about how to maximise the value that they get from the available money. To help make those decisions, they need to make better and more consistent use of options appraisal, to look carefully at how services are delivered and to think openly about how services might be delivered in future. They need to ask the question: what works best, and can we prove it?

Many of the messages in this year's report are not new; indeed, the fact that they are similar to previous messages simply serves to underline their continuing importance. I want to emphasise two areas in particular, if I may.

The first is the fundamental importance of good governance, which is the foundation of a successful council, with officers and councillors working well together and in a way that engenders the public's trust and confidence. On the other hand, bad governance is dysfunctional, time consuming and expensive.

Secondly, the statutory duty of best value remains paramount. We believe strongly that councils that place best value—in other words, continuous improvement in all their functions—at the centre of all that they do are best placed to deal with change.

Although we recognise the current context as challenging, the commission is looking for councils to raise their ambition and up the pace of improvement. For our part, we are considering

carefully how the commission can provide further support through its audit work in relation to local government.

Convener, my colleagues and I are very happy to answer questions.

The Convener: Thank you very much, Mr Sinclair. You mentioned the demographic time bomb of an ageing population. We have just dealt with a Scottish statutory instrument on local government pension schemes. What overview do Audit Scotland and the Accounts Commission have in scrutinising local government pension schemes?

Gordon Smail (Audit Scotland): Very recently—over the past couple of years—the pension scheme accounts have become subject to a separate audit. Prior to that, they formed part of the accounts of the council or administering authority. For example, the City of Edinburgh Council's accounts would have included the Lothian pension fund.

Nowadays, pension funds are audited separately. A separate audit is carried out annually and a separate opinion is given by the auditor, which is accompanied by a separate report. As is the case with the audits of councils, reference is made to the main risks and priorities that have come up during the audit, and the process extends to looking at the governance of the pensions funds and the committees that oversee them. That is a relatively new development in audit. It is well worth our doing that, because the sums that are involved are substantial and it is a highly complicated area. It is a worthy addition to the audit process.

The Convener: So the pension funds report separately to you. In addition to that, do you carry out any forensic audit of individual pension funds? Do you regularly pluck out one or two funds to have a closer look?

Gordon Smail: The 11 pension funds are subject to the same audit. As with any of our audit work, if there was any need to probe further, we would do that. The main issue for us is to look at the risks. We also look at whether the accounts are presented fairly and at the financial performance of the funds. If there was an issue with the way in which a fund was being managed or with governance, of course we would look into that further if there were indications that we needed to do so.

The Convener: I will continue with the theme of the ageing population. Have you found any examples of really good practice by local authorities in making preparations to deal with the demographic difficulties that we have ahead of us?

Fraser McKinlay (Audit Scotland): Among the reports that we have published recently is last

year's "Reshaping care for older people", which included some case studies; we would be happy to send those on to the committee separately.

Our sense is that councils and their partners recognise the importance of prevention in the widest sense, both in giving children the best start in life and in keeping members of the older population safe and well before they fall or hurt themselves and end up in hospital, which is traumatic for them and expensive in terms of public services. Public services, and councils in particular, get that concept.

What is difficult is shifting the resource and the effort from dealing with the impact of acute situations at the point of crisis to preventing such situations from arising in the first place. That is why we have touched on such things in our community planning audits and in some of the performance audits that the Accounts Commission and the Auditor General have done, such as those on reshaping care and self-directed support. The audit report on self-directed support included some very interesting case studies on how well prepared councils were for the introduction of self-directed support, the legislation on which came into force earlier this year.

There are definitely moves afoot in that area and there are some pockets of good practice, information on which we can dig out for you. However, there is a question about scale, pace and the extent to which the issue is being tackled in the way that we would hope across the piece, given the size of the challenge that is coming.

Douglas Sinclair: Another issue is the fact that good practice is a bad traveller—that is a wonderful statement from a Welsh report on public service. I think that there is still a bit of a view in Scotland that, if something was not invented here, people will not do it. A challenge for the commission and other inspectorates is whether we can quantify good practice, put it together in a single document and encourage more councils and health boards to copy it. A telling finding of many of the studies that we do is that we find good practice in one council or health board but discover that it is not being replicated by other councils or health boards, even though there is no good reason for that. The commission should be doing more to encourage others to take up the baton of what is clearly good practice.

The Convener: I certainly welcome our ability to have regular sight of your reports, from which we garner information that we often use in our scrutiny work. It seems to me that, although your reports highlight a lot of good practice, other organisations do not look at those examples and bring them into play to a huge degree, which is a great pity.

How can we improve how we disseminate the message? One issue is that, when your reports come out, everybody tends to look at the bad—they never look at the good. How can we ensure that folk look at the good and that it is brought into play in other areas?

Douglas Sinclair: As I said, one thing that we could look at is the idea of producing an annual digest of good practice.

We will soon have finished our second round of community planning partnership audits and we have found examples of good practice in each of the CPPs. Despite the CPP, which sits at the top, good practice often happens because people make a difference and want to work together at the local level. It is important that we try to capture that good practice in a single document and make that available to the 32 CPPs. We can also do more work with the other inspectorates, which also identify and find good practice. Such a document would have more of an impact if it was a single digest from the commission and all the other inspectorates—I think that people would sit up and take note of that.

Anne McTaggart (Glasgow) (Lab): That sounds like an excellent idea.

On community planning, paragraph 112 of the report mentions:

“Community planning is at a crossroads ... Barriers stand in the way”.

Can you expand on that?

Douglas Sinclair: As you know, the statutory duty of community planning was introduced in 2003 and it is fair to say that it flatlined quite a bit. A bit of work was done—people were keen on community planning—but the focus was very much on the day job of delivering services and work on the CPP was to some extent the Saturday job, if I can call it that.

There is no doubt that added impetus was given by the introduction of the statement of ambition in 2013, which was the joint statement of the Scottish Government and the Convention of Scottish Local Authorities. That has created much sharper movement in the development of CPPs. However, our audits show that there are barriers. We have organisations with different accountabilities. At the end of the day, the CPP is a voluntary partnership, not a statutory partnership—it is not like a health and social care partnership—which in itself creates its own difficulties and tensions. In a sense, it makes it harder for people to come together because there is no statutory imperative to make them do it.

We have found that the key ingredient to a successful CPP is the building up of trust at the top of the organisation between the leader of the

council and the chair of the health board, or between the chief executive of the council and the chief executive of the health board. That dynamic is important because those people are the key players in making community planning work. If they can work together and build up that relationship of trust, we can move forward.

One of the barriers has perhaps been that CPPs have been too ambitious about what they can achieve. Community planning has sometimes been seen as a discipline into which we throw everything. A CPP has to be a body that can add value where it can add most value—that is about reducing inequality. Our audits show that where a CPP has a limited number of objectives it is more successful. Glasgow is a good example. If I remember correctly, it has three or four objectives and it has focused on those in a very direct way, whereas other CPPs have tended to have a much wider canvas to draw on. That has meant that their sense of priorities has become diminished and diffused. That is an important point.

Another barrier is that CPPs need to develop their performance management arrangements. We have not found effective performance management arrangements in any of our CPPs. It is quite difficult for one body to hold another body to account and to challenge that body and say, “We don’t think that your contribution to the CPP is as good as it might be.” Again, that comes back to the different bodies building that relationship of trust and feeling comfortable with each other so that they can challenge each other openly.

There have been some good signs of progress—there are good signs of partnership working on the ground, as I said—but there is still a long way to go.

Alex Rowley (Cowdenbeath) (Lab): Planning partnerships have been around for some time. I have chaired one, and the council and the health board were the two big partners at the table, but the role of the other partners was never clear to me. We may say that we are serious about trying to engage more with the private sector within civic life—in relation to, say, local economic policies—but it was never clear to me who was bringing what to the table.

Given that the report highlights the major financial problems facing the public sector, is there any evidence that there are savings to be had? For example, in relation to health and social care partnerships, is trying to bring everything together in some kind of voluntary partnership the best model? Would you not be better looking at how the services are run and managed and combining them? Would that not make more sense than trying, year after year, to get a voluntary partnership?

10:15

The Convener: Who is going to have a crack at that first?

Douglas Sinclair: I am happy to begin. The important difference between the community planning partnership and the health and social care partnership is that the community planning partnership is a voluntary partnership, whereas health and social care partnerships are statutory. HSCPs have very clear outcomes to deliver for the Government and they will be accountable for them. There is a very clear line of sight between the Government and the HSCPs.

We have seen the development of the Highland model. NHS Highland as the lead agency has taken responsibility for the provision of all services to older people and it is accountable to the council; the chief executive of the HSCP is accountable to the council for the delivery of those services. The council has the responsibility for the delivery of all children's services. I think that I am right in saying—Fraser McKinlay can correct me if I am wrong—that thus far that model is the only one of its kind in Scotland.

Fraser McKinlay: Yes.

Douglas Sinclair: The others are run as incorporated bodies—as joint bodies that are actually local authority bodies in law and that we have a responsibility to audit. In a sense, there is a higher threshold or bar for those bodies: because they are statutory bodies we have a duty to audit them.

There is a limit to how much the Accounts Commission can audit a voluntary partnership because, by definition, it is a voluntary partnership. We would audit statutory partnerships in exactly the same way as we would audit a council. That is the difference.

Alex Rowley: I want to pick up on the savings point in relation to health and social care partnerships. It seems to me that there are still two organisations. In the case of Fife, NHS Fife will determine a budget that will go into the health and social care partnership, as will Fife Council. There will still be major budget pressures there. The acute services in health will still be making major demands on the health service. It does not seem to me that there is a clear split to show what sits in the health and social care partnership, particularly from a health point of view—it seems a bit cloudy. Should there be savings and efficiencies? Would we not be better just saying that we have a health and social care service that is run by whoever—the local authority or the health authority?

Fraser McKinlay: In a sense, the legislation around health and social care is designed to try to do that. It is very early days. The bodies are not up

and running yet. They formally come into being on 1 April next year, so they are shadow running at the moment.

However, you highlight a real question. We are picking up a degree of concern out there that a lot of the attention and focus has been on governance and the integration of the arrangements, potentially at the risk of losing sight of the fact that the whole point of the exercise is service integration. It is about making the services more joined up, more efficient and more effective for service users on the ground—that is the whole point. Do not get me wrong—we are all for good, strong governance. However, there has been so much activity and concern around that that people will need to readjust and remind themselves that it is actually the bit on the ground that will make the difference. Even though there is a single accountable officer for the integrated joint board, to give it its formal title, the issue is how that person will ensure that the different bits of the system—health and the council—are combining.

The view from the Highland experience, both on the health side and on the council side, is that the lead agency model, while challenging and not at all straightforward to manage, is a very effective way of genuinely integrating services. They do not need to worry about that parallel stuff; they have basically transferred in both directions—older people's services and children's services.

As Douglas Sinclair said, it is interesting that Highland is the only one that is going for the lead agency model at the moment. We think that the other 31 are going for an integrated joint board model. As he said, because the new bodies have been designated as local government bodies, the Accounts Commission has responsibility for auditing them, so that will continue to be a focus of our work in the next few years.

Douglas Sinclair: The duty of the councillors and health board members who are appointed to the integrated joint board is not to the council or the health board but to the integrated joint board and its best interests, and to making maximum use of resources. It is like when a councillor was appointed to a fire or police board—their duty was to that board. It will be a bit of a steep learning curve but that is the reality. If the boards are going to make best use of the resources, they will have to think about what is in the best interests of service users.

Alex Rowley: We need to figure out a way forward. We know that a major issue is the ageing population, and we also know that the demand on services is coming at us faster and faster. Last week, I saw the Cabinet Secretary for Health and Wellbeing being interviewed about the demands on services in Fife, and he basically said that Fife Council social work service might find it hard to

meet those growing demands. The reality, however, is that those demands are coming fast and furious.

We need some kind of reality check here. There has to be either major investment from the Scottish Government or something that clearly designates the money that is there and what it can achieve. It is fine to come up with a governance structure and all the other steps that you are talking about, but we need to know that we will have the resources to provide the services.

Douglas Sinclair: The challenge for the integrated joint boards will be to ensure that they can demonstrate that they are getting maximum value for the money that is currently being spent separately by the council and health board and that, by working together, they can use that money more effectively and efficiently.

The Convener: Mr Sinclair, you said that, like the members of police boards and fire boards in the past, the members of the integrated joint boards will be accountable to the board first, not to the local authority or health board that they represent. When I sat on a police board, some elected members on it had great difficulty in acknowledging that their first obligation was to the board. That came out in the joint audits of boards and forces. I think that most came out of that process pretty poorly, although, if I remember rightly, Grampian was one of the better ones. How do we ensure that members, whether they are representatives from the health board or elected members from the local authority, recognise that their obligation is to these new bodies rather than their health board or local authority?

Douglas Sinclair: Key to that is continuing training and professional development for elected members. When someone becomes a councillor, the induction training at the beginning of their career is usually quite good; councils are pretty good at providing induction training. However, there is no penalty for councillors if they do not take up any other training, and there is no requirement in the code of conduct for councillors to participate in training.

Councils are complex organisations that spend huge amounts of money. Given how services are delivered—through, for example, health and social care partnerships and arm's-length external organisations—the world out there is becoming even more complex, and it is even more important for councillors to understand their roles. When they are appointed as, for example, the chair of a finance committee or an education committee or to the board of an ALEO, they need to understand their obligations and ensure that they have the necessary training to carry out that role.

I recently met an ex-councillor who had been appointed vice-chair of an education committee—I will not mention the name of the council—and when I asked him what training he had received, he said that he had had absolutely none. How could he effectively challenge the officers of the council if he did not have the skills and knowledge to understand what the education service was trying to deliver? There is a real debate to be had about whether the training of councillors is adequate in the current climate.

The Convener: I thought that, when the changes were made to councillors' pay and conditions, it was agreed that training would have to be taken. When that came into play, more training was carried out in that first wee while than had probably ever been carried out in my entire time on a local authority. Of course, you can always sort out the training yourself. Do you think that it would be wise to have some guidance—or perhaps even legislation—to ensure that elected members undertake the training that is required for them to fulfil their responsibilities?

Douglas Sinclair: We certainly need a debate on whether the current arrangements are fit for purpose. Your point is interesting. Way back in, I think, 2006, the Scottish local authorities remuneration committee recommended to the Government that there be a standard job description for councillors and that all councillors be required to undertake a training needs analysis and to participate in training. However, that proposal was not taken up by the Government of the day, which said only that councils should be encouraged to do that.

There is an issue with that, given the complex world in which a local government councillor operates. It is important for good democracy that councillors have the skills and knowledge to challenge officers, on behalf of their constituents, and to ensure that the decisions that are taken are well grounded. Councillors need to have the skills and the ability to hold officers to account.

Mark McDonald (Aberdeen Donside) (SNP): On that point, have you analysed the training that is being offered and the training that is taken up by councillors in each local authority? Are there areas or councils where the uptake is particularly good or bad, or is the picture similar across the board?

Douglas Sinclair: In a report that we did a while ago for our "How councils work" series entitled "Roles and relationships: are you getting it right?", we defined the different roles and relationships in councils, and we probably made the assumption that people received training to perform those roles. One of the commission's current discussions is about whether we need to revisit that topic and go further into councils to

understand the depth of the training that is being provided.

It is easy for the commission to say, "You understand that your role as a councillor is the beginning and the end of the process: you set the strategy and you hold officers to account." My colleagues will correct me if I am wrong, but I do not think that we have the knowledge base to say that we know for a fact that sufficient training is being given to councillors to ensure that they understand and can perform that role. Equally, when someone is appointed chair of, say, a finance committee, what training is the council providing to ensure that they can do the job properly? We need to do a further piece of work to understand how good the quality of training is in our 32 councils.

Fraser McKinlay: As Douglas Sinclair has said, it would be very interesting to do a piece of work that looks right across the piece. We routinely pick up on training in our work with individual councils. For example, when, in our best-value audits, we look at the political leadership that the council is providing, we find that a good indication is the extent to which training is being offered and indeed being taken up. I think that the situation is patchy at best. To be fair to what you might, if you like, call the officer corps, I think that they are often leading the horses to water but the horses are not drinking it.

There have been a lot of moves, particularly in recent years, to think about different times when members can do training, to think about training topics and to think about packaging training around council meetings, when members are present anyway. However, despite such moves and efforts, at the end of the day councillors still need to turn up and do the training. There has been movement in that respect but there is still a long way to go.

As Douglas Sinclair has said, we might well be revisiting the whole discussion about the role of the elected member. That role has changed; it is becoming increasingly complex and challenging, and we will probably want to revisit that discussion in the next couple of years.

Gordon Smail: As Fraser McKinlay has suggested, the onus is on councillors to recognise that they need to ensure that they are up to date with these things because, as everyone here at the table has made clear, councils are in a quickly changing and complex situation.

I should also point out that we get some information from the Improvement Service, which surveys councillors quite regularly to get a sense of their uptake of training and development. A particular issue that keeps coming up is the degree to which elected members are supported

in their scrutiny work. First of all, they need to understand how the overall environment of their council works. Next, they need more in-depth training to get them past their first question in the scrutiny work that they undertake at a particular committee and to allow them to ask the supplementary question that really gets to the root of the issue, whether it be about the council's finances or service performance. That sort of training would really help councillors take that next step, and it is vital in governance arrangements.

10:30

The Convener: Can you give us an indication of the percentage of councillors who respond to the Improvement Service questionnaire? My own experience is that the folks who usually respond to such things are the folks who are desperate for more training and that those who are not that interested do not respond at all.

Gordon Smail: I do not have the figures with me just now. A passing reference to the survey is made in paragraph 37 of our report, where we use the phrase "of those who responded". That picks up on the very point that you are making. That paragraph also refers to induction and, indeed, the scrutiny role, which is a point that came through quite strongly.

Mark McDonald: I want to move away from that issue to ask about how we follow the public pound. I am sure that *The Press and Journal* is at the very top of all your reading lists, but you will not have necessarily seen today's edition, which reports that the chair of the Aberdeen International Youth Festival has resigned, claiming that the trust's use of the public pound was not being reported appropriately and expressing concern about what she described as a "political agenda" in the trust. That brings us back to the convener's point about the interests that are being followed when elected members sit as members of trusts and boards.

No matter whether we are talking about an ALEO, a trust or a board on which elected members sit as board members, what in general across Scotland is the relationship between the reports that those elected members are being exposed to at board level and the finance reports that they as councillors might scrutinise at, say, a finance committee? Do you find that there is a disconnect between the detail that is being provided in each case?

Fraser McKinlay: The P and J is very much on our daily reading list. I have not quite managed to catch today's edition but I will definitely follow up that story.

Douglas Sinclair: It is also on the front page of *The Herald*.

Fraser McKinlay: We have come across the situation that Mr McDonald has described. Like many of these things, it varies enormously across the country. The whole question of ALEOs and following the public pound is obviously one in which the committee and indeed the Accounts Commission have been interested for a long time now.

We are in the middle of another piece of work to give us a better understanding of the ALEO picture out there. In the past, one of our challenges has been, first, to define what an ALEO is—after all, the phrase covers an enormously wide range of organisations—and, secondly, to get under the skin of their governance arrangements. What do those arrangements look like? What is the reporting relationship between the ALEO and the council? Although the board of the ALEO, whether it is a company or a charity, is responsible for the organisation's governance, the council still has a duty to get best value, follow the public pound and so on. What is the relationship in that respect? We will report back to the commission on that work in the autumn.

The issue raises a big question. It is worth reminding ourselves that ALEOs, whatever their status, are audited by auditors—although not always by us. The board of the charity or company needs to appoint auditors, who audit the financial statements according to the same international accounting and auditing standards that we follow. However, there is no doubt that ALEOs fall outwith the direct remit of the public audit system. In a sense, that is deliberate and part of the point of the exercise, because they are, after all, arm's-length organisations.

The commission has been thinking hard about that point and has asked us, too, to think hard about how to use the existing powers that we collectively have to ensure good governance with regard to following the public pound. That is another piece of work that we are doing at the moment.

Douglas Sinclair: You might not have meant to imply this, but there was a sense in your question that ALEOs are not as good as councils at scrutiny and governance. I would simply qualify that by pointing out that the scrutiny and governance arrangements in the 32 councils are not always that good; indeed, there are a number of councils where the scrutiny arrangements are not good. For example, there are councils where the chair of the scrutiny or audit committee is also a member of the administration. The commission firmly believes that as a principle of good governance and in terms of public confidence the chair of the scrutiny committee should never be a member of the administration; they should always be a member of the opposition.

We have also found some situations where the representation on the scrutiny committee does not reflect the result of the election. In one council, for example, a party was represented on the scrutiny committee by only one person, who was therefore unable to get a seconder for a motion—are you still with me?—but that situation did not reflect the result of the election. In England, the law makes it very clear that the result of an election must be reflected in the allocation of seats on committees and sub-committees, but that law does not apply in Scotland.

Mark McDonald: I will just quote from the article in *The Press and Journal*, which said that the

“council's corporate accounting manager ... said trustees receive a number of different finance reports which make it ‘exceedingly difficult’ to be ‘accurately appraised’ of the true financial position.”

That was really where I was coming from; my question was more about the amount and level of information that is provided. I am not suggesting that the Aberdeen International Youth Festival trust is small—it is not—but even though some of the trusts and boards on which elected members sit do not deal with a huge budget, it is still important to ensure that the public pound, however much of it is being allocated, is followed and tracked appropriately.

The Convener: I think that Mr Smail wants to come back in, Mr McDonald.

Gordon Smail: I want to go back to the general principles of ALEOs, convener, but I do not want to interrupt this particular discussion.

Douglas Sinclair: I will make just one more point. When a council sets up an ALEO that deals with complex financial issues, it must ensure that there is expertise on the ALEO board. If councillors do not have that expertise themselves, they should appoint someone from the outside world who has it and has the skills to challenge officers and hold them to account.

The Convener: Mr Smail, do you want to go back to your point?

Gordon Smail: I want to make a couple of points about the generality of ALEOs and touch on Mr McDonald's point about scrutiny and the availability of information. As part of its “How councils work” series, the commission produced back in 2011 a report called “Arm's-length external organisations (ALEOs): are you getting it right?” that brought together a lot of the principles. Part 2 of that report was entitled “Getting it right from the start” and part 3 “Keeping it right”. This year's overview report refers to a case involving Highland Council in which things did not go well with the Caithness Heat and Power ALEO, and a lot of that was about the extent to which the council and councillors had a full understanding of that ALEO's

financial position. My point is that quite often when we are asked to look at an ALEO that has perhaps had problems, we find that things have not been set up properly from the start and no one has asked any questions along the lines of “Is this the right way for us to do things?” or “As an elected member, am I getting the right information that I need to make that judgment?”

Mr McDonald’s point about the money involved is well made. Quite often, the risks do not lie with the larger ALEOs, which have all the machinery of governance round about them and financial people in the ALEO and in the council—on both sides, if you like. We would encourage councils to take a risk-based approach when they set up and work with ALEOs to get things right from the start and to ensure that what they do is commensurate with the risks that they see to the public money involved.

Mark McDonald: I have a final question. You will have to forgive me again for being somewhat parochial, but there we are. As you will be aware, Aberdeen City Council has established an arm’s-length company—Bon Accord Care—to deal with social care. However, because no councillors sit on the ALEO’s board, concerns have been expressed about the council’s ability to scrutinise how it is spending money. Is it on the radar of either Audit Scotland or the Accounts Commission to look at the issue and determine whether the ALEO’s scrutiny arrangements are appropriate, given the large sums of money that we are talking about?

Gordon Smail: Absolutely. It is a principal issue with regard to the governance of ALEOs. As Fraser McKinlay has said, we are looking at this through the council end of the telescope, but the really important point is that ALEOs should be set up correctly from the start. We hope that the work that we are doing just now on ALEOs will tie up with earlier conversations about good practice. Some councils have fairly well-established processes for dealing with ALEOs, but quite often we find an inconsistency between how a council oversees its ALEOs and how it ensures that things are done properly and across the piece.

If a council decides, as in the case of Bon Accord Care, that it does not want to be represented on the ALEO, the question that we need to ask is what discussions it has had about how it will oversee the use of the money. It is not just about how the money is being used, but about the performance that it gets for that money. We talk about following the public pound, but to an extent that misses the point, because the issue is also the quality of the services that are being achieved with that public pound. That is important, and it does not matter whether the public pound is

being spent by the council directly or through an ALEO.

Douglas Sinclair: Indeed, the council remains responsible for the money and the quality of the service, irrespective of the fact that it is being provided by the ALEO. The obligation does not go away.

Cameron Buchanan (Lothian) (Con): Can you please expand on the comment in paragraph 111 of the report that community planning partnerships should

“ensure that all partners align their service and financial planning arrangements”?

Fraser McKinlay: Certainly. The point that we are making is that as far as community planning is concerned, individual partners who have their own plans, spending priorities and budgets have found it, at best, to be something of an effort to come together and agree some way of joining everything up, or at least of ensuring that they are not falling over each other or missing out bits. Individual partners do all their budget and service planning first and then come to the table, but the latest driver in community planning is to shift that and to ensure that that conversation happens much earlier. In other words, before budgets are set and individual health board or council plans are put in place, partners should be getting around the community planning table and having a conversation about the outcomes that they are trying to deliver for their local communities and the best way of working together—or separately—to achieve those outcomes. What we are getting at is that partners must have the discussion much earlier in the planning cycle instead of trying to knit things together once individual bodies have set their plans.

Cameron Buchanan: Are you still expecting an awful lot of the equal pay claims that you have set money aside for to come up? The money that you have set aside seems to be huge. Surely all this has been organised by now, has it not?

Fraser McKinlay: I will ask Gordon Smail to give you some detail on that in a moment. I should say that, thankfully, we do not have to set aside the money, but I know what you mean. I am reluctant to say that there will be no more such claims, because it feels as if we have been saying that for quite a long time now. There is no doubt that equal pay continues to be one of the biggest risks and issues that councils are having to face, and in the next couple of weeks we will be having a conversation with the Accounts Commission about whether we can do anything more in that respect. At the moment, our auditors look at individual councils’ provisions for equal pay claims, and we assess whether or not they are

reasonable. However, that is pretty much the extent of our involvement.

There are a number of interesting bigger questions about single status and equal pay in local government over the past 10 or 12 years—

John Wilson (Central Scotland) (SNP): Or even 15 years.

Fraser McKinlay: Or 15 years. Thank you, Mr Wilson.

We are now in a position to ask ourselves the bigger questions. Councils are doing their best to resolve matters, but the issue is very susceptible to case law, which means that just when we think that we have everything stitched down, a case from Birmingham or wherever leads to a raft of new cases. The legal picture is constantly evolving and very complex.

Gordon Smail will say something about the sums involved.

Douglas Sinclair: Before Mr Smail does so, I would like to make two points about the commission's interests, which Fraser McKinlay has just touched on. There are probably two issues of interest for us: first, whether councils have carried out sufficient risk assessments before they got into this business; and, secondly, whether there has been a sufficient trade-off between the huge amounts of money that are being paid out for equal pay—more than £500 million already—and modernising conditions of service. The question whether councils have made the most of that opportunity is what the commission is interested in.

Gordon Smail: On the financial side of things, when councils' accounts are audited each year, the auditors look at the money that they have set aside for circumstances in which there is some certainty about how much is going to have to be paid out, and for the other element, which we would call contingent liability, where there is more uncertainty. The report shows that those figures are starting to nudge up to £600 million, which is a substantial amount of money. There is, as Fraser McKinlay has suggested, on-going uncertainty on the matter.

The only other point that I would make is that, as we have said in the report, we should not lose sight of the amount of time that council officers and human resources departments are having to spend on equal pay. In our best-value audits, we often refer to the degree to which councils have a workforce plan to give them a sense of the number of people they need to provide their services, and a lot of the people who are involved in that work are also involved in trying to resolve equal pay issues. The impact is wider than the financial impacts, which are themselves substantial.

10:45

John Wilson: Good morning, gentlemen. I was not going to cover these two issues, but given that they have been raised I just want to clarify them for everyone. The report refers to equal pay, but Mr McKinlay quite rightly identified that it is about equal pay and single status. They were two different settlements but they were combined by many local authorities into one debate about equal pay. In 2005, the issue of single status was added to the complexity of equal pay.

Gordon Smail indicated that Audit Scotland may be doing some work on how local authorities have handled the equal pay and single status negotiations, discussions and settlements. Can I request that you also look at the amount of funding that local authorities have used to apply for legal advice on cases? I know that some authorities have spent substantial amounts of public money on external legal advice to try to mitigate the effect of equal pay and single status claims.

Douglas Sinclair: I am happy to note that. Thank you.

John Wilson: Okay. Thank you. That was my first point. My second point is about the education and training of councillors. I raised this point before in the committee when the Improvement Service's "Scotland's Councillors 2013. Research Report" was produced. We seem to take little account of the expertise and educational achievements of councillors. That point came up after both the 2007 and the 2012 elections. I have a copy of the Improvement Service's report, which was done through consultation of councillors, although roughly only 26 per cent of councillors responded.

On education and employment, the report said that over 50 per cent of the elected members who responded to the consultation had a degree or higher qualifications. If we include those who have postgraduate qualifications, over 60 per cent of the elected members had qualifications at degree and postgraduate level.

I have had it said to me on a number of occasions by elected members who have been invited to participate in training that is delivered by a local authority that the quality and standard of training was so poor that they felt that they could have delivered it themselves. When you are looking at training for elected members, it may be worth your while to consider whether the standard and quality of training that is being provided is sufficient for some of the elected members. Elected members may not be participating in training partly because of its quality and because they feel that they already have the experience. There is also another problem in that some people have been councillors for more than 30 years and

think that they have been through it all and know it all and therefore do not need to participate in training.

Douglas Sinclair: I acknowledge both points. John Wilson made the very good point that councillors should be more involved in the design of their training. As I said earlier, I think that councils are pretty good at induction training. However, after that there is not the continuous professional development of councillors in ways that they would find helpful and that would enable them to influence the design of the courses and training that they need. That is a useful point for us to explore in any further work that we do on the issue. Thank you.

The Convener: Another idea would be to allow councillors to choose training themselves from a menu. Training from external sources can be a lot cheaper than some internal or IS training.

Alex Rowley: On training, is there a balance to be struck, given that local government is government? It is elected by the people and the people who are elected are accountable at the ballot box at the end of the day. So, in terms of training, is there a danger that we could start seeing the professionalisation of councillors? It is worth raising that point. My experience is that when somebody who was a council official—a head of service or whatever—becomes a councillor, they think that they are an expert in the area that they came from, but that does not always follow. We heard the example earlier of the chairman of a finance committee. I argue that a chairman of a finance committee does not need to be an accountant—far from it, because they will be surrounded by accountants. The issue is not as straightforward as it might seem.

Douglas Sinclair: No. I take the point. I think that we all recognise that when councillors are appointed they have different expectations and ambitions. Many are happy simply to advocate on behalf of constituents; they enjoy that work and have no desire to become a chair or vice-chair. It is important that we give them the training and support that they need if they are to do that job effectively, so that they use their time effectively and do not have to do work that could be done by officers on their behalf.

However, there will be councillors—and we need to have councillors—who want to form part of the administration, so we must ensure that they have the necessary skills to do that job by chairing committees and ensuring that they hold officers to account. The job does not need a professional background, but it requires skills in chairing committees and knowing when and how to ask the right questions.

Cameron Buchanan: Do you have power to monitor or control training?

Douglas Sinclair: No. Our function is audit. If we were to do a further piece of work, we would do a follow-up report on roles and relationships, digging down into the quality of training and asking questions such as Mr Wilson asked. How effective is the training? What is its quality? How satisfied are members? Do they understand the roles and relationships? We would present that report to the local government community and we would expect it to pick it up.

Cameron Buchanan: Thank you.

John Wilson: I am glad that we have talked about training, because sometimes the person who is appointed to be chair or vice-chair of a committee is not the best person for the job. Appointments are sometimes politically motivated, as I have said in this committee in the past.

The Accounts Commission said in paragraph 9 of its report:

“The report is primarily for councillors”.

I think that it should be for everyone, especially the public, because there is a wider issue to do with the accountability of elected members. It is not just about accountability at the ballot box; elected members must be accountable for the decisions that are made.

Mr Smail and Mr McKinlay know that I am interested in the operation of ALEOs in Scotland and in how different local authorities take different approaches. That is fundamentally to do with accountability in decision making and the need to follow the public pound when money is allocated to ALEOs.

Mr McDonald talked about Bon Accord Care, and Caithness Heat and Power was mentioned. Many people are seriously concerned about local authorities' decisions to transfer services. The report talks about leisure services; Mr McDonald was talking about care services, and I know that Glasgow City Council and other local authorities have transferred care—a service that people regard as crucial—to ALEOs. The question is whether there is proper scrutiny of such decisions and the use of the public pound. Are local authorities being held to account for their decisions about the money that is invested in such services?

Fraser McKinlay: I think that the position of the Accounts Commission and Audit Scotland is similar to the one that the committee set out in its report, “Flexibility and Autonomy in Local Government”. If a local authority is setting up an ALEO it must have a strong business case in terms of the finances and the service, and there must be transparency and clear accountability.

The reason why Bon Accord Care has been on our radar since its inception—as has the approach in Glasgow—is that it involves services to more vulnerable people. That is not to diminish the importance of leisure services, but the transfer of care feels different, and we are acutely aware of that.

It is worth remembering that the Care Inspectorate will continue to inspect the quality of the care that such services provide, as it does in the private sector. ALEOs are not completely outwith the realm of public scrutiny. However, I take Mr Wilson's points about how money is spent and democratic accountability.

The important point is that if things go wrong, a user of a leisure centre or care service needs to know with whom they have a problem and to whom they should complain. That is simply not clear to a lot of people. They are not interested in the intricacies—the fact that the service was set up as a limited liability partnership, trust or anything else. Most people would recognise their local leisure centre as a council-run thing, and if they are not happy with it, they will pick up the phone to speak to their councillor. That is the nature of the beast. We can help with ensuring that the roles and responsibilities in governance are as clear as they can be and, beyond that, that those systems are in place.

The point was well made. As I said, we are continuing to help the Accounts Commission to figure out what more, if anything, we need to do around those things, although we are reasonably comfortable that our existing powers in respect of best value in following the public pound would allow us to go into those places if any problems came to light.

Douglas Sinclair: We should not lose sight of the importance of the responsibilities of the council's chief executive and the section 95 officer—the director of finance. They have obligations to ensure that public money is used carefully.

John Wilson: I hope to raise the issue of section 95 officers later on, but I want to concentrate first on ALEOs and local authorities' decisions. Mr McKinlay referred to what happens if there is something wrong with leisure services, and he gave an example; a member of the public would pick up the phone and speak to their local councillor. In many respects, local councillors do not have any say in or control over how those services are delivered. Public money pays for the service, but under the council structures, because the body is an ALEO, there is no direct accountability to the council or council committees.

I can give you an example—I have given you an example previously—of a local authority in which

the convener of the main leisure services committee is also the convener of the ALEO. When an issue is raised by an opposition councillor or a member of their own party, the debate is usually shut down, and when someone asks for a vote on a decision, that is usually shut down. No roll-call of votes is taken and no indication of dissension is recorded. How do we ensure that the democratic process in local authorities is fully upheld when debate, scrutiny and accountability are shut down by the very people who sit on ALEO boards? As has already been indicated, they are accountable to the ALEO board and not necessarily to the council.

The Convener: If memory serves me well, you have made some recommendations on that in the past, Mr McKinlay.

Fraser McKinlay: Yes. Gordon Smail mentioned earlier the report that the Accounts Commission produced back in 2011 that tried to set out exactly those things. If an ALEO is being set up, those are the kinds of things that need to be considered. If there are examples in which things are not working well, obviously we want to pick up on them.

The matter is not straightforward. The challenge for a councillor who sits on the board of an ALEO and who also feels that they are responsible to the council is really difficult. Wearing those two hats is very challenging, but it comes with the territory. Our best advice is that the councils should take advice about how those potentially conflicting roles can be managed. I think that we said in the original report that such conflicts may at some point become irreconcilable; the person may feel that they cannot do both things. At that point, they must make quite a tricky decision about what to do. As I said, it is not straightforward.

The Convener: I think that you guys made recommendations previously to councils in which such conflicts have taken place. Is that the case?

Douglas Sinclair: Yes.

The Convener: Councils have had folk on leisure ALEOs who also scrutinised them in sub-committees of education and leisure committees. I believe that you recommended that people should not scrutinise themselves.

Fraser McKinlay: You probably remember that better than I do, convener. I do not remember that specific recommendation, but we will certainly double-check. Obviously, the commission made many good recommendations in the particular case of Caithness Heat and Power and more widely about learning the lessons from a very expensive example of how ALEOs sometimes do not work.

The Convener: I am sorry for interrupting Mr Wilson's line of questioning.

11:00

John Wilson: This is my last question, convener. I have several more, but I will restrict myself to one, which relates to Mr Sinclair's point about the section 95 officer of the local authority.

The report indicates that often the officer responsible for finance does not sit on the key structure that makes the policy recommendations. It is the councillors who make decisions and the officers who carry out the councillors' decisions—which I have still to see happening in many local authorities, but that is another debate for another day. There is no recommendation about this in the report, but how do you envisage the section 95 officer influencing the key decisions or discussions that take place at senior officer level within the council if they are not present to guide those discussions and are asked only to carry out decisions that have been made without their input in the initial discussions?

Gordon Smail: That is a common issue for the Accounts Commission. When things do not go right, it is often to do with where the section 95 officer sits in a local authority structure.

The commission has taken the right approach. It is not for the commission to determine what senior management structures should look like in councils, but the principle of recognising the separate, statutory role of the section 95 officer with responsibility for all aspects of the council's finances is extremely important.

The movement in most councils over recent times has been to smaller senior management teams as part of the drive to save money. The commission says—as does Audit Scotland through its work—that, when the section 95 officer is not at the top table, the council should satisfy itself that that officer has his or her place regardless of where they sit in the structure.

I can tie up the matter with earlier conversations that we had about councillor training. When we speak to councillors, we often find that there is a question about whether they recognise who the section 95 officer is, what that person does—I mention in passing that the same can also be true of the other statutory officers, such as monitoring officers—and the fact that that individual should be available to elected members for independent, expert advice that would assist them in understanding, for example, some of the very complicated financing structures for capital that are starting to develop.

Section 95 officers play an absolutely key role and one that we will continue through audit to

support as absolutely crucial to the governance of councils.

Stuart McMillan (West Scotland) (SNP): My question follows on from the one regarding governance.

A couple of points about governance were raised earlier. One was about recent legislation in England, and Mr McKinlay used the words "recommend" and "advice". Do you recommend, or have you thought about, introducing a stricter legislative framework in Scotland to ensure that the direction of travel for future ALEOs makes sure that what has happened up to now cannot continue and that councillors and councils provide better scrutiny of the ALEOs in their areas?

Douglas Sinclair: I hear what you say, Mr McMillan. We must await the Audit Scotland report that comes to the commission later this year, and the commission can then take a view on what further work it wishes to be undertaken or what recommendations it wants to make. It would not be right for me to prejudge that work, but I understand the point that you make.

Stuart McMillan: Paragraph 4 of the report and key message 6 concern political tensions. I must admit that, when I read them, I had a wee chuckle to myself because, at the end of the day, people who are elected from different parties are in different parties for various reasons. They will not always agree with other people and, therefore, it could be suggested that political tensions are a normal state of affairs. Does the fact that you have raised it in the report indicate that there is an increased level of political tensions in local authorities? Are you suggesting that the situation is worse now than it was perhaps 10 or 15 years ago?

Douglas Sinclair: No. We are trying to draw attention to the fact that the code of conduct is clear that all councillors have a duty to maintain public trust and confidence in the integrity of the council. Best value guidance is also to uphold the high standards of probity and propriety.

You are absolutely right about politics and the cut and thrust of local government, but it can get to an extreme so that the only news that comes out of a council is about squabbles rather than services. That is when the public begin to lose confidence and trust in the council and think that it is not serving them, because all it is doing is infighting. The commission feels that it is appropriate to express its concern, on behalf of the community, when a council leadership is being misdirected into infighting and squabbles.

Stuart McMillan: From what you say and from the report, you seem to be suggesting that the issue is on the increase. Is that correct?

Douglas Sinclair: We have certainly found that it has been an issue in a number of councils and has diverted their energy away from what we would regard as their appropriate business.

Fraser McKinlay: For the past couple of years, we have highlighted the requirement for political and officer leadership to be effective and to work in the council's best interests. As you say, we have gone a bit further this year, because the evidence coming through from some of the local audit work was stronger.

We set a high bar on the issue. We are not talking about the routine political to-ing and fro-ing that we expect and welcome—as the chair says, that is what local government is all about. However, when that begins to get in the way of council business, we think that it is legitimate to comment on it, for the reasons that the chair has set out.

It has not been universally popular that we have commented on it, but we think that it is important and we will continue to keep a close eye on the issue. Mr McMillan should be assured that we comment on such matters only when we really think that they are creating a problem.

Gordon Smail: I emphasise that the report is an audit report that is based on evidence, and it is right for us to comment if we see a pattern starting to emerge.

We should keep the issue in context. Looking ahead—we are encouraged to do that as best we can, based on the evidence that we have—decisions will become more difficult as finances become tighter, and that is likely to add to the tensions and political debate in councils. I want to flag that up, so that there is increased awareness of the consequences when a council goes beyond the point of an acceptable exchange about differences in policy to something that actually affects its business. The environment will become even more difficult for councils as they try to deal with the financial constraints and other pressures such as demands on services.

The Convener: Could your colleagues in the Standards Commission for Scotland be a bit more helpful in dealing with some of the difficulties?

Douglas Sinclair: I am sure that they are very helpful in these things.

The Convener: That is a very diplomatic answer.

Stuart McMillan: I have one final question, which is really just a point of clarification. Paragraph 17 of the report talks about equal pay. My colleague John Wilson mentioned a period of 15 years. Is the £507 million figure over that 15-year period?

Gordon Smail: Yes. We have been monitoring the cost to councils of implementing the equal pay requirements. That figure is the build-up over the years.

The Convener: Mr Rowley and Mr Wilson want to come back in. Could you be brief, please, gentlemen?

Alex Rowley: I will be brief.

What work is on-going on capital projects? When I was a councillor, I found that issue difficult. Carnegie leisure centre was supposed to cost £11 million and has ended up costing £21 million, with the figure still rising. I was often advised by officers that companies were coming in with lower tenders. Legalities would be raised and claims would be made. However, that is not always the case—I know that some of the work that is being done through the hubcos is producing better results.

Where are we at with that and how is it being monitored? Councillors find it very difficult when they are told that there are, for example, legal issues and challenges. A lot of public sector contracts spiral out of control.

The Convener: Who wants to tackle that question?

Gordon Smail: Relatively recently—it was in the past couple of years—we looked at major capital projects in councils and why there was overspending on and slippage of programmes. With some of our major reports, we revisit such issues, and this year auditors are finding out how that report is being used in individual councils. We will bring that work together in a report for the commission, to see what has moved on and what is still not working well. I guess that we will then consider as part of our programme what more we can do through work for the commission to support that.

John Wilson: I want to ask about the disputes that are taking place in council chambers over decisions that have been made, particularly in a time of tight financial constraints. Is it the Accounts Commission's view that there should be more openness and transparency with regards to the decision-making process, including the recording of the votes cast by members on decisions in the chamber and in committee?

Douglas Sinclair: I do not mean to duck your question, but that is a matter for each council. It is important that councils, in considering their arrangements, ensure that what they put in place commands the trust and confidence of the public. That is the key test for all councils to ask themselves.

The Convener: I have two final issues to raise.

In the report, you state that there will be a £5 billion procurement bill and you look closely at the local government situation. Do you have a remit to look at joint procurement bodies, such as Scotland Excel?

Fraser McKinlay: The report on procurement that we produced in April looked at the spend in local government and included a lot of commentary about the role of Scotland Excel because that is an important part of how local government procures services. We will keep an eye on that issue.

The Convener: I will have to go back and look at that report, as it seems to have slipped my mind.

Fraser McKinlay: I would recommend it, convener.

The Convener: Paragraph 102 of the report talks about priority-based budgeting. We have heard from local authorities that they have embarked on that approach in some cases. However, when we probe them, we find that they are carrying out priority-based budgeting in only one sector of their business. Where are we moving to on that issue? I would also welcome comment on councils' medium to long-term financial planning. Where are they with their strategies?

Gordon Smail: Priority-based budgeting is not easy. In June, the commission and the Auditor General published a report looking at the public finances position and what is being done to move things forward. We looked at budget setting, and the clear conclusion on that issue is that most public bodies, including councils, take a traditional, incremental approach to budgeting. That is fine when there are gradual increases in the money available.

Zero-based budgeting and priority-based budgeting—which is what we are talking about—are a lot more difficult to do but they are becoming essential. It is not good enough to continue the salami-slicing approach. We are coming to a stage—if we have not already reached it—where there needs to be, when budgets are set, a more fundamental view of what people are trying to achieve. That is not easy to do and it is more time consuming, but it is absolutely essential if councils and other public bodies are to deal with the continuing pressures, particularly when looking ahead to 2016-17 and 2017-18 with the prospect of further and more significant reductions in public money.

We also looked at long-term financial planning as part of that work on Scotland's public finances. Councils are probably doing more in terms of the medium-term financial planning; they are looking further ahead in that respect. However, very few

councils do long-term financial planning, by which I mean looking at the five to 10-year timeframe—I think that we identified five councils that claimed that they were starting to look further ahead.

11:15

As you would expect us to say, such planning is absolutely essential, not least because, with the impact of some capital financing mechanisms, the flexibility in budgets is reducing more and more. In other words, when you sit down with your sheet of paper, you need straightaway to add in an increasing number of figures to meet the costs of previous decisions about how to finance capital.

The references in our report “An overview of local government in Scotland 2014” on borrowing and reserves absolutely point to the need for long-term financial planning. As I say, that will not be easy, but taking that approach is critical if the public sector and councils are to deal with the challenges that they face.

The Convener: Some of the past decisions that you are talking about include public-private partnership schools.

Gordon Smail: I am also talking about additional borrowing.

The Convener: Absolutely.

I have a small request but one that would be extremely useful were it to be met. Could you set definitions for priority and zero-based budgeting and for medium and long-term financial planning? This committee has found of late that, when for example we ask someone about priority-based budgeting, although they say that they are doing that, we find that their approach not only is extremely restricted but is not priority-based budgeting at all, yet they seem to think that that is exactly what it is. It would be useful if your organisations put out those definitions, so that folk know the parameters in which they are working and do not make claims that are not the case.

Gordon Smail: That is a useful reference; we can take it forward.

Your other point on financial planning is helpful, too. We tried to capture the issue in the report that we published in June—definitions of what we mean by short, medium and long-term financial planning. It means different things to different people, so it is helpful if a body such as Audit Scotland, through the commission and Auditor General, makes statements on what such planning might look like.

The Convener: Thank you for your evidence, gentlemen. The committee's next meeting is on Wednesday 20 August and will start at 9.30.

Meeting closed at 11:17.

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