



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

PUBLIC AUDIT COMMITTEE

Wednesday 24 June 2015

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PUBLIC AUDIT COMMITTEE

12th Meeting 2015, Session 4

CONVENER

*Paul Martin (Glasgow Provan) (Lab)

DEPUTY CONVENER

*Mary Scanlon (Highlands and Islands) (Con)

COMMITTEE MEMBERS

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

Nigel Don (Angus North and Mearns) (SNP)

*Colin Keir (Edinburgh Western) (SNP)

*Stuart McMillan (West Scotland) (SNP)

*Tavish Scott (Shetland Islands) (LD)

*Drew Smith (Glasgow) (Lab)

*David Torrance (Kirkcaldy) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Morag Campsie (Audit Scotland)

Angela Cullen (Audit Scotland)

Gemma Diamond (Audit Scotland)

Caroline Gardner (Auditor General for Scotland)

Laurence Howells (Scottish Further and Higher Education Funding Council)

John Kemp (Scottish Further and Higher Education Funding Council)

Aileen McKechnie (Scottish Government)

Martin McLauchlan (Audit Scotland)

Sandra White (Glasgow Kelvin) (SNP) (Committee Substitute)

CLERK TO THE COMMITTEE

Jane Williams (Clerk)

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Public Audit Committee

Wednesday 24 June 2015

[The Convener opened the meeting at 09:31]

Decision on Taking Business in Private

The Convener (Paul Martin): Good morning. I welcome members of the press and public to the 12th meeting in 2015 of the Public Audit Committee. I ask all those present to ensure that electronic items are switched to flight mode so that they do not affect the work of the committee.

Nigel Don has conveyed his apologies for today's meeting, and I welcome Sandra White as his substitute.

Agenda item 1 is a decision on taking items 6, 7, 8 and 9 in private. Do members agree to take those items in private?

Members *indicated agreement.*

Section 23 Reports

“Scotland’s colleges 2015”

09:32

The Convener: Agenda item 2 is the section 23 report “Scotland’s colleges 2015”. I welcome the panel of witnesses. Aileen McKechnie is director of advanced learning and science at the Scottish Government; Michael Cross is deputy director of the colleges and adult learning division at the Scottish Government; Laurence Howells is the chief executive of the Scottish Further and Higher Education Funding Council; and John Kemp is the funding council’s director of access, skills and outcome agreements. I understand that Aileen McKechnie and Laurence Howells have short statements to make.

Aileen McKechnie (Scottish Government): Good morning. Thank you for the opportunity to provide evidence to the committee in response to the Auditor General for Scotland’s report on colleges. As with previous reports, we have found it helpful. We were pleased that the report identified that college finances are sound, that planning for mergers was good and that the sector has responded well to a period of significant change. The report equally identified four areas for improvement and we are currently taking action in relation to all the recommendations that Audit Scotland has directed to the Scottish Government.

I am here on behalf of the director general for learning and justice, who is the relevant accountable officer for the Scottish Government. Laurence Howells is the accountable officer at the Scottish funding council, and I will take a moment, if I may, to outline our different but complementary roles.

The director general for learning and justice is responsible for ensuring that the funding council’s strategy and delivery align with the priorities of the Scottish Government and that it has the necessary controls in place to safeguard public funds. The funding council is accountable for delivery of Scottish Government policy objectives, for the deployment of resources to that end and for all associated planning and risk management.

This September will mark the fourth anniversary of the publication of “Putting Learners at the Centre—Delivering Our Ambitions for Post-16 Education”, which kick-started our post-16 education reform. The guiding principle of our reform agenda has always been about putting learners at the very centre. Colleges have since implemented the most profound set of reforms in Scottish tertiary education for more than a generation. They are designed to improve the

sector's efficiency and effectiveness, to improve learner outcomes and to strengthen accountability. We now have a regionalised sector with 13 regions and a reduction from 42 colleges to 15.

The college reform agenda has allowed for more strategic planning of provision, which, aligned with economic need, has improved the life chances of young people and is generating the skilled workforce that is needed for growth. The reform agenda has created a sector that is more flexible and responsive, better able to meet the needs of students and industry, and better positioned to respond to the expectations of the Scottish Government around increasing participation, prosperity and fairness.

Colleges are now delivering greater levels of activity for less resource and with greater impact. Surely that is a definition of good public service reform, especially in the current economic context. However, we have always acknowledged—and I do so again—that a reform programme of such scale and pace has been and remains challenging. Audit Scotland's report has helpfully captured areas of improvement for our continued attention, and we are grateful for that. We recognise that there is more to do and we look forward to continuing to support the sector in the next phase.

I am happy to take questions.

Laurence Howells (Scottish Further and Higher Education Funding Council): I just want to illustrate a few of the points that Aileen McKechnie has highlighted. We are talking about a programme of unprecedented reform of structures and of how the college sector is funded, which is now through outcome agreements. As we know, there have been concerns for many years about the number of small colleges in Scotland. The programme of mergers that was initiated in 2011 has dealt with that issue. As the Auditor General's report shows, on the whole, that has been managed well and has delivered a more efficient and effective sector.

One key benefit of the new regional colleges is that we now have larger and more efficient colleges that can engage strategically with their region and better provide provision that meets the needs of students, the communities and employers.

I have three examples of that. In Ayrshire, the new Ayrshire College, which covers the whole region, has been able to enhance its partnership with community planning partnerships, which has led to, for example, the establishment of a skills centre of excellence in Irvine, at Irvine Royal academy, which is a shared campus development between the school and the college. That is a very

good example of how the two sectors can join together.

Edinburgh College's new science, technology and engineering academy will recruit its first cohort of students in 2015-16 and will create a curriculum in partnership between the college, employers, the local authority and Edinburgh Napier University. That will transform education in the science, technology and engineering subjects.

My final example is from West College Scotland, which reports annual savings of just under £6 million as a result of the merger. The majority of those savings come from salaries, but there are further savings from VAT, subscriptions, licence agreements, insurance and printing.

Those three examples show how the new regional colleges are more efficient, able to engage with their regions and able to enhance the provision for learners and employers. I look forward to answering questions from the committee.

Mary Scanlon (Highlands and Islands) (Con):

I want to ask about the regional boards. We have 10 colleges that manage very well without a regional board and I would argue that they are much more autonomous and can react more easily to reflect local needs.

Paragraph 36 of the Auditor General's report says:

"Introducing regional bodies has resulted in a complex framework of accountability".

The report also says that

"individual colleges have expressed concerns that regional bodies will affect their autonomy."

As a Highlands and Islands MSP, I can guarantee that many of the colleges in the University of the Highlands and Islands network feel the heavy hand of an extra layer of bureaucracy. Is the regional board really necessary? Should we think about abolishing the regional boards, given that they are costly, bureaucratic and time consuming and take away autonomy, and that 10 colleges manage very well without one?

Aileen McKechnie: The funding council will have some comments to make on the regional structure.

We believe that in the three multi-college regions—I assume that Mary Scanlon is referring to the multi-college regional structure that exists for UHI, Glasgow and Lanarkshire—that structure provides greater accountability, as one body can be held to account for the region's outcome agreement with the funding council. We believe that that will deliver improved outcomes, because the regional body can plan and fund in the best

interests of students and employers across the entirety of the region.

Mary Scanlon: I am not sure that you heard what I said. You say that there is greater accountability, but the Auditor General has brought to the committee her concerns that the regional boards have resulted in

“a complex framework of accountability”.

Is she wrong, or is the structure more complex and bureaucratic?

Aileen McKechnie: I am seeking to answer the question. We believe that it provides greater accountability and an easier route to engagement. Let us take the Glasgow structure, for example. Having a single regional board that engages with universities, the Government, the funding council, employers and the city council simplifies the engagement route. Before the mergers, all those institutions had to engage with 10 colleges, and they would have to engage with three institutions if we did not have the regional boards structure in place.

We are in a moment of transition to the regional boards, which are not yet fully embedded, and two of them are not yet functioning fundable bodies. We expect the regional boards to understand the volume, the demographics, the market need and the economic need, and we expect that they will help to deliver an improved service to learners and local economies. That is our ambition across the regional structures.

It is too early to use the language that you used, Ms Scanlon, about their being costly and bureaucratic. I do not think that they are, given the costs thus far. We expect them to cost less than 0.5 per cent of the budgets for which they will, in due course, be responsible. In our view, that is not particularly costly. We also expect them to add value in being beneficial to learners and the local economies. That is our ambition, but we are on a journey in terms of their establishment, their embedding and their ability to deliver.

Mary Scanlon: I hear what you say, but you are talking about accountability between the Government and the regional boards whereas, as a Highlands and Islands MSP, I am talking about the accountability of a local college to its community. It may be easier for civil servants to talk to fewer people, but I am talking about the grassroots accountability of a college in Orkney, Shetland, the Western Isles or Thurso to the business, industrial and commercial needs of its local community. That is very different from the accountability that you are talking about.

Aileen McKechnie: I hear what you are saying. The individual college boards are close to their local communities and economies. The chairs of

those boards will all sit on the regional board, alongside the principals, and will influence the thinking by identifying synergies and opportunities across the piece. That is part of the ambition of the regional structure.

Laurence Howells or John Kemp will say something about the UHI structure.

John Kemp (Scottish Further and Higher Education Funding Council): The accountability of the local college to local employers and local people will continue. What will change is that, instead of that local college having a direct relationship with the funding council in Edinburgh, it will have a more direct relationship with a body in the Highlands.

Michael Foxley, the regional chair for the Highlands, appeared before the committee just a few weeks ago and said that he is a fierce defender of the autonomy of colleges in the UHI. In our experience, he has demonstrated that, and the kind of local accountability that you have talked about is exactly what the chair of the regional board in the Highlands would support.

Mary Scanlon: I will leave the issue there, although the Auditor General has expressed concerns and I have heard serious concerns.

Ms McKechnie, you said that you are looking to align the priorities of the colleges with those of the Scottish Government. Later this morning, we will consider a report on information and communications technology and the problems in the Government sector due to a lack of ICT staff. Have you been making sure that we have a sufficient number of graduates and experienced ICT personnel to fill all the jobs in Scotland? That is a Government priority, so have you been looking at that?

09:45

Aileen McKechnie: Indeed. The Scottish funding council can provide more detail on that, but we see the ICT and digital agenda as being of significant importance to the Scottish economy.

A great deal of work and activity is taking place to understand the needs of industry and deliver against those needs through the skills provision that we put in place in colleges and universities. Some of those skills are specialist and high level and will be delivered through institutions such as Abertay University, which provides specific defence-related skills in the ICT space.

We are working with Skills Development Scotland on the establishment of a digital skills academy. A range of activity is going on to ensure that we understand the needs of industry and deliver appropriately.

Mary Scanlon: We are talking about colleges today. If you are aligning college priorities and numbers with Government priorities, why are there more than 25,000 fewer places in ICT courses in colleges in the past few years, which contributes to the national shortage of ICT personnel that we are about to face?

Aileen McKechnie: I look to the Scottish funding council to respond on the detail of the issue. However, with regard to the reduction in courses, we have looked to reduce the courses that we felt did not deliver an economically valuable output. We looked to reduce the shorter courses—the ones of five hours or less, which tend to involve teaching basic information technology skills and which we find that people need less now, because ICT is taught from pre-school all the way through the school system.

Mary Scanlon: I got the information from the Scottish Parliament information centre. The courses that it listed were on computer technology, computer science, programming systems, computer use, software and operating systems and text, graphics and multimedia software for specific applications. Those are not two-hour night classes or anything. There has been a fall of 25,000 places in the IT sector in further and higher education.

John Kemp: About six weeks ago, we brought together employers from the IT sector and people from colleges and universities in a forum to discuss the skills that are needed in ICT. There has been a drop in demand for ICT courses at college and university level. There is a mismatch between the skills that people are learning at college and university and what the industry needs. Further, there has also been a drop in computing in schools. Those elements are part of a complex mix that is involved in trying to get a match between what is being produced by schools, colleges and universities and what is needed by industry.

Aileen McKechnie has talked about the fact that part of the solution to that is a digital talent academy, which SDS is developing. As a result of the forum, we are looking at ways in which we can better link what universities and colleges are doing with what employers need. It is partly about the numbers on courses, but it is also about getting people with the right skills on those courses so that people get into work. One of the issues that we heard from employers was that some of the people who were on the courses did not have the necessary skills. There was also some frustration in colleges and universities that they were producing people who had what they thought were the right skills but who were not getting jobs. We need to get that match right, as well as getting the numbers right.

We accept that there is a gap in the number of people with computing skills flowing through colleges and universities.

Mary Scanlon: My figures concerned higher national certificate, higher national diploma and graduate courses, but we will leave it there.

Colin Beattie (Midlothian North and Musselburgh) (SNP): I will explore the issue of arm's-length foundations, and my question may be best answered by the SFC. Originally, in 2013-14, the colleges transferred about £99 million into ALFs. Are transfers expected every year? If so, is it likely that a mixture of private and public money will be put into the ALFs?

Laurence Howells: The ALFs were set up to enable the colleges to mitigate the impact of the reclassification by the Office for National Statistics on their reserves and to enable them to manage their money over a slightly longer term. We expect colleges to use that mechanism to achieve that goal.

We do not expect every college to transfer money into an ALF every single year, although there will be transfers—for example, to manage the effects of a capital building project that spans more than one year or whatever. We also expect most of the transfers to enable colleges to manage surpluses from commercial activity or whatever, so that they can be used for longer-term benefit. From 2014, the total amount in ALFs has been reduced by £11 million to £88 million, which is a sign that some of the resources that were put in have been used, mostly for capital projects that have been developing in the sector.

The monitoring of inflows into and outflows from the trusts is important. We will do that with the colleges so that we understand the pattern of transfers in and out. We will keep under review how effective the ALFs have been in delivering the objectives.

Colin Beattie: I asked whether it is likely that private and public money is being put into ALFs.

Laurence Howells: Public money might be transferred into ALFs if, for example, it is to do with managing the cash flow of a building project over a period.

Colin Beattie: How will we follow the public pound? By name, the foundations are at arm's length. How do we ensure that public money is properly spent? I understand that a small minority of the ALFs are specific not to colleges but to further education, which might theoretically open up the possibility that the money could be spent elsewhere.

Laurence Howells: The trusts were all set up under a model, and they are governed by charity law and company law where appropriate. That

means that the funding can be used only for the purposes for which it is provided. I was not aware that there were colleges in the position that you describe. My understanding is that all the trusts are specific to the colleges concerned, and that only those colleges, or further education in those regions, can benefit from them.

It is important to mention that the model of using trusts to help public bodies to manage money over a longer period is not totally new; it is well established. The bodies are governed by charity law and its constraints. In effect, the money can be used only to benefit further education. My understanding is that it is for the benefit only of those regions.

Colin Beattie: Can I be reassured that the SFC will be responsible for ensuring that the public money that goes into ALFs is properly spent on the colleges that they are linked with?

Laurence Howells: We will monitor what has happened, but ALFs are governed by charity law and company law. That is the legal framework under which they operate.

Colin Beattie: If the funding was used for another purpose, would you be aware of it?

Laurence Howells: We will monitor what the funds are used for, and we will be able to show how the money is used—that means what money flows in, what money flows out and how it is used.

Colin Beattie: What would you do if you thought that the money was being spent on something different?

Laurence Howells: We would ask questions and we would draw the relevant regulators' attention to the matter.

Colin Beattie: Do you think that the Freedom of Information (Scotland) Act 2002 should apply to the foundations, given that there is public funding in them?

Laurence Howells: I do not have a view on that matter. Does Aileen McKechnie have a view?

The Convener: Can I clarify that the Scottish funding council would not have a view—

Laurence Howells: Sorry—I am saying that I have not considered the matter. I would want to think about it.

The Convener: Can we confirm for the record that the Scottish funding council, in any of the discussions about the arm's-length companies and in any of the various board meetings that you have held, has never discussed FOI compliance?

Laurence Howells: Sorry—the question was whether FOI regulations should apply to trusts.

The Convener: You have said that FOI compliance is not something that you have thought about. Am I correct in saying that?

Laurence Howells: I have not considered how and whether FOI legislation should apply to the trusts. I would want them to be open, of course, and they are open, through—

The Convener: You have said that FOI is not something that you have thought about, but I am asking whether your organisation has ever discussed it.

Laurence Howells: I am not aware of us discussing it. As part of creating the trusts, we helped the colleges to build the trusts on the basis of the models that were provided to us by Turcan Connell, which was the legal firm that advised us.

The Convener: We will come on to other questions when the committee wants to direct you to those questions. We will direct the questions.

For clarification, the Scottish funding council, in setting up the trusts, on no occasion ever discussed FOI compliance.

Laurence Howells: I am not aware of us discussing that issue.

The Convener: Okay. Can the Scottish Government give us an answer?

Aileen McKechnie: I will add to what Laurence Howells said. He mentioned that the arm's-length foundation model is not new. As far as I am aware, the ALF model was first used for the Historic Scotland Foundation, which was established more than 10 years ago.

The model has been replicated and improved in the cultural and heritage sector in the intervening period, and similar ALFs have been established—for the national collections of Scotland, for example. It is a relatively long-standing model that has existed in the public sector firmament to create the opportunity for bodies to manage their finances on a multiyear basis when it is appropriate to do so. The funding council witnesses have mentioned the need to do that in relation to large-scale capital projects, for example, which will never be concluded in a single year.

Such foundations have existed for quite some time in the public sector firmament, and they have delivered quite significant opportunities—

The Convener: I think that most of us probably know that. On Mr Beattie's point about FOI, has a discussion taken place in your department about whether the bodies should comply with FOI legislation?

Aileen McKechnie: I am not aware that such a discussion has taken place. The point that I was making was that the ALF is not a new model—

The Convener: We know that.

Aileen McKechnie: Given that the model is not new, if there was an issue with FOI compliance in relation to the model, I would be surprised if that had not been raised with us before. I am not aware that the issue has been raised with the Government.

Colin Beattie: I have one final question on the FOI point. Given the discussion that we have just had, will you consider looking at that aspect?

Laurence Howells: Given that you have raised the issue, we will commit to considering it and discussing it with the relevant people.

Stuart McMillan (West Scotland) (SNP): I have a couple of quick points. Mr Howell just agreed to my colleague Colin Beattie's proposal, and it was suggested a few moments ago that the issue had not been raised before. When ALFs previously came up in committee, I raised a point about freedom of information. That is on the record, so I would have assumed that, when any research was done before you came to the committee, that point would have been picked up.

Aileen McKechnie: I am sorry—you did raise the issue. The question that was addressed to us was about whether the issue had been considered by the Government or by the funding council when we were establishing the ALF model. As I said, as far as I am aware, it had not been raised at that time. However, subsequent to today's meeting, and having seen the outcome of the meeting that the committee had with college principals and chairs of boards on 10 June, we are aware that FOI compliance is concerning to the committee, and we will take it away and look into it further.

Stuart McMillan: My final question is to Mr Howells. You highlighted the point that ALFs are not a new model and that similar models exist. It was only very recently that this Parliament agreed to extend FOI legislation to include leisure trusts. That regulation went through the Local Government and Regeneration Committee, of which I was a member at that time. On the particular issue that we are discussing today, I would argue that the precedent has been set for the extension of FOI and that there is no strong reason for FOI not to include the colleges. I would like a firm commitment from the SFC and the Scottish Government to go away and look at that issue and to provide written evidence—a written report or response—to the committee at a future date.

10:00

Aileen McKechnie: We commit to doing that.

Laurence Howells: The same here.

The Convener: In the evidence session on 10 June, we raised a point with the college principals to which they responded by advising us that the costs that are associated with the trusts' responding to FOI requests might prohibit the free flow of information. Could the costs prevent that work from being taken forward?

Laurence Howells: We would need to look at the issue in the round, but I do not think that costs would be the principal reason behind any decision. There is a principle of openness, and the trusts are in the public domain. We give a commitment to look at the issue and, as the committee requests, to provide written evidence.

Sandra White (Glasgow Kelvin) (SNP): Having looked at the report from the Auditor General in general—if you will pardon the pun—I believe that it is quite positive. It talks about monitoring what is going on, and I will ask about how the changes are affecting staff and students. The report states:

“The changes to date have had minimal negative impact on students.”

Are the funding council and the Government monitoring the impact of the mergers on students and staff? If so, what have you found so far?

John Kemp: The most basic measure of how well the colleges are serving the students is that the success rate for students in colleges has continued to go up throughout the reform period—there has been no interruption to that. At the basic level of colleges providing courses and getting people through them, the students are being served well.

As part of our post-merger evaluation of the colleges that have been merged, we have spoken to groups of students about their experience of the mergers. By and large, the feedback from the students has been very positive. We have tended to find that many students did not notice a huge amount of change during the mergers, which is a good thing. They were still doing the same courses in the same buildings, which is exactly what we wanted.

One benefit of the reform programme for students has been that, as part of ensuring that the mergers were well organised and that students were listened to, we funded the upgrading of students associations in colleges. They had traditionally lagged behind what was possible in universities, so we allocated funding to the merging colleges so that there was stronger student representation during the merger period. We hoped that that would carry on afterwards and

it has—we now have far stronger students associations in colleges. By and large, the feedback that we are getting from them about the reform programme is good across the range of their experience of the colleges.

Sandra White: Does Ms McKechnie want to respond?

Aileen McKechnie: There is formal and informal measurement and evaluation of the student experience and the staff experience, which will be visible in publications such as the funding council's colleges baseline report, the colleges' performance indicators, the annual learning for all reports, the outcome agreement reports and Education Scotland reviews, which take into account staff and student experiences. There are also staff surveys, student surveys, student satisfaction surveys and the United Kingdom Commission for Employment and Skills employer skills surveys, which detail employer satisfaction. A swathe of evidence is provided, and there is also qualitative engagement with staff and students that provides useful information for temperature checking the impact. We were conscious that the scale and pace of the reform agenda were significant, and we expected impacts in the institutions. In a *Times Educational Supplement Scotland* article that was published last week, a student rep indicated that there had been little visibility of the change in his college and that it was business as usual from a student perspective.

There was clearly a significant impact on staff, particularly at a senior level, because they were managing quite a significant reform and change agenda. However, as you said at the start of your question, from our perspective the Audit Scotland report is primarily positive about the reform journey that we have been on. The college leadership has delivered successfully on the transformational journey that we have been on.

Sandra White: I will continue on the theme of the students in this situation. The Audit Scotland report states:

"Colleges continued to meet targets for learning, delivering around 76 million hours of learning in 2013-14."

We are looking at full-time college places, as they fit in with people getting jobs—they are skills based. It seems to have become a wee bit more difficult for over-25s to get part-time college places. Have you monitored that? Have you asked students how that affects them?

Aileen McKechnie: I will say a few words and then the funding council might want to come in with the detail. The Government absolutely articulated a direction of ambition for the college sector, which changed quite dramatically post our reform agenda. We sought to deliver courses that

led to economically valuable qualifications, so we were looking to move students through the college system and help them articulate into further learning, training or education or go into jobs. That was the ambition.

We focused on young people, because ministers understood from research that previous recessions had impacted quite dramatically on young people. Ministers are unapologetic about the drive to ensure that we did not let a generation of young people down. The youth employment statistics demonstrate that we have been successful in that ambition.

We have focused on full-time courses and qualifications. That is not to say that there are no part-time courses and qualifications, because there absolutely are. Laurence Howells will say something about increased investment in part-time courses in the past year, among other things.

Laurence Howells: A lot of the change has happened because we asked colleges to deprioritise very short courses, leisure courses and courses that did not lead to a qualification. That is in line with delivering economic value to individuals and the nation. However, colleges are still allowed—indeed, encouraged—to provide access courses, which might fit into those categories. Those courses might be very short or might not lead to a qualification themselves, but they are designed to help people move from that kind of learning into more formal learning, which has more economic value and helps people get into jobs. That is how the Government priority and the Government focus on delivering value for people, communities and employers are translated.

It is important for colleges to get the best fit between their region's needs and what they provide. We ask them to work in partnership with other providers and agencies in their region, particularly through the CPP. We try to dovetail the provision that colleges make with that of other providers in their region and that of the third sector. We try to get the best fit for the region.

The big shift towards more full-time courses applies to older students as well as younger students. The number of older students taking full-time courses increased between 2008 and 2013-14. The big shift that we have tried to achieve is to reduce the number of courses that are of less economic value to individuals and the nation as a whole.

Sandra White: As I benefited from an access course as an older student—I was 33 when I went back to further education—I am pleased that you mentioned access. It is important to me and to everyone else here that people from deprived areas, regardless of age, can access further

education. Do you have any figures to show that people from deprived areas, younger or older, are being encouraged to get into further education? Is there any monitoring of that?

John Kemp: One of the measures in our outcome agreements is the proportion of students from the most deprived 10 per cent of postcodes. The figures are that about 16 per cent of students in colleges are from the most deprived 10 per cent of postcodes. All being equal, if there were a perfect distribution, that figure would be 10 per cent. That shows that colleges are serving the most deprived to a greater extent than a perfect distribution would require.

That figure, which is one of the measures in our outcome agreements, has been going up. We do not think that the reform has impacted in any way on colleges' ability to serve the most deprived students.

Similarly, colleges are a major part of the effort to widen access to HE courses across Scotland, and students from the most deprived 20 per cent of areas—the measure that is used for HE—are overrepresented in colleges in comparison with the distribution in the population.

Sandra White: Sorry, convener—

The Convener: Make it a very quick point.

Sandra White: Could we have those figures?

John Kemp: I am happy to provide those figures in detail later.

The Convener: On that issue, Drew Smith—

Drew Smith (Glasgow) (Lab): It was on another point, convener.

The Convener: Is it not related, though? No.

I would like to clarify one point. On the information relating to the positive responses from students, are the baseline studies that you referred to all independent studies and evaluations?

Aileen McKechnie: No. There is a mix; they are primarily delivered by the funding council. Baseline reports will be funding council reports.

The Convener: Has an independent study ever been carried out on the views of students on the impact of the merger?

John Kemp: The post-merger evaluations that I referred to are carried out by funding council staff with the students in the colleges. I am not aware that we have sought independent views.

Laurence Howells: Other than from Education Scotland.

The Convener: How many of the 140,000 who have lost a place and are no longer students, who

probably would have been impacted negatively, have been interviewed to ask them their views on the impact of the merger?

John Kemp: There has been a drop in head count of 140,000. That is not people who have lost their place. That is people who have finished their course and have moved on. I accept that those courses have then not been available.

The Convener: The question that I am asking is this: out of that 140,000 or, let us say, 100,000, how many have been asked for their view on the merger of the colleges? It might be that they say that the merger is fantastic and that they have moved on to something else; it might be that they are upset. Have we interviewed them and asked them their views? Yes or no.

Laurence Howells: No, we have not. The question goes back to how to assess the need in a region, because there are new students coming along all the time wanting to do different things.

The Convener: Can we clarify this point? The question here is whether the merger has had a negative impact on students. We have heard that it has been a positive experience, and that is what every single member of the panel has said so far. According to the statistics, there are 140,000 people who are no longer in the system. We have not asked them their opinion on whether the merger has had a negative impact. [*Interruption.*] Can we get some order, please, so that we can hear the answers?

John Kemp: It would be technically quite difficult to find those people. We are not talking about people who have been at college. A large number of the courses that those 140,000 people would have been on were very short courses of less than 10 hours.

The Convener: That is not the question that I am asking, though. It is quite clear. The question that I am asking is whether any of those people have been interviewed to ask them whether the merger has had a negative impact.

John Kemp: I am trying to explain how it would be quite difficult to ask them that question.

The Convener: Why would it?

John Kemp: We can ask students in the colleges being impacted. Students who hypothetically could have done a course that might have been there had the places still existed are more difficult to ask.

We ask colleges as part of their outcome agreements to base their provision on a regional skills assessment provided by Skills Development Scotland. We want them to evidence that they are meeting local need within the priorities of the Government which, as Aileen McKechnie has

said, has been unapologetic about focusing on full-time courses because at times of straitened public finances we need to get the maximum benefit for the maximum number of people and those full-time courses are the most economically beneficial.

In that context, we expect colleges to meet local need. That does not mean that there are not a lot of part-time courses still there. What has happened is that the average length of courses has gone up quite a bit, whether they are full time or part time.

10:15

Mary Scanlon: In fact, from 2009 to 2014, the fall in part-time students was 151,000. That is an Audit Scotland figure. There are 151,000 fewer part-time students, and you are unapologetic about increasing the full-time student numbers by 9,000. We have lost 151,000 and gained 9,000. Is that economically beneficial, in line with Government priorities? Was it the right thing to do, in hindsight?

John Kemp: The reason for the imbalance is that it takes a lot of learning hours or credits or student units of measurement—SUMs—for one full-time course. [*Interruption.*]

The Convener: I would appreciate it if members would let the witness speak.

John Kemp: Therefore, the amount of learning activity for one full-time course is considerably more than for a number of part-time courses. In fact, in the baseline report that we published earlier this year, we recognised that it could sometime take as many as 142 part-time courses to create one full-time course, as some part-time courses were very short. That explains the imbalance between the reduction in part-time and the increase in full-time students.

David Torrance (Kirkcaldy) (SNP): Good morning. How many compulsory redundancies have been made by colleges over the last three years? Do the colleges plan to implement compulsory redundancies in the future, and how will that be monitored?

Aileen McKechnie: The Scottish ministers have made it clear to colleges that they expect them to reflect the public sector pay policy. They are not bound by it, but the expectation has been articulated very clearly by ministers that they should reflect and, where possible, abide by the public sector pay policy, which states that there should be no compulsory redundancies.

We have heard separately about the cost of voluntary severance to the college sector over the course of the reform journey. The absolute majority of exits have been through voluntary

severance. I am aware of only one compulsory redundancy in one institution, and it was subject to a robust business case; it was because of duplication of posts. Given the range of mergers and the transformation that has been delivered across the college sector, that is clearly a small number of compulsory redundancies.

I do not know whether the funding council wants to add to that.

Laurence Howells: I am also aware of only a very few cases. They were, in fact, technical compulsory redundancies because they happened when time-limited contracts came to an end.

We have spoken to Audit Scotland, which I understand has more information on that. It is asking college auditors for that information, we will get it from them and then we will take a view on what the implications of that information are.

As far as I know, there have been very few compulsory redundancies.

Tavish Scott (Shetland Islands) (LD): I want to ask about the evidence that the Auditor General gave on 29 April to this committee, when she said:

“we do not have it.”—[*Official Report, Public Audit Committee, 29 April 2015; c 34.*]

That related to the evidence for the £50 million savings that, it was asserted, would be made by the merger process. Why has Audit Scotland not been able to provide that information to the committee?

Aileen McKechnie: I will just make a few opening remarks and then pass it across to—

Tavish Scott: I would really just like an answer to the question. Why has Audit Scotland not been able to pass that on to the committee?

Aileen McKechnie: The funding council provided figures for severance costs and savings both to the committee and to Audit Scotland. As has been noted by Audit Scotland, those figures represent 75 per cent of the total costs. That is about £46 million.

The remaining 25 per cent of the costs cover a variety of areas, such as ICT, marketing, project management and procurement and shared services. Some of that is hard to attribute directly to the merger. For example, we have been advised by some colleges that they do not have systems that allow them to directly attribute those costs to the merger process. That is why there is not a breakdown of 100 per cent of investment in the merger journey.

We expect the two-year merger evaluations, which are in train and expected to conclude by the spring of next year, to provide much greater detail about the absolute costs. One of the asks of Audit

Scotland is that all the costs should be brought together in one publication, so that they are easy to understand and scrutinise. That is something that the funding council, as I understand, has decided to do.

Tavish Scott: So the Auditor General was wrong when she said:

“At this stage, we do not have it.”—[*Official Report, Public Audit Committee, 29 April 2015; c 34.*]

Aileen McKechnie: As I have said, there is not 100 per cent detail, because—

Tavish Scott: Have you read the evidence that the Auditor General gave on 29 April?

Aileen McKechnie: I have, yes.

Tavish Scott: Are you familiar with it?

Aileen McKechnie: I have read a lot of evidence—

Tavish Scott: So you do not agree with it. Obviously you do not agree with it, given your earlier answer.

Aileen McKechnie: I cannot remember the detail of it, but what I am saying is that, if the Auditor General stated that there was not detail on 100 per cent of—

Tavish Scott: No, there is nothing about 100 per cent, if I may say so. There is nothing about anything. You must be familiar with that evidence. It is a core recommendation of Audit Scotland over numerous public sector mergers, of which this is the latest one, for which the Government cannot justify the figure that it asserted would be saved by the process. You must be familiar with the evidence that the Auditor General gave and you must be able to justify it. Your Government submission to the committee today has no detail in it about the £50 million. Why not?

Aileen McKechnie: We provided a short submission. I will ask Laurence Howells to provide—

Tavish Scott: Do you not think that that is important? Do you not think that it is important to justify a figure that was given to Parliament about saving on a process?

Aileen McKechnie: Of course I think that it is important, and—

Tavish Scott: So why is it not in the submission to the committee?

Aileen McKechnie: We can provide subsequent evidence to the committee about the details, if that would be helpful. I will ask Laurence Howells to say a few words about how we worked up the £50 million expected efficiency savings and about the assurance we have that they will start to be delivered from 2015-16, if that would be helpful.

Laurence Howells: There are two issues—the costs of merger, and the efficiencies that result from merger. What we have—and it is in the public domain—is what the business plans expected the mergers to cost at the beginning of the process.

Tavish Scott: Which was how much, out of interest?

Laurence Howells: John Kemp may remember.

John Kemp: Sorry, what is the question?

Tavish Scott: Mr Howells has just asserted something and I would be grateful for the evidence of that.

John Kemp: The business plans for the mergers were producing savings of around about the £50 million that we had estimated back in 2012.

Tavish Scott: Is it the case that Audit Scotland could not find any evidence of that?

John Kemp: To be fair, I do not think that that is exactly what the Audit Scotland report said.

Tavish Scott: Shall we look at that? Paragraph 31 states:

“None of the fieldwork colleges could provide detailed information on merger costs and efficiency savings.”

That is a quote: “none”.

John Kemp: The next sentence states:

“Only information on the larger merger costs ... such as voluntary severance payments and reduced staffing costs, were available.”

Those are considerably larger than some of the other savings that the Audit Scotland fieldwork colleges said they were having difficulty providing.

When you heard from Audrey Cumberford and Paul Little just a couple of weeks ago, they were able to evidence how they had made those savings. Our view is that, as we do the post-merger evaluations, there will be evidence on that. In our discussions with the Auditor General’s staff as they were preparing the report, I understood the issue to be that, as is reflected in the wording of the report, on such things as ICT savings and some other smaller savings, it is harder to measure the baseline and to talk about how, over the years, three colleges coming together has saved money, given the cost of general upgrading.

We are absolutely confident that we have robust information on the bulk of the merger savings, which are staff saving. We know how much we spent and we know how much has been saved, because we had fairly strict rules on one-year payback for our investment. My understanding of the Auditor General’s report is therefore that there is a proportion of the savings that Audit Scotland is not confident that the colleges have robust ways of

measuring at this stage, not that there is no evidence on the merger savings.

Tavish Scott: I suspect that that is all entirely fair, but that is not my point. When was the £50 million figure first put into the public domain by the Government or by the funding council?

John Kemp: It was probably in 2012.

Tavish Scott: Exactly, so if it was in 2012, what was the basis for it in 2012? This is an audit report that looks at what has happened, not at what is happening now.

John Kemp: The £50 million estimate was based on previous experience of mergers, including the City of Glasgow College merger, which had taken place a year or two earlier; the business case for the Edinburgh merger, which again took place before this series of mergers; and the experience of mergers in the higher education sector. Taking all of that into account, we estimated that mergers on the scale that we are talking about—roughly the same size as the City of Glasgow College merger—would save roughly £5 million a year. The City of Glasgow College says that it has saved slightly more than that, but we were being quite conservative in our estimates. Scaling the other mergers to that, we produced an estimate of around £50 million. Over time, that has changed, because some of the mergers have happened in a different way and because there have been more mergers than I think we expected at the time.

Broadly, however, the £50 million estimate has remained the one that we have worked with, and we think that it is robust. Indeed, the evidence that the committee heard from Audrey Cumberland and Paul Little just a couple of weeks ago bears that out, because the levels of savings that they mentioned are consistent with our estimate.

Tavish Scott: But if that is the case, I do not understand how on 29 April the Auditor General could tell this committee:

“At this stage, the funding council and the Government could not give us the information that we asked for to demonstrate the costs of the merger process.”—[*Official Report, Public Audit Committee, 29 April 2015; c 33.*]

Aileen McKechnie: Clearly we cannot speak for the Auditor General about what was intended by that comment, but I understood it to be about the entirety of the spend. I come back to my point about our ability to demonstrate robustly that around 75 per cent was spent on staff severance and related costings and our inability at this stage to provide absolute detail on the remaining 25 per cent. However, we hope that further detail on that matter will be provided through the post-merger evaluations.

Tavish Scott: So, as far as the future is concerned, this committee, which is meant to look at these matters in the context of Audit Scotland's advice to the Government in relation to merger processes—and this is neither the first nor, I dare say, the last merger—should basically not worry about the figure that the Government gives when it first begins the process, because you guys will justify it later on.

Aileen McKechnie: No.

John Kemp: No.

Tavish Scott: Well, that is what has happened again. That is the evidence to the committee.

John Kemp: We are confident that the figure that we gave in 2012 will be achieved. It is my understanding that, in preparing its report, Audit Scotland discussed with us two uncertainties. The first was, as I have said, the amount of savings from ICT by the end of the merger project, and we will have a better idea of that after the post-merger evaluations.

The other uncertainty was about the total costs of the merger. We have very robust information on what we funded as part of the merger process and how that has been spent—

Tavish Scott: I understand all that, and I am sure that you are absolutely right. The point is that, although I believe you now, in 2012 the Government, as you have rightly said, asserted that it would save £50 million. However, in its evidence to us on 29 April and in its report, Audit Scotland said there was no evidence for that. Why should I as a parliamentarian believe anyone who states that they are going to save X if they cannot justify it?

John Kemp: My understanding of the Auditor General's report is that she is saying that she does not have absolute evidence for a proportion of the savings and the costs. What we are saying is that the proportion is small and that we are very confident about the amount that we have funded.

Tavish Scott: I am going round in circles and getting nowhere, so let me try a different tack. Is the £50 million saving achieved through a reduction in central funding to colleges or is it directly attributable to reform activity?

Laurence Howells: The £50 million saving is an efficiency saving that results from the college sector delivering more volume for less money in real terms. That is the big macro picture.

Tavish Scott: As you rightly say, it is a cut. It is very fair that you have pointed that out.

Laurence Howells: It is an efficiency on the sector; in real terms, it is delivering more for less. We do not believe that the college sector would have been able to deliver that without the benefit

of the regionalisation reform, which has enabled the sector to become more efficient. Indeed, that is what the programme is about. In addition to becoming more efficient, the regional colleges are, we think, more effective.

Tavish Scott: With the greatest respect, I am not asking about that. This is the Public Audit Committee—I am asking about the money. My question is whether the £50 million saving is a reduction in central funding to colleges—and I think that you have confirmed that it is— or whether it is down to the reform process.

Laurence Howells: I repeat the answer that I have just given. The two processes have gone on at the same time. In order to deliver the efficiencies that have been required by the change to central funding, the colleges have, through mergers, become more efficient.

The Convener: As members have no more questions, I thank the witnesses for their contributions and suspend the meeting for five minutes.

10:30

Meeting suspended.

10:33

On resuming—

“Managing ICT contracts in central government: An update”

The Convener: Item 3 is an evidence session on the AGS report, “Managing ICT contracts in central government: An update”. I welcome to the meeting Caroline Gardner, the Auditor General for Scotland, and from Audit Scotland, Angela Cullen, assistant director; Gemma Diamond, senior manager; and Morag Campsie, audit manager.

I understand that the Auditor General will make a brief opening statement.

Caroline Gardner (Auditor General for Scotland): Convener, the report looks at the progress that the Scottish Government and central Government bodies have made against the recommendations in my August 2012 report, “Managing ICT contracts”. Information technology provides the opportunity to transform public services, and the right skills and support are essential in ensuring that such investment delivers real benefits for users and is made in a cost-effective way. After all, failure to successfully manage IT programmes will affect the public directly and indirectly.

We know that managing IT programmes is complex and continues to be a challenge for the Scottish Government and central Government

bodies. In our 2012 report, which highlighted problems that Registers of Scotland, the Crown Office and Procurator Fiscal Service and Disclosure Scotland encountered when managing their ICT contracts, we made a number of recommendations to the Scottish Government to help strengthen the strategic oversight of IT programmes and to improve central Government bodies’ access to skills.

The report reviews progress against our recommendations and uses information provided by local auditors in 12 central Government bodies to explore the problems that they encountered in managing ICT programmes and how they resolved them. It highlights that, although the Scottish Government has made some progress in improving its strategic oversight and access to the necessary skills, the approach has not been fully effective and significant progress is still needed.

I will highlight briefly three key themes from the report, the first of which is oversight. Following our previous report, the Scottish Government introduced new assurance and oversight arrangements and developed an assurance framework for information and communications technology programmes to support central Government bodies and gather information for Scottish Government oversight. As part of that, the information systems investment board was given the responsibility of ensuring that bodies followed the framework.

However, we have found that those arrangements have not been effective. The framework was not clear enough, which might have resulted in fewer ICT projects being reported to the board, and the board did not have sufficient staff and information to perform its oversight role. The Scottish Government has recently updated its oversight arrangements and, in February 2015, it created the office of the chief information officer to support the board, but the roles and responsibilities of the board and the office of the chief information officer are still being finalised.

On the report’s second key theme of access to skills, we found, as we did in our 2012 report, that the lack of key skills is a significant problem. Public bodies compete with the private sector for people who have skills that are scarce right across the economy, and some use short-term contractors to fill their skills gaps, which might be costly and requires effective knowledge transfer. In 2012, we recommended that the Scottish Government undertake a skills gap assessment, but that was not done until August 2014. The Government is now developing a new approach of pooling and sharing resources in a digital transformation service. That is an ambitious initiative, and again the detailed arrangements are still being put in place.

On the third key theme of the progress of central Government bodies, we have used case studies to identify and share what has or has not worked around the public sector. It is clear that, although some progress has been made, areas such as defining benefits and managing contractors and suppliers need to be improved. We found that bodies are using appropriate project management techniques and that more bodies are using Agile, but some lack the skills and experience that are needed for such an approach.

The report also provides an update on the three bodies that were the subject of my earlier report. In relation to Disclosure Scotland, we are at the moment unable to comment further on the procurement of the new contract that was awarded in May 2014 because of continuing discussions between Disclosure Scotland and Atos about non-completion of the contract. I will, of course, update the committee in due course as appropriate.

As always, convener, we are happy to answer the committee's questions.

Mary Scanlon: For me, the major part of the report is part 2, which begins on page 19 and relates to addressing skills gaps and shortages. As one of the old hands on the committee, I was a member in 2012 when we took evidence on the matter.

As you have indicated, Auditor General, the first key message in this part of the report begins:

"Our August 2012 report highlighted that a lack of skills was a key factor in the failure of central government bodies' ICT programmes."

It was a serious issue, and I thought that the Government was taking it seriously. I was therefore shocked to find that two years had passed before a skills gap survey was carried out in August 2014, with an action plan being introduced six months after that. I was shocked because I remembered director general Paul Gray's response to the 2012 report and his absolute categorical assurance that everything was being done.

Mr Gray gave evidence to the committee on behalf of the Government, with a submission in October 2012. I will quote a couple of lines from it:

"We are working towards an action plan for the Central Government ICT Workforce to be available ... across the sector ... This will be informed by ... data collection on the size of the ICT workforce carried out for benchmarking purposes",

starting on 1 October 2012, and by

"collection of information on the skills and capability of the workforce and future needs."

That was in October 2012. I sat back naively and optimistically and took the Government at its word. Was the committee misled by that

information? We were given an assurance in October 2012, in a significant four-page response by the director general. I know that you will have seen that paper. We were given a categorical assurance, and I was content with everything that the Government was doing on the matter, so we set the matter aside. Yet you come back to us two years later to say that that categorical assurance is not worth the paper it is written on. It did not take the Government from August to October 2012; it took it from August 2012 to August 2014 even to think about the skills survey, and to produce an action plan six months later.

I ask for your comments on that. I am sure that you will be familiar with the response to your report and to the committee in 2012.

Caroline Gardner: In my view, the skills gap analysis should have been carried out sooner. That is one of the key messages in my report. It is fair to say that it is not that nothing was done during the intervening period. We know, for example, that the Scottish Government set up a cross-public sector workforce stream in 2013 to address the commitment that had been made in the digital strategy, and that other pieces of work were being done. The skills gap analysis did not take place until last year, which has made it harder for the Government to think about how it addresses the shortage of skills that affects the whole economy. You heard about that in the earlier evidence session. The committee might wish to ask the Scottish Government why it took as long as it did to analyse the skills gap and then to think about the right response to tackling it?

Mary Scanlon: That is reasonable. During your inquiry, your gathering of data and your investigations, did you discover why it took the Government another two years to carry out the promises that were given in October 2012 to the satisfaction of the committee?

Caroline Gardner: I am not sure that we can speculate on the reasons why that took as long as it did. We know that some things happened during that two-year period, but the skills gap analysis itself did not happen until the date that was set out in my report, and I think that it should have been done sooner.

Mary Scanlon: I would like an update on ROS. ICT skills were a problem in 2012, which is three years ago, and they are a serious problem now. Are you concerned that there seems to be little alignment between the Scottish Government's priorities, and indeed the country's priorities, for ICT specialists and a fall of 25,000 places in FE in recent years? I am talking about HNC, HND and degrees.

Caroline Gardner: We have not considered that in detail. As you know, the "Scotland's

colleges 2015” report primarily considered the reform process. At some point, there might be a case for us to consider the way in which the broader economic focus on digital skills is being developed right across the piece, through the funding council, colleges, Skills Development Scotland and the higher education sector. However, I am not in a position to comment on that now.

Mary Scanlon: But if there is a skills gap in a particular area, you would expect the Government and the director general to be talking to universities and colleges—that is where the skills come from.

Caroline Gardner: That is one of the potential benefits of the Government’s outcome approach: to join up all the parts of the public sector so as to deliver what it wants to achieve. We have not considered in detail how well that is happening—or not—at the moment but, as we say in our report, IT skills are a significant challenge for Scottish public bodies and the wider economy, and the skills gap analysis of the internal skills that are lacking took longer to happen than I would have expected following the 2012 report.

10:45

Mary Scanlon: When we discussed your previous report, we heard about Registers of Scotland. I have read through the report, and it is not exactly a ringing endorsement that everything is wonderful. It says:

“RoS recognises it needs to have the capacity to maintain service delivery”.

Should we be confident that the ICT systems at ROS are fit for purpose now, given that the organisation has significant additional responsibilities?

Caroline Gardner: I will ask Gemma Diamond or Morag Campsie to comment in a moment on the specifics of Registers of Scotland. Through our report, we have tried to look closely at the progress that the Scottish Government and the bodies have made in addressing our recommendations on strategic oversight and skills, and to give an update on where they are, but we have not done an audit that would allow us to give you a full assurance that everything is now fine. I hope that we have made that clear in the report. We have reported that ROS has made some progress.

Morag Campsie (Audit Scotland): As we say in the appendix, there have been some issues. There have been some large projects in connection with the Land Registration etc (Scotland) Act 2012 and the delivery of the requirements for the land and buildings transaction tax.

ROS has brought in some new people during the past year, and it produced its digital strategy at the beginning of the year, putting plans in place for some significant pieces of work, particularly the completion of the land register. ROS has been giving priority to those large pieces of work, and it has had to bring in agency staff to deal with its day-to-day running. Along with the local auditors, we are keeping an eye on that.

Mary Scanlon: I noticed that there had been quite a lot of changes of staff, with new staff coming in and more agency staff. I just wondered how stable things are.

Colin Beattie: In a past life, I had responsibility for and oversight of very large ICT projects. It seems to be the way of ICT projects that not one of them comes in on budget or on time, or indeed delivers exactly what people want.

In this particular case, I am aware that there is a shortage, not just in the UK but worldwide, of ICT experts, for want of a better word. Auditor General, you have highlighted in your report how that is an issue for the Scottish Government, and that it is an issue across the UK.

How does the unavailability of that level of skill impact on the Scottish Government’s progress in putting in place the measures that it is looking for? Clearly, the Scottish Government has made progress, and it would appear that it is heading in the right direction, but I am at a loss to know what to do about the critical skills shortage.

Caroline Gardner: You are right to say that this is a complex area, and it does not just affect the Scottish Government; it affects public services right across the UK and more widely, as well as private sector companies. We have seen the problems that RBS has had with its IT systems during the past week or so. The problem is widespread.

We are not suggesting that there is a magic wand that the Government can pull out and wave to make everything okay. As we said in our earlier report, the Government can do more to keep strategic oversight of projects, to identify where things are progressing less well than planned and to step in to avoid the problems crystallising. More could be done to develop the pool of skilled staff that Ms Scanlon was talking about who can work across different public bodies, rather than each body having to grow its own pool of staff.

The impact of the shortage operates at two levels. First, in significant projects such as the CAP futures IT system for the common agricultural policy, on which I have reported to you before, and the NHS 24 project, which we are still monitoring and which we will come back to you on in due course, major investment goes off track, and significant costs are incurred on turning the

situation around. There could be an impact on the people who rely on those services or on the payments that they generate. We can see it at that level.

Almost more important, however, is the opportunity cost and what could be achieved with well-managed investment in IT, such as transforming services to make them more responsive to people's needs and making efficiency savings that would help us to close the gap between the funding that is available, the Scottish Government's priorities and people's expectations. The transformation potential is really at risk because of the skills gap.

Colin Beattie: Do we not come back to the basic point, which you highlighted, that civil servants in such roles get paid substantially less than the market pays? Are public sector bodies working round that by hiring contractors, at a higher price, in order to compensate? I do not know what else they could do.

Caroline Gardner: To an extent, you are right that they are doing that, and we make that point in the report. We also highlight the importance of bodies that do that ensuring that they have good arrangements for transferring knowledge and skills from the contractor to the in-house team so that they do not lose all the expertise and experience as soon as the contract ends.

Something else that can be done, which the Government is aiming to do through the new digital transformation service, is to build those skills among in-house staff, working with the FE sector and Skills Development Scotland to set up modern apprenticeships in the right areas. That is a long-term thing and it is not going to fix the problem overnight, but it could generate some of the necessary skills over a longer period and avoid the reliance on expensive short-term skills from the private sector.

Colin Beattie: My other question is on paragraph 30. I was quite surprised to see the comment about the—what is it called?—information systems investment board not getting responses from Government departments. That seems pretty outrageous, does it not?

Caroline Gardner: We are working hard to avoid using acronyms this morning, convener. I know that you do not like them, so we will try hard to stick to that.

We were concerned that the information systems investment board, which was set up as a key part of the Government's oversight, was not in a position to carry out that role effectively, for two reasons. First, the guidance was not clear about which projects fell under its remit in relation to calculating the cost of projects and determining the risky ones that should be included. Secondly,

the board did not have the capacity to chase up the bodies that were not submitting the information that was required, and we think that that significantly limited its ability to carry out its role.

The Government has recognised that and it is changing the arrangements under the oversight of the office of the chief information officer. Again, however, it is taking longer than we expected to put something in place, given the changes that were put in from 2012.

Colin Beattie: You comment on staffing in that area. Is it primarily techies?

Caroline Gardner: The new arrangements under the digital transformation service are still unfolding. I will ask Gemma Diamond, if I may, to give you more of a feel of how that is coming together. It is still work in progress.

Gemma Diamond (Audit Scotland): The office of the chief information officer was created in February. It is quite a small office of only four staff. The digital transformation service, which is part of the digital directorate, is just being established and it is going through the arrangements to recruit staff. The Scottish Government will be able to provide an update on that later, as the new arrangements are still being put in place.

Colin Beattie: Okay, so it is very recent. My concern from reading the report was that the information systems investment board was not getting responses from Government bodies. We need to ensure that that happens, because it is clearly a key part of the work.

Caroline Gardner: It absolutely is. We think that the new arrangements have the potential to resolve that. The framework is clearer and there will be dedicated staffing in the office of the chief information officer and the new digital transformation service, but we are not yet in a position to say that it will work in practice. As Gemma Diamond said, it is still developing as we speak.

The Convener: You mentioned how complex ICT programmes are, and in paragraph 75 of your report you say that Government should consider how best to manage them. I would guess that that statement has been made in various reports since 1999, when the Parliament began. Various reports have said that ICT projects involve complex arrangements and that we need to get a grip on them. We have seen challenges for the UK Government in relation to the roll-out of ICT programmes in the health service.

Is there a need for more thought about that? Governments say, "Let's have a new digital approach to this" and all sorts of buzzwords are used. Does there not come a stage at which we have to think, "We've tried all this before, for so

many years"? We have discussed the issue ever since the internet was invented.

Caroline Gardner: The specific comment in paragraph 75 is about the project management technique that is used for a specific IT project. There is not a one-size-fits-all arrangement that is the best one to use for every central Government project. That is an issue that needs more skills at a local level and more support through the Scottish Government.

The wider point is that Governments, here and more generally, are not very good at this. That has been reported repeatedly in Scotland, at UK level and more widely. The changes that the Government proposes to put in place through both its oversight arrangements and the digital transformation service have the potential to make a difference. As I say in a carefully worded phrase in the report, the project is ambitious—doing it will be difficult. The problem is that nobody knows what the right answer is; private companies are not great at it either, in many instances.

The Convener: Could it be that, by the time we reach the stage at which we try to take plans forward, the technology has overtaken them? The pace of technology is a challenge—things are running on a twin track with the Government on one track and the technology on another, and the technology has overtaken the Government at every opportunity.

Caroline Gardner: There is an element of truth in that, but I do not think that it helps very much given that we know that Government cannot simply opt out of the opportunities that come from technological changes. We all expect it as citizens and service users—people across Scotland do. In order to make the savings that are needed, we all need to make much better use of technology in future.

However, there is a need to make the investment in having skills and processes that are as good as we can afford as a Government, to provide a set of public services in Scotland that get the most from technology and to minimise the chances of things going wrong. Until now, the Scottish Government's approach has not demonstrated that it can do that.

Tavish Scott: I want to ask about the case study on page 22 of the report, which is about the common agricultural policy futures programme. Caroline Gardner raised that matter with the committee on 29 April and sent a letter that was in the papers for that meeting. At that time, the IT delivery partner costs had gone up from £28.8 million to £60.4 million—a 111 per cent rise. Was the reason for that increase the turnover of staff as stated in the case study? Was that what went wrong?

Caroline Gardner: There was a wider range of things going on. The committee might recall that I produced a section 22 report on the matter towards the back end of 2014. Without going into the detail of that, the skills gap was a problem. Challenges were also caused by the complexity of what the European Union requires and by the broad scope of what the Government planned initially as part of the CAP futures programme. All those things contributed to the increased costs.

I will produce another report for the committee later this year on progress on that programme, on the back of the Scottish Government audit. A significant amount of public money is involved, and the programme is of great concern to members' constituents; we are watching it closely. That was one element, but not the only one, in that particular case study.

Tavish Scott: The case study mentions that the programme had to fill two key senior programme management roles using fixed-term contracts; I think that you alluded to that in your answers to both Colin Beattie and the convener. I am trying to gauge where the project really went wrong, because a 111 per cent rise in costs is pretty concerning by any standards.

Caroline Gardner: At this stage, I would rather refer the committee back to my section 22 report that set out that and a range of other factors. We are continuing to monitor the programme and we know that there are continuing challenges for the team. I do not want to jump into that midstream without having a formal update for the committee to found on.

Tavish Scott: That is fine. Thank you very much.

Sandra White: I want to go back to the skills gap and what Caroline Gardner said in her opening remarks about competing with the private sector. That issue seems to come up constantly in the report, and Colin Beattie mentioned it, too. Bodies such as the Scottish Qualifications Authority and National Records of Scotland have not been able to retain skilled staff because of the huge difference in costs. I see that not so much as a skills gap but as the result of salaries being low compared with the private sector. Is that analysis correct? Salaries in the private sector are double those in the public sector.

11:00

Caroline Gardner: I think that that is a symptom of the wider problem, which is that there is simply a UK-wide, and probably a global, shortage of those skills. The public sector is more constrained in salary terms, for reasons that we all understand, so when people are competing for a skilled project manager or a data analyst, the

private sector tends to win out more often than not. There is not a quick answer to that, except to go through the sort of process that we talked about earlier of developing a pool that all public bodies can call on, rather than each body needing its own skilled people, and investing in the training and development of those people for Scotland as a whole, so that it does not turn into a bidding war.

Sandra White: The point that I am trying to make is that the private sector does not seem to have a big problem, even though those skills are paid for through the public sector, by people going to university, for example. The private sector does not seem to be short of those skills, whereas the public sector is. We constantly hear comments about shortages of those skills, but the private sector can harness them and employ those people.

Even if we had a huge pool of skilled staff, would they go into the public sector when they would get double the money in the private sector?

Caroline Gardner: That is a really good point to explore.

I refer you to exhibit 6 on page 21 of the report. There is a table that shows, first of all, the skills gap. Those are the skills that are missing within Scottish Government and the public bodies, according to their own survey of what they need. The right-hand column shows the skills shortages—the private sector, too, struggles to recruit and retain people with those skills.

That is not to say that nobody has those skills, but those who have them tend to move from job to job in return for another pay rise or better terms and conditions. That contributes to why some of the programmes in which a private contractor is involved can still struggle. People are moving on because their skills are in short supply, and they are moving repeatedly. The only answer to such shortages is to invest in more people who have the skills, to develop them and to ensure that they are available in the economy more widely. Pay is a short-term fix, but you are always vulnerable to the next person with a bigger chequebook making a better offer.

Sandra White: Even if we have a huge pool, we are not necessarily guaranteed that those people will work in the public sector.

Caroline Gardner: I think that you need to be able to—

Sandra White: Yes. Thank you.

Stuart McMillan: For me, the most important phrase in the report—it was highlighted earlier—is in paragraph 75:

“there is no one size fits all solution.”

Prior to being elected to Parliament, I worked for an IT company, at a lower level than Colin Beattie. As soon as a piece of kit left the factory, it was out of date—that was just the nature of the business—and things have moved on hugely since then. From my perspective, the huge challenge for any public body—in Scotland, across the UK or anywhere else—when it comes to an ICT solution is a bespoke solution is needed. One size fits all simply cannot happen, because every organisation is different and every public body is different.

The private sector can get it wrong, too, and ICT also costs the private sector huge amounts of additional finance. No organisation will ever get it correct, because of the complex nature of devising an ICT solution. I do not think that everyone—not only here, but outside the Parliament, too—fully appreciates that these are bespoke solutions for individual organisations.

Caroline Gardner: You are right in saying that we are often talking about bespoke solutions, either because nobody else needs to provide the service in question, or because the policy direction does not lend itself to an off-the-shelf solution. That is absolutely a fact. It affects the way in which banks develop their IT systems, as well as the way in which major retailers and the internet-based businesses that are so important these days develop theirs.

On the other hand, I do not think that that is a reason for the Government to say that it is all too hard and either that we will not do it at all or that we accept that it will all go wrong. Getting good governance and good oversight in place and doing what we can to build that skills base and to make sure that it is available to all public bodies, rather than each having to have its own, could make a difference against that difficult background.

Stuart McMillan: Exactly. I do not challenge what you have said at all. I absolutely agree with it. At the same time, people need to appreciate the wider view.

Caroline Gardner: Sure.

Angela Cullen (Audit Scotland): May I add to that, convener? As the Auditor General mentioned in her opening statement, we have used case studies in the report to highlight points. There are a lot of case studies in this report compared with some of our other reports, and some of them highlight things that perhaps did not go well or why problems have been experienced. We have also highlighted issues for individual bodies at different stages of projects that we thought were interesting and that others might want to look at and think about.

Picking up those lessons and sharing them more widely is a different way of doing things that I

had not thought about. We appreciate that one size does not fit all. We are trying to direct bodies to particular examples that they might want to think about.

Drew Smith: To return to Sandra White's point about competition between the public sector and the private sector on recruitment, did the Auditor General find any evidence of more innovative examples of recruitment—perhaps encouraging people to spend part of their career, or a shorter time, in the public sector, or attracting people to the public sector through things other than pay?

Some people may be prepared to work in health education because they value the benefits that that would have for society and for their careers. Other benefits might be location—people who would not otherwise be based in Scotland might want to work here for a while. Were there any examples, or is there more that could be done?

Caroline Gardner: I will ask Gemma Diamond and Morag Campsie in a moment whether we have any specific examples. Before that, it is worth saying that one of the Government's aims for the digital transformation service is to do exactly that sort of thing—to think about how people could be given new and unusual career paths. That might mean bringing in modern apprentices and giving them the chance to get early experience of different types of project, or bringing in people for an exciting project to transform the way that e-health, for example, operates. The aim would be not to do that in a way that relies on each body bearing the risk itself, but to do it at a Scotland-wide level.

Gemma Diamond: We know that, as part of the workforce stream for the digital strategy to promote working in ICT within the public sector, the Scottish Government is trying to do exactly that. It is about not just pay, but the other benefits that go alongside it.

As the Auditor General said, the digital transformation service is looking to bring in people to work on a number of very interesting ICT projects across a number of bodies and provide a career pathway for people, to encourage them to stay within the Government sector for longer.

Drew Smith: That would be welcome. Is there also an opportunity for people who do not want a career in the public sector but would be prepared to spend part of their career there? I am thinking in particular of people working internationally who might be prepared to come to Scotland to work on a specific project for a period of time, because they believe that it would enhance their CV and they would get benefits other than monetary reward.

Caroline Gardner: You are right. There are two dimensions to that. At the moment, it is primarily

happening through the contracting route that we talked about earlier. Mr Scott talked about the CAP futures programme, in which the programme director and senior people have been on short-term contracts. It is very important in those circumstances that we do what we can to make sure that they transfer their skills and experience to their team, so that we are not back to square one when they leave.

More generally, as part of the digital transformation service, there is a real place for thinking about whether there are people in their 50s who are coming towards the end of a career in the private sector who might want to give something back by working for a lower salary for a period of time to change the way in which public services are delivered. There is an opportunity there. I am not sure that we have seen much concrete evidence of that so far, but it is the sort of thing that I would expect the Government to be planning into the digital transformation service and the approach that it takes.

Colin Keir (Edinburgh Western) (SNP): A lot of what I wanted to discuss has been covered, so I will try not to jump on top of what has already been said. One of the things that struck me as I was reading through the report yesterday evening was the skills shortages, and I had got the impression, before I listened to today's evidence, that some of the problems involving timescales and the like are simply a result of skills shortages. The other thing that struck me, given what we might call the dubious reputation of some public contracts that have gone out in the past and the issues concerning the senior management of those projects, was that the people running such contracts might not know what is required technically but might perhaps experience a degree of interference.

That is one of the things that I was a bit concerned about in the previous report that you brought to the committee; there had obviously been some poor management practices, which were highlighted in that report. How do you feel about what you have seen now? I see a degree of improvement, particularly with the likes of the case studies that you have included to illustrate good practice, as well as some of the things that have not happened. Has there been any evidence of interference where there should not have been?

Caroline Gardner: Could you elaborate on the sort of interference that you are thinking about?

Colin Keir: It is simply to do with clarity about where the project is and where it needs to be at a particular time. A sudden and different policy decision could cause the project to veer off and cause problems for those who are trying to implement it.

Caroline Gardner: I do not think that that has come up as a major issue in the work that we have done here. You are right to say that there have been some improvements, but the areas in which we think that there has not been enough progress are, first, the arrangements for oversight, problem solving and support when things are behind, through the information systems investment board and, secondly, the work that is required to understand what skills are missing and to start investing in developing those skills in the public sector. A problem can arise with projects when the requirements change or, particularly under the agile project management system, when it becomes clear that you cannot do what you had originally planned to do because the technology will not support it or it is too complex, and you then have to reshape your plans to meet the timescale and resources available. We have seen that happening, but I would not see that as interference in the way that I think that you are asking about.

Gemma Diamond or Morag Campsie may want to add to that.

Gemma Diamond: No, we did not see any evidence of that.

Colin Keir: I just thought that some of the projects that are mentioned in the report had not been as quick as they could have been because of X, Y or Z.

The Convener: Let us have a brief final question from Mary Scanlon.

Mary Scanlon: I am sorry for going back three years, but we were promised by the Government then that it would have a strategic oversight of significant ICT programmes. Part 1 of the report states that that strategic oversight led to

“an ICT assurance framework in February 2013”

that

“was not clear enough and has not enabled the Scottish Government to fulfil its oversight role.”

That is total failure. Paragraph 2 states:

“The Information Systems Investment Board’s (ISIB) role was to oversee the implementation of the framework but it did not have sufficient information or capacity to perform this role effectively.”

You could not make that up. As if that was not bad enough,

“It did not receive all the ICT investment and assurance information required from ... government bodies”.

That is total incompetence and failure.

Promises about a strategic oversight were made three years ago. I will not rehearse the arguments that were made then involving ROS and BT and the need for a central strategic overview. It seems that one part of the Government cannot talk to

another, and the Government has a framework that, in the Auditor General’s words, is not clear enough to enable the Government to fulfil its role. If you were giving marks out of 10, you would barely give that a score of 1. It is really serious failure.

On the skills gap, the Government can look to the universities, the FE colleges and its apprenticeship programme, and it can talk to SDS. There is a huge role there. It is all very well to sit back and blame one person or another or the fact that the private sector pays higher salaries, but it only does that because of supply and demand. We have insufficient people coming forward.

Are you disappointed about the outcome of the promise of strategic oversight that was made on the basis of the four organisations that you looked at last time and the problems that they had? Are you disappointed with what we have here, which is in my view just total incompetence?

11:15

Caroline Gardner: As the report says, and as I said in my opening remarks, the progress that has been made on governance and oversight of the investment and on addressing the skills gap is not as good as it needs to be.

There were a number of problems with the framework. There was a lack of clarity about how to calculate the costs and risks of the projects that should be under its remit. The new guidance addresses that, but we have yet to see its effect in progress. The staffing of the board was not sufficient to enable it to chase up the information that was not submitted on time, and the time that was taken to do the skills gap analysis was longer than it should have been. The reasons for that are best explored with the Scottish Government.

Mary Scanlon: The Government departments did not even talk to each other. They could not get information from other departments.

Caroline Gardner: The establishment of the board was a good first step, but as always it needs to work effectively in practice. The guidance on how the framework should be applied was not clear enough about which projects were in and which were out, and not enough staffing was available to the board to let it chase up the information that it needed but did not have. That is the finding of my report.

Mary Scanlon: I am grateful for your diplomacy. Thank you.

The Convener: I thank the Auditor General and her team for their time this morning. I remind colleagues that we will discuss the subject in private later, under agenda item 7.

Section 22 Report

“The 2012/13 audit of North Glasgow College: Governance and financial stewardship”

11:16

The Convener: We move on to agenda item 4. We have written submissions from the Scottish Government and the Scottish Further and Higher Education Funding Council regarding the AGS report. I invite colleagues to comment.

Colin Beattie: I am doubtful about how far we, as the Public Audit Committee, can take this, but I want to raise two things. First, reference is made to four other colleges that have had problems. It would be irresponsible of us not to start asking questions about that, at least, and try to understand the issues involved. I do not know how far the Auditor General has been able to look into that, but anything that we did would need to be on the back of that. The options that we have are limited.

I think that we should produce a report on the matter and not just pass it on to another committee hoping that it will pick it up. I am happy for anyone else to suggest what we could do over and above that. Some progress has been made in ensuring that this will not happen again—the SFC has tightened things up. However, it is a concern and a worry, and I do not think that we should just close it down, pass it off and walk away.

The Convener: Another section 22 report is due that refers to the other colleges, so we are in a position to seek further information from the Auditor General on them.

Colin Beattie: Is that coming forward now?

Jane Williams (Clerk): At the end of June.

Colin Beattie: Good.

The Convener: That will allow us to seek further information from the Auditor General on the matter.

Stuart McMillan: I agree with Colin Beattie's comment about putting together some kind of report on the matter. I welcome the fact that further information is coming and I look forward to seeing that in due course. The North Glasgow College issue has been around and has been discussed by the committee for some time. It would be useful for us to try to pull together some of the information that we have received. It is not as though we have inquiries that run every week on particular issues.

It would be useful for us to put together a report on the information that we have received and the evidence from the oral sessions and then, possibly, to hand it over to the Education and Culture Committee or even to take a decision to do some further work on it at some point. It would be useful for us to collate information in a report first of all.

Sandra White: I am a substitute member of the committee, so I have not been here when the other reports have been discussed, but I think that the response from the Scottish Government is good. It is fairly up front and honest.

I hope that, when the committee looks at the other colleges, it will look at the fact that sanctions were visited upon Glasgow Kelvin College because of the actions of the colleges that it succeeded. That is quite a telling aspect of the report—that any college that succeeds another college inherits responsibility for anything detrimental that the previous college did. That includes a lot of the problems that happened at North Glasgow College.

Perhaps I should declare an interest, as I have met the college. It is not in my constituency any more, but I have met the staff and the trade unions and they are concerned about what has happened. Anything that can be done to prevent the same thing from happening in any other college would be more than welcome. I certainly recommend that the committee looks at the other colleges that have been mentioned.

Drew Smith: I agree with colleagues that we need to publish a report. I presume that, in considering a draft report, we would know the contents of the other report that is coming from the Auditor General. That would enable us to decide whether the issues in the two reports from the Auditor General on colleges should feed into the same piece of work or whether the issues are entirely separate and we should publish a standalone report on North Glasgow College.

Mary Scanlon: As Stuart McMillan said, the North Glasgow College issues have been around for some time. We should also bear in mind on a morning when we have talked about skills gaps that money that is handed out in severance pay is money that is taken away from training and educating young people.

I am with Colin Beattie. It is a serious issue. We are an audit committee, and nobody should get away with such a lack of an audit trail. Everyone who takes from the public purse, such as us, has to be absolutely open and accountable and all procedures must be robust and emblematic of good practice. I also agree with Sandra White that the Government's response is helpful, but it is mainly based on recommendations, such as not

allowing the same person to be the chair of the college and the remuneration committee, as that allowed the lack of an audit trail.

I would like something a bit more robust than recommendations, because this will not be the last time that we look at severance payments. Given that, and that more concerns about colleges will be coming to us from the Auditor General, I am in favour of our publishing a report and ensuring that the Government responds and ensures that the correct systems are in place.

Colin Beattie: I want to follow up on the valid point that Sandra White made. We can consider this when we are discussing our report, but we could recommend that the SFC considers sanctions against the college. The difficulty is that, as Mary Scanlon said, the money that was paid to people came out of the pockets of the students, and if the college is penalised, we will again take money out of their pockets. It is a difficult one. All of us round the table would like to see some sort of sanctions imposed, but that would harm the very people whom we do not want to harm.

Mary Scanlon: Exactly.

The Convener: I will try to bring our comments together. We agree that there will be a report, but we will need to consider its scope. I take on board Sandra White's point about sanctions, but Colin Beattie qualified that. Actually, it is not only the students but the employees who are left at the college who would be affected by sanctions.

We know of some well-publicised examples in Glasgow where those at the lower end of the pay scale do not enjoy the severance arrangements that others have enjoyed, and those people are more affected. Perhaps we can look at the approaches in which the arrangements for senior members of staff are different from those for employees at the lower end of the pay scale. We could consider that at the same time to ensure that there is a consistent approach given that substantial sums of money have been spent on the merger process and on severance payments. Where is the consistency when those who are paid much less appear to be given less consideration? We need to look into that.

Do we agree to collate a report in private at a future meeting?

Members *indicated agreement.*

The Convener: Thank you, colleagues.

Section 23 Report

“Accident and Emergency: Performance update”

11:25

The Convener: We move on to agenda item 5. We have a progress report update from the Scottish Government in relation to the committee's “Accident and Emergency: Performance update” report. We have already noted the Scottish Government's substantive response to the committee's report. Do members wish to make any comments?

Tavish Scott: I have a couple of points. First, there is undoubtedly some useful information in Paul Gray's answer, although I do not quite understand some of it. For example, on page 4, in the annex, on “Workforce”, there is a wonderful phrase in the middle of the paragraph headed “Shape of Training” that says:

“while providing a robust mechanism to ensure linkage across the wider UK landscape.”

For the life of me, I am not sure that I know what that means, and he does not say what the “robust mechanism” is. It would be helpful to have some clarity around language.

What I really want to know is whether we are due to get another report on the matter from Audit Scotland. The subject is topical—there is something about it literally every week at the moment. Given our continuing interest in it, will it come back to us at some stage through Audit Scotland's work? How else is the Parliament scrutinising it? I recognise that a lot of this goes into another committee's policy responsibilities, rather than being an audit matter.

The Convener: I am informed that the Auditor General does not have anything planned at this stage, but we could—

Tavish Scott: We could at least suggest it.

The Convener: We could write to the Auditor General and seek an update.

Tavish Scott: We could seek some advice from her as to when she might wish to consider the matter further.

The Convener: Yes. Are there any other comments, colleagues?

Colin Beattie: On the basis of what has been said, I think that we should just note the progress at this point.

Mary Scanlon: To be fair, we were planning a trip to Ninewells. We thought that the report raised serious concerns. We took evidence from NHS

Grampian, NHS Forth Valley and NHS Tayside. We found that NHS Tayside was a beacon of good practice and we wanted to learn from that, but it has been difficult to get that visit organised.

Tavish Scott says that the issue is topical. The recent figures for meeting the target are lower than they were when the Auditor General wrote the report, so things are getting worse. I appreciate that there are issues in Glasgow with the three hospitals merging into one, but the overall figure across Scotland is not good.

We learned in evidence that this is the 24/7 open door to the NHS, and we wanted to look into the matter further. To be honest, I do not want to just note the report. We have an obligation. The increase in presentations to accident and emergency services, with all that is behind that, is incredibly important for the national health service and it has impacted on general practitioners, the Scottish Ambulance Service and all sorts of things. I do not want to just note the report and leave it behind, because things are not getting better; they are getting worse.

Sandra White: I will throw another wee issue into the mix. It refers to something on page 4 of the report. I agree with Tavish Scott. I am not sure what the sentence that he quoted means in relation to the nationwide situation. It would be good to get clarification of that. There is a paragraph on Scottish international medical training fellowships. I would be interested to know, if the committee can find out, whether the new immigration laws that are being put through by Westminster, which the nursing profession has raised as an issue, will have an impact on its recruitment internationally. The Royal College of Nursing has raised that. I wonder whether the committee can look at that as well.

The Convener: I suggest that, in order to take forward those issues and the points that Mary Scanlon made, we ask Paul Gray to come to a future meeting.

Mary Scanlon: That would be helpful, given that we were not able to fulfil our inquiry.

The Convener: It might help to amplify things, and it would be an opportunity to address some of the points that Sandra White raised.

Mary Scanlon: Yes.

Colin Beattie: In suggesting that we note the progress, I was trying to close down the report. That does not mean that we could not ask the Scottish Government for figures, perhaps in a few months' time.

Tavish Scott: I agree with your suggestion, convener, and it would help with Colin Beattie's point. It will be in a few months' time, as it will be September before Paul Gray can come before the

committee, but Sandra White and Mary Scanlon have raised serious questions that, in the context of what we have been considering over a period of time, it would be a very good idea to ask. I would welcome Mr Gray appearing before the committee in September.

The Convener: Is that agreed?

Members *indicated agreement.*

The Convener: Before the committee moves into private session, I mention that two members of our support staff are leaving us. Jane Williams is moving to another committee: the Health and Sport Committee. I am sure that we all wish Jane the very best.

Tom Williams is also leaving us to go much further afield—he is going to Sweden, I understand. I am sure that the whole committee wishes both Jane, whom we will still see in the Parliament, and Tom, who is leaving the Parliament, the very best for the future.

Members: Hear, hear.

11:31

Meeting continued in private until 12:15.

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