OFFICIAL REPORT
AITHISG OIFIGEIL

Public Audit Committee

Thursday 14 March 2024

Session 6

The Scottish Parliament
Pàrlamaid na h-Alba

Thursday 14 March 2024

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PUBLIC AUDIT COMMITTEE
9th Meeting 2024, Session 6

CONVENER

*Richard Leonard (Central Scotland) (Lab)

DEPUTY CONVENER

*Jamie Greene (West Scotland) (Con)

COMMITTEE MEMBERS

*Colin Beattie (Midlothian North and Musselburgh) (SNP)
*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)
Graham Simpson (Central Scotland) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Stephen Boyle (Auditor General for Scotland)
Cornilius Chikwama (Audit Scotland)
Kirsty Ridd (Audit Scotland)
Wendy Sinclair-Gieben (HM Inspectorate of Prisons for Scotland)
Catherine Young (Audit Scotland)

CLERK TO THE COMMITTEE

Lynn Russell

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Public Audit Committee

Thursday 14 March 2024

[The Convener opened the meeting at 09:00]

Decision on Taking Business in Private

The Convener (Richard Leonard): Good morning. I welcome everyone to the ninth meeting in 2024 of the Public Audit Committee. We have apologies from Graham Simpson.

Agenda item 1 is a decision on taking agenda items 4 and 5 in private. Does the committee agree to do so?

Members *indicated agreement.*

Section 22 Report: "The 2022/23 audit of the Scottish Prison Service"

09:00

The Convener: Agenda item 2 is consideration of the section 22 report, "The 2022/23 audit of the Scottish Prison Service", and I am delighted to welcome to the meeting Wendy Sinclair-Gieben, His Majesty's chief inspector of prisons for Scotland.

We have some questions that we would like to put to you, Wendy. However, before we get to them, I invite you to make a short opening statement.

Wendy Sinclair-Gieben (HM Inspectorate of Prisons for Scotland): It will be short, I promise.

We have four key areas of concern in relation to the Prison Service, the first of which is the performance of the prison transport provider. The second area is the prison population, particularly overcrowding and remand figures, and the third is that, with that, comes an estate that is not fit for purpose. Lastly, there is the issue of mental health and how it is handled in Scotland, with the prisons picking up what is, to be frank, a vast number of people who are mentally unwell.

Starting with the performance of the prisoner transport provider, I have to say that over my tenure—that is, since 2018—there have been fluctuations in that respect, with what are, in my opinion, unacceptable drops in performance leading to human rights breaches. I have repeatedly raised the issue with the Scottish Prison Service and, at times, the Cabinet Secretary for Justice, and every time, I have been given a comprehensive response.

In March 2020, I raised our concerns formally, particularly with regard to the issue of critical non-court appointments. The very impressive response that I received included phrases such as ensuring

"that work on improving systems and processes continues during the disrupted period."

Moving on to 2021, I recognise that that was an extremely challenging time for everybody, as there was a global pandemic.

In 2022, I wrote again with concerns about enduring issues of cancellations of non-court appearances and, in particular, critical healthcare appointments. For example, there were people with stage 4 cancer who had had three critical care appointments cancelled. I was deeply concerned; although the first quarter of 2022 saw a slight improvement, things dropped again.

In 2023, I raised the issue twice. I have never seen such poor performance as I had by the end of 2023; it was truly shocking, with appointments in some prisons more routinely cancelled than they were met. We had real problems.

Now that we are in 2024, I have again escalated my concerns. I am aware that significant efforts have been made by the justice partners to try to mitigate and address the issues, and I am aware that the picture is, again, improving, as was the case in 2023, 2022, 2021, 2020 and 2019. We have always seen a drop in performance, followed by an improving picture.

However, this is a significant challenge to human rights as well as a financial risk, and I worry that it might be another slopping-out case. Given the history, it does not give me, as chief inspector, any confidence at all in continued and sustained improvement. I have to say that I was pleased to see a considerable degree of what I have been talking about echoed in the section 22 report.

I do not know whether you want me to stop there, convener, or whether I should go on to remand and overcrowding.

The Convener: We have some questions on each of the areas that you have outlined, chief inspector, so if you are agreed, I will turn to the deputy convener to get the ball rolling. You will obviously have an opportunity to give extensive answers to our questions, which I hope will reflect the other things that you might have wanted to say in your opening statement.

Jamie Greene (West Scotland) (Con): Good morning. I think that other members will probably want to talk about the prison transport issue later in the session, but I want to kick off this morning by looking at the bigger picture with regard to the prison population, capacity within the prison estate, and the state of the estate itself.

The forecast for March 2024 was that the prison population would rise to more than 8,000. I presume that that has occurred. It is my understanding that, even running at maximum capacity and at so-called extended operating capacity, we can accommodate no more than about 8,500 prisoners across the entire estate, so we are getting to a crunch point. Given your overarching brief, what is your view of the situation at the moment? How perilous is it?

Wendy Sinclair-Gieben: The estate is already overcrowded. In 2019-20, I reiterated a statement that the choice is stark: we either build more prison spaces or reduce the population going in—those are our only two choices. We have an ageing population, so the demographic is very different from what it was 20 years ago. When I was the governor of Kilmarnock prison in 2006, it was unknown to have wheelchairs—if there were any, they were rare—but now, you need only visit HM Prison Edinburgh to see wheelchairs, crutches and all sorts of things. There is an ageing population and a very different demographic, as well as a great deal more serious and organised crime. We need to accept that that is the case and either build or manage an estate that is fit for purpose or reduce our population by looking at community alternatives.

As I have said, the estate is already overcrowded. I accept that there are areas of the Prison Service that are underutilised. By keeping children in custody, we are using 42 cells for two, three or four people. We have an area in HMP Grampian that is empty because the service cannot get staff to go there, although I know that that is being addressed. However, those are minimal spaces. HMP Barlinnie is overcrowded and is at risk of catastrophic failure, and frankly, HMP Greenock should be bulldozed.

What does it mean when we say that the estate is already overcrowded? It is easy to look at prisoners and say, “Well, they did the crime, so they have to do the time.” I think that we all understand that attitude. However, the reality is that their access to rehabilitative activities and to essential and crucial relationships with the staff that can turn around criminogenic behaviour is reduced, and therefore the risk to society and further victims is increased. For me, the Parliament needs to address the issue, and address it fast.

Jamie Greene: My goodness, that sounds like a grim situation.

Wendy Sinclair-Gieben: I think so.

Jamie Greene: I have heard you give evidence in previous years, and some of your warnings on the ever-increasing numbers have been borne out. However, I guess that the numbers do not paint the entire picture. Is the issue simply that the nature of the prisoners has changed over the years? We have heard anecdotal evidence that increases in serious organised crime, which you mentioned, serious sexual offences and serious violent behaviours have led to higher prisoner numbers. Of course, we also have a substantial remand population, many of whom have been there way beyond the statutory limits, because we voted to get rid of those limits in many cases.

Is there proportionality in the system? Are too many people being put in prison for the wrong reasons, or is the issue simply that the nature of crime and its prosecution are changing and therefore people have to be in prison, but we just do not have enough spaces for them?

Wendy Sinclair-Gieben: We must give praise where praise is due: our police force does an

excellent job of providing evidence and catching people, and our courts do an excellent job of convicting them. There is definitely an increase in serious offending, and the number of legacy sex offenders is, inevitably, increasing, too. Because of that, we also have an increase in the lengths of sentences. If you look carefully at life sentences 20 or 30 years ago compared to life sentences now, you will see a distinct increase. Not many of the public would disagree with that. We are holding people for more serious offences and for longer periods, which leads to an increased population.

Because of that, we also have an ageing population, but the fact is that prisons are primarily built for fit young men. I will leave the women's estate out of this, because, frankly, the Scottish Prison Service and Scotland should be proud of what they have done in that respect. However, the reality is that an ancient Victorian prison that is crumbling at the seams and which requires millions to keep the plumbing going is not designed for an elderly population, and that is what we now have. We have a considerable proportion of people who are disabled, people who are physically aged, people who struggle, people who need adapted cells and so on. That makes it very difficult to manage. That is where we are, and the Prison Service deserves praise for the fact that it does manage the situation.

Violence has gone up, as has the number of deaths in custody. I gave due warning of that. We have not had anything like the levels of insurrection that could have been predicted, and that is down to relationships between staff and prisoners.

Jamie Greene: It is important that we put on record our thanks to those on the front line who deal with and manage this. It sounds like a real balancing act in some of those institutions.

That said, we have made legislative changes over the past decade. The presumption against short sentences of incarceration means that, by the very nature of our system, those who get sent to prison have been convicted of quite serious crimes. How can we achieve that balance? Do we reduce the prison population, as has been suggested, or is the answer to simply build more estate? We have not been building or replacing those antiquated buildings in a timeous fashion, and any attempts to do so have, as we know, gone massively over budget and been hugely delayed.

Wendy Sinclair-Gieben: I recognise that.

Jamie Greene: What is the answer? Should we be building more prisons or putting fewer people in jail—or both?

Wendy Sinclair-Gieben: Personally, I think that we should be doing both. When I looked last September, the number of people in prison on sentences of under 12 months was something like 750. Those figures can be more accurately received from elsewhere—you could certainly look at them now.

I would highlight the number of very mentally ill people in prison; at least a third of all segregation units have very mentally ill people in them, and we need to look at that. I would also look at the very short terms that people are in prison for. Moreover, the number of women and young people—that is, those under 25—who are on remand and then released from court raises the question of why we continue to use remand in that way.

If you think about it, the statutory presumption against short-term sentences was approved precisely because it was not felt to have the necessary effect—it did not prevent reoffending and it was less effective. Having long-term remands arguably has the same outcome—that is, you are more likely to develop escalating criminogenic behaviour than you are to deal with it.

Scotland has a cultural issue with remand, in that we do not think it as important to develop the interventions in relation to criminogenic behaviour for people on remand, as we do for those who have been convicted. The Prison Service is funded to provide employment in relation only to convicted prisoners, but many prisons still make a point of ensuring that remand is there.

As for health inequalities, you can be in remand for two years and yet you would not be entitled to any dental treatment other than emergency dental treatment. The issue with remands is that, if they were genuinely short term, they would be in some way justifiable, but longer-term remands are certainly not. Given that up to 30 per cent of the prison is population on remand, I would argue that that is actually breaching human rights.

Jamie Greene: That is interesting. Other pieces of legislation going through other committees are looking at the remand issue. Certainly, in any interactions that I have had with the judiciary, there is very much a feeling that remand is used as a last resort, with the presumption against releasing people when they are charged and go back to court.

Wendy Sinclair-Gieben: Yes, there are no alternatives for the judiciary.

Jamie Greene: May I ask about the situation with HMP Greenock? It is an area of local interest for me, but you mentioned it in your opening statement, too, stating that the prison should be bulldozed. It is currently inhabited by a substantial

number of prisoners—both those on remand and those being held for longer terms—and has a substantial number of staff. We would have nowhere to put those people if we did bulldoze it, so they are stuck there, presumably, with no plans for replacement. What should happen there?

Wendy Sinclair-Gieben: It is unfortunate. Greenock is one of the best prisons that I have inspected. The staff-prisoner relationships are superb, the community relationships are superb and health is good. I think that there are many aspects of Greenock prison that are wonderful.

I would have loved the space at Inverclyde, which costs the Scottish Prison Service in the region of £40,000 a year to maintain, to have been built on. All the good things about Greenock prison could be moved there. I recognise that there is a funding crisis and that we are unlikely to achieve that, but I would love to see another prison built that is fit for purpose, because Greenock prison is not. It costs a fortune to maintain and it has water ingress. It has real issues.

09:15

Jamie Greene: Do you have any powers to direct it to be closed if you are unhappy with the conditions?

Wendy Sinclair-Gieben: No, not at all.

Jamie Greene: Would you recommend that if that were the case?

Wendy Sinclair-Gieben: I could recommend a full health and safety check. However, I am reluctant to do so, because the prisoners and the staff really like being there, and the Prison Service does its level best to maintain it and keep it going.

Jamie Greene: Right. So we will leave it as is and hope and pray that there is a replacement—

Wendy Sinclair-Gieben: —and hope that funding will be found to build that replacement.

The Convener: We will have more questions about the estate later.

I want to pick up on something that feels almost counterintuitive to me and which we have, I think, previously taken evidence on. If a person is on remand, they are more likely to be locked up for longer. That is still the case, is it not?

Wendy Sinclair-Gieben: That is correct. The conditions are worse for someone on remand than they are for someone who is convicted.

The Convener: What is the rationale behind that?

Wendy Sinclair-Gieben: I am afraid that you would have to direct that question elsewhere.

The Convener: Do you think that that is an operational matter? Is it not a human rights matter?

Wendy Sinclair-Gieben: It is based on the prison rules. It is a legislative requirement. Remand prisoners are not required to work. There is funding for convicted prisoners, who are required to work, provided that they are not, say, old or ill. However, that funding is not there for remand prisoners. Many prisons overcome that as much as they can.

The Convener: I will move on, but I will come back in later. I now invite Colin Beattie to put some questions to you.

Colin Beattie (Midlothian North and Musselburgh) (SNP): I would like to explore double-cell occupancy and its consequences.

Wendy Sinclair-Gieben: Oh, please do.

Colin Beattie: In March 2023, 31.5 per cent of prisoners occupied double cells across the prison estate. In the Public Audit and Post-legislative Scrutiny Committee's 2020 report, in session 5, entitled "The 2018/19 audit of the Scottish Prison Service", that committee described the solution of addressing capacity issues by doubling up prisoners as

"a step backwards rather than forwards."

In response to that report by our predecessor committee, the Scottish Government said that the doubling-up of prisoners in cells was not its "preferred approach". It further stated that the SPS was

"actively working to provide single cell accommodation"

to all prisoners.

Do you know whether there has been a significant increase in the use of double cells? Has the SPS improved the situation?

Wendy Sinclair-Gieben: By no means. There are a number of cells. The European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment has guidance on what sizes cells should be. There are numerous cells in Perth and Barlinnie prisons that are too small for two people. They are fine for one person, but they are too small for two people. Those prisons are forced to use them because of the size of the prison population.

Colin Beattie: The previous reports that we have looked at have said that 31.5 per cent of prisoners were in double cells. Is the figure still about the same?

Wendy Sinclair-Gieben: I could not quote the statistics, but that feels about right.

Colin Beattie: I am trying to figure out whether things are getting worse or whether they have stabilised.

Wendy Sinclair-Gieben: Things had to get worse as the prison population went up. For instance, an extra 100 beds were put into single-cell rooms in HMP Low Moss. We managed to get the double bunks taken out of Greenock prison but, because of the size of the prison population, the SPS might be forced to look at other areas that have relatively large single rooms. It cannot take beds out of Perth, Barlinnie and Low Moss prisons because they are forced to use them because of the size of the prison population.

Colin Beattie: It is simply the sheer volume of prisoners that is driving that.

Wendy Sinclair-Gieben: Yes.

Colin Beattie: Is there an alternative?

Wendy Sinclair-Gieben: There should always be some double cells. Some people benefit from being in a double cell, but they should be rare.

Yes, there are alternatives but, unfortunately, they are expensive. You can convert three cells into two and put a bathroom or something else in the middle, but, as I have said, that is expensive, and the reality is that prison numbers at the moment are such that the SPS is forced to use double cells. The idea of sharing a cell for 23 hours a day with a total stranger who might not have the same hygiene standards as me fills me with horror. I do not even park on double yellow lines.

Colin Beattie: I guess that a spin-off from that is concern about prisoners' mental and physical health and the impact on rehabilitation. Do you know of any assessments of the impact of overcrowding and restricted regimes on the mental and physical health of prisoners?

Wendy Sinclair-Gieben: I cannot point to any accurate research, but I know that a lot of that work is going on at the moment. The National Preventive Mechanism, which I chair, is looking at two or three areas, one of which is the delay in getting people who are in hospital into the in-patient care for which they have been designated for mental health reasons. There is no question but that there has been a rise in mental health issues; that has been evidenced across the country, and it is also true in prisons. The mechanism is also looking at the impact of segregation on mental health.

Some work is going on, but I have not seen any major recent research on the impact of overcrowding on mental health.

Colin Beattie: You previously mentioned that a large number of prisoners have mental health problems when they enter the prison estate. Is there any way of determining the extent to which the Prison Service's restricted regime, double bunking and so on are impacting on those people?

Wendy Sinclair-Gieben: That would require a thematic review, which I think would be very worth while.

Colin Beattie: Particular reference has been made in the past to Barlinnie, as well as to the wider prison estate, of course. However, the difficulty there is that, in the words of the chief inspector of prisons, a restricted regime is in place to keep prisoners "safe and controlled". Just a few minutes ago, you talked about prisoners being in their cells for 23 hours a day. How is that possible? In prisons in rather more brutal regimes, prisoners are in their cells for 23 hours a day, but we are doing the same here.

Wendy Sinclair-Gieben: I cannot argue with that. I think that it is fundamentally wrong. That does not mean that I think that cells should just be open for a free-for-all, but we need to provide purposeful rehabilitative activity.

Colin Beattie: On a practical basis, if prisoners are in their cells for 23 hours a day, does that mean that their food is served there, too? Do they not get out to mix with other prisoners?

Wendy Sinclair-Gieben: That was certainly the case during Covid. They do get out for food—that is why it is only 23 hours a day. They come out three times a day for food.

Colin Beattie: I had assumed that the one hour was for exercise or whatever.

Wendy Sinclair-Gieben: There is also an hour for exercise, so they are in their cells for 22 hours a day.

Colin Beattie: Thank you.

The Convener: Willie Coffey has some questions on Barlinnie and the estate.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): Good morning, chief inspector. So far, we have heard some sobering comments, one of which came from the conversation that we have just had about prisoners in the estate. When the question "What's the solution to this?" was asked, the answer was, "There are too many prisoners—either reduce that population or build more prisons."

I want to ask what might be a very difficult question for the public to hear the answer to. Are there people in prisons with mental health conditions who, quite frankly, should not be there any more and should be elsewhere?

Wendy Sinclair-Gieben: Yes.

Willie Coffey: Are you prepared to put a number to that? I think that you said that about a third of the prison population have mental health and wellbeing issues. Is that what you said?

Wendy Sinclair-Gieben: No. I said that, when we carried out the segregation review, we found a third of the people in segregation to be clearly mentally unwell, but they did not necessarily reach the threshold at which in-patient care was required.

Willie Coffey: As I said, it is a difficult question for the public to even think about. To your knowledge, has anyone considered this? You learned from your experience in Kilmarnock that, in 2006, there were no wheelchairs there, but now the prison has them. The prison population is getting older and more infirm. It is a difficult question for society in general, isn't it? Should we be thinking about that aspect of the prison population and about whether those people should be properly retained in prison?

Wendy Sinclair-Gieben: We do need to think about that. We have always operated on the basis that prisons should be at the highest security level, but perhaps the time has come to rethink the estate. Do we need an old people's home with a secure wall round the outside? They are not going to escape, but we do not want people getting to them, either. We need to be secure, and victims need to know that they are held securely, but we need to rethink our penal estate.

Willie Coffey: Clearly, the public need to be assured about the risk or lack of risk to society at large, and that would have to be part of any such consideration.

Wendy Sinclair-Gieben: Absolutely.

Willie Coffey: By and large, would you say that there are people in prison at the moment who are no risk to society because of their deteriorating age or mental health?

Wendy Sinclair-Gieben: There are some people who I would not consider to be a risk to society—some of the very elderly disabled prisoners, for instance. However, that does not alter the fact that they will require care wherever they are, whether in the community or in prison. It is questionable whether very expensive and very secure buildings are the right places to hold them. That is a difficult issue.

I firmly believe that giving more options to sheriffs and the police—by having more community interventions that deal with poverty and deprivation and that tackle crime at the very earliest stage—is, in fact, the way forward in reducing the prison population. However, that is not a short-term solution.

Willie Coffey: Thank you for answering that question. I had not intended to ask it, but we were led in that direction from the earlier conversation, and it is quite important.

Let us turn to Barlinnie, which the 2018-19 audit identified as presenting the

"biggest risk of failure in the prison system".

In the inspection report that we are discussing today, you talk about "surge capacity" and so on. For the benefit of committee members and, perhaps, the public, will you briefly explain what we mean by surge capacity and why Barlinnie is in the frame when we talk about that?

Wendy Sinclair-Gieben: Sure. Surge capacity refers to the prison that can expand the most readily to cope with any sudden surge in the prison population. Barlinnie is the prison that is designated as providing surge capacity, because it is the biggest and because it is in the central belt and therefore readily available from the majority of the courts. It also has a considerable degree of double bunking, and it has big wings, so you can separate the different cohorts of prisoners. Therefore, understandably, Barlinnie has been chosen for surge capacity.

In reality, when prisoner numbers are this high in Scotland, we also have two private prisons that have the capacity to take more prisoners.

Willie Coffey: In essence, there is no other—

Wendy Sinclair-Gieben: Oh, sorry—I said that there are two private prisons, but, actually, one is going into the public sector this weekend.

Willie Coffey: Yes, I know it well. I am very familiar with it.

There is really no option; if we have such a situation, it has to be Barlinnie that takes on the extra demand, because of its size and design, presumably. It has the space, but it is perhaps in the poorest condition of all our prisons.

Wendy Sinclair-Gieben: I think that Greenock is in a poorer condition or—put it this way—a similar condition.

The size of Barlinnie is the problem. Were you to lose Barlinnie, there would be nowhere else to put its prisoners—that is the issue. If you were to lose Greenock, you could overcrowd some of the other prisons but you would manage, because there is such a small number in Greenock. I would be sorry to lose Greenock, though; it is a good prison.

Willie Coffey: You mentioned that the regime at Greenock is really well thought of among the staff and the prisoners. Do they try to share that practice with the rest of the prisons?

Wendy Sinclair-Gieben: They do. The small prisons—Greenock, Dumfries and Inverness—all have an almost familial feel to them, because they are very small and the staff get to know all the prisoners really well. It is rather nice.

Willie Coffey: I also get that impression when I visit Kilmarnock prison. There are 500 or so prisoners there, but I get the sense from working closely with the director and the staff that there is a good regime. The prison is well managed and there are good relationships.

Wendy Sinclair-Gieben: It is a good well-run prison. I have to say that Barlinnie is, too.

09:30

Willie Coffey: In 2020, the Government told our predecessor committee that the Prison Service has

"robust contingency plans in place"

to deal with

"a loss of critical infrastructure or ... an incident".

Are those robust contingency plans still in place and, if so, are they fit for purpose?

Wendy Sinclair-Gieben: Given the cost of maintaining and staffing these old buildings, there comes a stage when you need to invest to save; it is just that it is a very long-term saving. I think that the service is doing its best—it really is. Members of the estates team do their best to maintain and keep these old buildings going, and the governors do their best to make sure that the prisons are decent and humane, that people care and that there is compassion. In the Barlinnie recovery cafe, which deals with substance abuse, there is a day care centre for the elderly population, and there is the community hub and the wellbeing hub. The service is being as innovative as it can and is trying to do more with less, and it deserves praise for that.

Willie Coffey: In 2019, you told our predecessor committee—it was probably in answer to a question from me—that it would take five or six years before Barlinnie would be replaced, but we are still not there.

Wendy Sinclair-Gieben: I am ever hopeful.

Willie Coffey: You said that, during that time, the infrastructure would "continue to be fragile" and would probably diminish. Five years on, what is your assessment of the condition of Barlinnie? Is it significantly worse?

Wendy Sinclair-Gieben: It is more or less the same. You just need to visit to see that. If you have not visited, it is worth doing so, and likewise with Greenock. When you see big buckets full of water in Greenock, you know that there is a slight problem with the roofs. I will never forget my first inspection at Barlinnie. I remember walking along to the chaplaincy with plaster dust landing on my head. I was walking around in the early evening and a little family of rats came with me. It was pouring with rain and, when the water table comes up, the rats come up, although the governor keeps the place immaculately clean, and there is no waste lying around to encourage the rats. The units are narrow and tight, and you cannot actually manage a regime in the prison. The cells are small, narrow and high, with a window.

It is not exactly modern penology. For me, prisons' role is to do their level best to reduce the risk when prisoners leave. That should be the primary consideration rather than having to warehouse people, as I would put it, because there are so many people and so much turnover.

Willie Coffey: The purpose of prisons when Barlinnie was built was nothing like the purpose that you describe now.

Wendy Sinclair-Gieben: No.

Willie Coffey: It must be hugely expensive to try to continue to keep Barlinnie in reasonable condition.

Wendy Sinclair-Gieben: Very much so. The Prison Service can answer on that point, but the maintenance costs for Barlinnie are dramatically different from those for the more modern big prisons such as Low Moss and Grampian.

Willie Coffey: Convener, did we agree that you would ask about the demographics? I could do that, if you want.

The Convener: If you want to do that, that would be helpful.

Willie Coffey: We have touched on changing demographics in the prison population. Will you tell us a little more about the impacts that that is having? You said that there are more elderly people with more health conditions and so on. Is the situation accelerating at a pace that is becoming difficult to manage?

Wendy Sinclair-Gieben: I would love to say that it is difficult to manage but prisons do an amazing job of managing it. Against that, the reality is that the estate does not have the level of cells that we need. For instance, HMP Stirling, which is a brand new prison—by the way, it is fantastic so, if you get the chance, go and have a look—does not have a room that is big enough for a bariatric prisoner. She has a bariatric wheelchair that cannot get through the door, so staff have to put a smaller wheelchair inside and help her through the doorway. We are not thinking about how the population has changed, even with a brand new prison. It may still not have been thought through.

If we are dealing with significant mental health issues, which I think we are, we should perhaps think, when we build, about having jointly run units. Victoria in Australia has a prison called Ravenhall, one unit of which has flexible walls, as they are referred to. The facility caters for very mentally unwell people, and it is managed by both the forensic healthcare service and the prison service. We should be looking at such examples and asking whether they would suit Scotland. When we are building anyway, do we need to build in future proofing? Do we need to build in aged care?

Willie Coffey: When a person gets sentenced to be imprisoned, does the system look at that person's needs initially before it is decided where they should go, if they have particular health requirements and so on?

Wendy Sinclair-Gieben: Yes. They are screened when they come into prison.

Willie Coffey: Is an attempt made to put the person close to where their family live?

Wendy Sinclair-Gieben: Yes.

Willie Coffey: Would you say that the person's needs are being met, by and large, where they have been placed to carry out their sentence?

Wendy Sinclair-Gieben: By and large, yes.

Willie Coffey: The whole estate cannot possibly offer all of the range of supports that you describe. Would you say that, even with the best will to deliver that right across the estate, it is beyond us to meet the needs of that ageing population, which is growing and changing?

Wendy Sinclair-Gieben: Staff do their best with inadequate resources. There are insufficient rooms that are adaptable for people with mobility needs. There is insufficient mental health support. However, there is no alternative. There are the units and the segregation unit, but there is no third option. Perhaps there needs to be.

Willie Coffey: Have we assessed any of that across the estate? Have we looked at that and recognised that specifically?

Wendy Sinclair-Gieben: Yes. The new women's prison has certainly looked at that.

Willie Coffey: Thanks so much for your responses to those questions.

The Convener: One of the themes in the Audit Scotland report is the importance of collaborative working. A lot of the challenges that have been described by you this morning are amplified in the Audit Scotland report. The risks that are faced by the prison system will only be solved, in the view of the Auditor General, by better collaborative working between the Scottish Prison Service, justice partners, the Scottish Government and so on. Do you have a view about how you think that collaborative working relationship should be?

Wendy Sinclair-Gieben: I absolutely agree with the Auditor General. However, I have seen an improvement of late. I am thinking here of the criminal justice board, which is chaired by the Scottish Government. The police, the courts and so on came together in that to consider, for example, prisoner transport, the increased use of virtual custody courts, the use of the police to manage the violent person process, and so on. There has been a distinct coming together and an approach of, "Let's solve this together." That has been very reassuring and has very much been welcomed. It is a problem that the interoperability is not quite there, however.

The Convener: As you mentioned earlier, you spent time as the governor of Kilmarnock prison. From that perspective, do you have a view about how things could work better collaboratively between the Prison Service—or the private sector, as was then the case—and central Government departments?

Wendy Sinclair-Gieben: When I first came before the committee in 2018, I said that, at the end of my tenure, I would be delighted to do a review of information flows among the justice partners. When somebody tangles with the police, do people have knowledge of them from social work or from health, so that they can choose how to deal with them? When someone goes to the Crown Office and Procurator Fiscal Service, does it take an informed decision? How does the information flow happen? If people need to work with justice partners—if, for instance, the courts need to know that the sheriffs have a wider choice of alternative disposals—how is that managed? Are the courts alerting the prisons as to who is going to come and who is not going to come in enough time so that the court transport does not take 14 people to court who are not required to be there?

I felt that information was siloed and that information flow and informed decision making were not being achieved. Therefore, yes—there is room for improvement, but I have welcomed the obvious signs of the Prison Service and central Government departments working together recently.

The Convener: Good.

Can I turn now to the vexed subject of the Scottish courts custody prisoner escorting services contract—SCCPES—which goes beyond simply escorting people backwards and forwards to court, does it not? It goes into health appointments and so on, which again you have alluded to.

When I was preparing for today, I read your annual report as a reference point. It came out in September 2023, and in it you covered some of your concerns about that. You said that there have been some "serious issues" with prison transport, which "remains a key concern." It feels as though you have gone a bit further this morning, chief inspector; you said that it is truly shocking.

Wendy Sinclair-Gieben: It is, yes. I am sorry, but it is. We have a thematic lead in our team—it is a very small team—who is doing a transport review at the moment for that precise reason. That review includes user voice, case studies and listening to the difficulties that the provider has and that the Scottish Prison Service has. The first draft is due at the end of April, and we will probably publish it in June, although there are no guarantees, because it depends on how long the editing process takes.

The Convener: Do you have a view about the model of outsourcing that function of the prison service?

Wendy Sinclair-Gieben: I have a personal view and I have a chief inspector's view, but I will stick with the chief inspector's view, which is that—

The Convener: We might prefer the former rather than the latter, but anyway.

Wendy Sinclair-Gieben: Well, the former would be much more interesting, but the chief inspector's view is that the contract has not worked since its inception. It has not provided the service to the court and non-court appointments that we would expect. Therefore, there must be a flaw in the commissioning of the contract, in the contract itself or in the management of the contract—there just must be—because, otherwise, the issues would have been resolved and it would have worked.

I also think that the Parliament has a manifesto that says that services should be trauma informed. The Prison Service's strategic plan also says that services have to be trauma informed, and I would argue that things such as funeral escorts and hospital escorts would be more trauma informed if they were managed by the Prison Service staff, because the prisoners know those staff and may have a relationship with them. There are options and alternatives.

I also looked at the performance of the transport providers in other jurisdictions. The same transport provider is doing very well in other jurisdictions, but it is operating there under a very different contract. The contract is due to expire, or reach the end of its first stage, in 2027. We now need to consider what sort of contract or what sort of delivery Scotland needs.

The Convener: Are you talking specifically about the situation in England? Audit Scotland's representative told us that it is a much tighter contract there; it only involves transporting people backwards and forwards to court and is not about taking people to family funerals or NHS appointments.

Wendy Sinclair-Gieben: Yes.

The Convener: Will that be part of the consideration of your thematic review of prisoner transport?

Wendy Sinclair-Gieben: No, my thematic review will be more tightly focused than that. It will be on the impact of the SCCPES in Scotland. We will not be looking at the contractual issues.

If we had more time, I would also like to consider the hidden cost. For example, what is the cost of every hospital appointment that is cancelled? What is the hidden cost of every court case that does not happen? Goodness knows what the cost is of that, because of all the lawyers that are involved, and so on. What is the cost of having a contract that requires significant financial input? There are hidden costs in the SCCPES—or whatever it is called—that have not been examined.

09:45

The Convener: But, again, we took evidence from the Auditor General that, as the report says,

"62 per cent of prisoners due in court arrived on time".

That means that 38 per cent did not.

Wendy Sinclair-Gieben: That is correct.

The Convener: I also note that

"65 per cent of non-court"

transport was on time, meaning that 35 per cent was not. That is the transport to the health appointments that you talked about in quite dramatic terms at the start of this morning's session. We have also taken evidence about the vacancy rate in GEOAmey, and we have had discussions about salary levels and whether the reason for that high vacancy rate is the remuneration package that people get. Do you have a view on that?

Wendy Sinclair-Gieben: Certainly all these issues I have raised with the SPS, and the comprehensive response that I got and which I am happy to share with the committee shows an improved position. Staffing levels are almost at those set out in the target operating model, and it has had considerably better results this month than it had previously. Certainly, 2023 was one of the worst years that I have seen.

My concern is that that has required considerable effort from the justice partners and

further input of cash and, given the history, I have absolutely no confidence that it is sustainable. The staffing position has been poor, and the staff are paid slightly less than you would get paid at B&Q. Inevitably, when the police and the Prison Service recruit, they get wonderful staff who are well used to handling difficult and challenging people who come to them. Therefore, I am not sure that the position is sustainable, and I think that an alternative needs to be considered. You need to examine the contract.

The Convener: Finally, and before I bring in the deputy convener, who I think has another couple of questions, do you think that this is a failure of GEOAmey, which is going to be sitting where you are sitting in a few weeks' time? Is it a failure on its part, or is it a systemic failure? Is it a model that simply cannot work, no matter whether it is run by GEOAmey, Serco or whoever?

Wendy Sinclair-Gieben: You have to be aware that Serco and G4S withdrew from the bidding, because they felt that the model would not work.

The Convener: Okay. So, that is a yes, then. The market speaks, perhaps.

I now invite the deputy convener to wrap up the session.

Jamie Greene: I just want to direct the conversation back to where we started—that is, the situation going forward. As you will be aware, the head of the Scottish Prison Service, Teresa Medhurst, was on television recently, and, referring to prisoners, she was quoted as saying:

"enough is enough ... We cannot take any more."

Given that we are, as I think it is widely acknowledged, already over capacity, if the trend continues and prisoner numbers rise, the big question is what happens then. I guess that my question, therefore, is this: what do we do when there is simply no more space?

Presumably there are three things that we can do. First, we direct the judiciary not to send people to prison; secondly, we release people who are currently in prison early; and thirdly—and this is something that I suspect is being actively considered—we house the additional influx of people in temporary accommodation. Given your lengthy and wide-ranging experience of prisons, what would be the best option for policy makers?

Wendy Sinclair-Gieben: A combination of all three is needed—it really is. We need to look at the estate very carefully and see where we can expand. The two private prisons can expand; it will mean doubling people up in cells, but they can do it. We also need to look at where units have been closed and open them again.

Moreover, we need to take children out of prison custody. There is no argument in favour of keeping three or four children in 40 cells—I just cannot see any argument for it. We can manage that legally; there is a way around that. We should also ask the judiciary whether the presumption against sentences of under 12 months could be extended to a mandatory policy of not giving sentences of under 12 months.

We need to work very closely with Community Justice Scotland and the Convention of Scottish Local Authorities on seeing whether we can open further rehabilitative residential units and look at secure bail hostels. Are there any units around the place—for instance, the closed secure unit in Edinburgh—that could be used for alternatives such as aged care?

There are opportunities, and it needs considerable planning, because we are not going to reduce the prison population in a hurry. I just cannot see that happening. The backlog in the courts means that many of the people who are currently on remand will be convicted. Certainly, in the High Court, the number of serious cases of fairly heinous crimes argues that they will be convicted and in prison for lengthy periods.

A number of tweaks could be made around the edges. We need to review and revise the home detention curfew. We used to have 300 people out on that and there are now approximately 50 or 60. We need to look at whether we can use GPS monitoring and allow people to leave prison early but still be monitored. In Western Australia, for example, dangerous and serious sex offenders are released on a GPS monitoring tag, so that is tested in the community with some degree of comfort.

There are options and alternatives that can be tweaked but, in the long term, we will need a strategy for either building capacity or reducing the population.

Jamie Greene: It seems that we in Scotland have been rather slow to deal with the evolution of criminology in things such as sobriety tagging and GPS technology. Do you understand that an element of society, including some of the victims organisations that often deal with legislators, feels some unease at some of those suggestions? For example, there is unease about emergency legislation that releases people from prison early, because it feels as though justice has not been served. There is also unease about directing the judiciary as to what it should and should not do and who can and cannot go to prison. How should legislators balance that unease among victims and the wider public, who might fear for their safety, with the perilous situation in prisons? Is it at tipping point?

Wendy Sinclair-Gieben: It is at tipping point—well, I think that it is at tipping point. We need to get everyone around a table to agree on a way forward.

For me, the victims are the primary concern. How do they feel? What would they feel? If we release somebody early who is going to be out in a month anyway, I would want to know that they have housing and support, that they are being monitored, and that they are unlikely to go back into the same crime that led them to going to prison in the first place. As a victim, I would want to know that. I would not like to think they are just going to be released on to the street. Consultation and joint thinking on that have to happen.

I also think that we need to look at how Scotland's estate can be expanded in the short term and what can be done for it to cope with the fact that, if a sheriff needs to send someone to prison, they need to send someone to prison. I do not doubt their judgment.

Jamie Greene: Indeed. I am sure that we could have a whole session on whether public services are fit for purpose once people are released, and another one on rehabilitation and what we are doing right or not doing right in Scotland.

My final point is a grave one: deaths in custody. Across prisons and other forms of custody, it is estimated that there are around four deaths per week. Those are not solely in prisons, of course, but a worryingly large number of people are dying in the different levels of the prison estate. Is that part of your watching brief? Do you have any views on that, or have you performed any analysis of why those numbers are so high? Have you made any recommendations to the Prison Service or to ministers on how that number can be reduced?

Wendy Sinclair-Gieben: Yes. We wrote the deaths in custody review, which contains a significant number of recommendations, one of which is on the prevention of deaths in custody. I felt that it was important that there was a group that looked at why deaths happened and that it involved the families.

Throughout the deaths in custody review, family voices were extraordinarily powerful, and given the level of distress that they felt, I was stunned at their compassion and understanding, especially for the staff who have to deal with it. If you are a member of a family of somebody who goes into prison, you think that they will be safe, and when they are not safe and they die in prison, it is huge. One of the worst things that can happen is that someone dies when they are in the care of the state.

We are not talking about 95-year-olds slowly dying of old age. I am talking about people who take their own life and so on. The concern on the part of families was that they had a lot of information that they could have given, which might have prevented those deaths but which was not recognised or understood. That prevention group was one of the major tenets of the review.

There were three things for me. One was the delays in the fatal accident inquiry. The review found that—it was not just me. The review was done by the Scottish Human Rights Commission, Families Outside and HMIPS. The key recommendation was that there should be an independent inquiry that would inform the FAI. There were huge delays in the FAI and families felt that the FAI was adversarial and did not necessarily come to the truth. Vast numbers of FAIs do not make any recommendations, and families felt that there should be recommendations. The delays made it very difficult.

My feeling was that the other UK jurisdictions all have an independent inquiry and that, although they have not reduced the number of deaths in custody, as Philippa Tomczak's report confirms, they have given closure to families. I felt that that was a system that we could adopt in Scotland that would not interfere with or prejudice police inquiries or prejudice a fatal accident inquiry but would bring closure to families. It would also allow for transparency, because this independent body would then produce a report that would show you any systemic issues, what recommendations had been made and progressed and what has occurred. That does not happen at the moment. We have no idea.

I was pleased to see that the Scottish Prison Service is now publishing numbers not only of deaths in custody but of incidents of self-harm and attempted suicides. When you look at those numbers, you can see that it is really quite impressive what the staff manage—it really is. Therefore, that was one recommendation.

Another recommendation related to the fact that, when they go to an FAI, families are largely unrepresented. The Scottish Prison Service and the national health service have expensive lawyers. We felt that there should be automatic legal aid for families. We felt that there should be a deaths in custody prevention group with family involvement that looks not only at people who take their own lives but at people who take drug overdoses and people who feel that they do not have access to healthcare in the same way that they would in the community.

There was one woman whose family member had died and, when the nurses had arrived, the cardiopulmonary resuscitation equipment did not work. She wanted to know how often that is checked, who maintains it and what happens to it.

None of those questions was answered in the FAI, but they would have been answered in an independent inquiry.

Let us take the Allan Marshall case. Once there was no determination of criminal intent, we could have done the inquiry. All the changes that the Scottish Prison Service has made with regard to reviewing its use of force could have been in place by the time that you got to the FAI. There are advantages to doing an independent inquiry in the middle.

I am quite passionate about deaths in custody—

Jamie Greene: I can tell.

Wendy Sinclair-Gieben: I am sorry—I went on and on. I do not mean to.

Jamie Greene: No, I commend you for the work that you have done. However, clearly, all that work will be made more difficult with an increasing population, an antiquated estate and the lack of resource and assistance.

Wendy Sinclair-Gieben: I talk about the antiquated estate, but I really must mention the new women's estate. The Scottish Prison Service and Scotland are leading the world on that. Having just done the inspections in all three places, I have to say that it is fantastic. It is such a therapeutic environment. Well done.

We also have to mention that, since the case of Allan Marshall, Scotland is introducing pain-free restraint. It has not been rolled out in every prison, but it has been rolled out in the juvenile estate and for women, and it is now being rolled out in one of the big adult prisons. No other jurisdiction that I know of does that. They do it with the juvenile estate in England and in Northern Ireland but not the whole estate. It is simply impressive.

The Convener: You touched on the Allan Marshall case a couple of times. I do not know whether you have any reflections on this, but one of the things that struck me was that some of the recommendations of the fatal accident inquiry into Allan Marshall's death were not implemented. Therefore, the fact that recommendations arise from an FAI does not necessarily mean that those will be agreed to in all cases by the Scottish Prison Service—and that is what happened in that case, was it not?

Wendy Sinclair-Gieben: Yes.

The Convener: And that remains the situation.

Wendy Sinclair-Gieben: Yes. They are recommendations.

The Convener: I want to place on record our thanks for your forthright evidence this morning, chief inspector. That has been very helpful to the committee in our consideration of the Audit Scotland report.

You mentioned correspondence that you had about the GEOAmey contract and some information that might be more up to date. If you are able to share that with us, that would also be extremely helpful.

Wendy Sinclair-Gieben: Yes, I can leave you a copy here and I can also send it electronically.

The Convener: That is great. Thank you very much indeed for your time and your evidence.

I will suspend the meeting to allow for a change of witnesses.

10:00

Meeting suspended.

10:03

On resuming—

National Strategy for Economic Transformation

The Convener: Welcome back to the Public Audit Committee. We move on to our third agenda item, which is consideration of a briefing that the Auditor General for Scotland has prepared on the national strategy for economic transformation.

I am delighted to welcome our four witnesses. We are joined by the Auditor General, Stephen Boyle—good morning, Auditor General. This morning, he is joined by Cornilius Chikwama, who is an audit director; Catherine Young, who is a senior manager; and Kirsty Ridd, who is an audit manager, all from Audit Scotland.

We have quite a number of questions to put on the briefing, but before we turn to those questions, I invite the Auditor General to give a short opening statement.

Stephen Boyle (Auditor General for Scotland): Good morning. I am here to present our "National Strategy for Economic Transformation" briefing paper on the Scottish Government's arrangements for delivering the strategy, which it published in March 2022.

The ambitions in the 10-year strategy are wide-reaching and touch on many policy areas. The Scottish Government's overall vision is to create a wellbeing economy in which traditional economic growth is not the only measure of success. Delivering that will be a substantial challenge and will require all parts of Government, and others, such as Scotland's businesses, to work closely together.

Scotland's public finances are now more closely linked to how Scotland's economy performs relative to the rest of the UK, through the operation of the fiscal framework. That makes it even more important for the Scottish Government to achieve the economic performance ambitions that it has set out in the NSET. Good governance arrangements are the key to ensuring clear performance oversight and accountability and effective decision making and to managing risks. That is particularly so for the NSET, which spans different Government directorates and public bodies.

My briefing finds that the Scottish Government has set up governance arrangements

"to encourage collective ownership, accountability, and oversight for progress."

That includes a delivery board comprised of relevant experts. However, the briefing also notes that, two years on from publication of the NSET,

"the government has yet to establish its planned Economic Leadership Group."

That group was intended to provide collective political leadership for the strategy across ministers, and to provide a route for the delivery board to escalate major concerns.

The Scottish Government has not yet clearly set out how much money will be required to deliver the national strategy. Current financial challenges require an understanding of cost and affordability to inform the Scottish Government's spending decisions, and that is crucial for transparency, scrutiny and accountability. My briefing highlights that,

"While good connections have been established across the Scottish Government to support"

delivery of the strategy,

"it is not clear how directorates are working together to agree funding priorities."

That makes it difficult to judge whether investments are in areas that will deliver the greatest impact.

In October 2022, the Scottish Government published delivery plans for implementing the strategy. It reported in June last year that 10 out of the 79 delivery plan actions had been completed, with a further 48 in progress. While it is too early to assess the overall impact of the strategy, my briefing recommends that the Government develops its approach to evaluation in order to better understand which activity is making the biggest difference in transforming Scotland's economy.

Lastly, in January this year, the Scottish Government advised the Economy and Fair Work Committee of its intention to update the strategy, and its delivery plans, in response to recent policy and economic developments. We will monitor the Scottish Government's progress in that area, and use that to inform any further audit activity.

We look forward to answering the committee's questions.

The Convener: Thank you for that helpful introductory statement. One of the chapters in the briefing is headed "Reporting progress and measuring success", so I want to begin by asking for a report on progress and whether success was measured in terms of the previous national economic strategy, which was launched in 2015. At paragraph 4 of the briefing, you mention that the two principal objectives of that strategy were

"boosting competitiveness and tackling inequality."

Stephen Boyle: I will ask Kirsty Ridd to set out what history has shown us. Before I do so, I note that we find in our report that there is often an overlap between strategies. We certainly found that in looking at the progress since publication of the NSET in 2022. Of the 70-plus indicators that I mentioned in my opening remarks, it was not always clear what was a new indicator and what was an existing measure.

Looking to the next iteration that the Cabinet Secretary for Finance has committed the Government to produce this year, is there a clear flow-through from one iteration of the strategy to the next? That needs to be captured at the outset, with measuring of progress and transparency, and it can then be used to inform which indicators and measures will deliver the biggest impact across economic growth and other measures.

I will pause for a moment and bring in Kirsty Ridd.

Kirsty Ridd (Audit Scotland): As part of this work, we looked at the arrangements and frameworks that have been set up to deliver against the national strategy for economic transformation. We have not taken a comprehensive look back at what was in the previous strategy and how that flows through into the NSET, but we have set out, in our introduction to the briefing paper, some of the challenges in the wider economic context. We comment on some of the longer-term trends that have presented economic challenges in Scotland, which set the context for the current strategy.

As the Auditor General mentioned, we discussed how the strategy incorporates a number of actions and initiatives that pre-exist the national strategy for economic transformation, and we went on to cover the fact that it is not always easy to see how those actions all link up to achieving the wider measures of success and the overarching ambitions of the national strategy. It is difficult to see how those things flow through.

We have therefore recommended that, in doing the update of the strategy and the delivery plans, the Scottish Government should set out more clearly the linkages between the various actions and the contributions that they are expected to make to the measures of success and the overarching ambitions. That would give a clearer picture of the flow from the actions to the measures of success.

The Convener: We will see whether the new vision is easier to translate into tangible, measurable actions.

This might not be an area for you to comment on, but I would be interested to hear any view that you may have. The previous strategy was formulated and launched in 2015. In 2016 we had a referendum on membership of the European Union, and the UK overall voted for us to leave. As a consequence, the UK left the European Union in January 2020. I am a bit surprised that there has been no revision to the strategy in light of such a significant event.

Stephen Boyle: As you will know, it is for Government and Parliament to determine their policy intent for progress on strategy development. I do not have a particular view here and, as you have suggested, it is perhaps not appropriate for me to express a view about the frequency with which policies are developed. However, the former cabinet secretary's correspondence with the Economy and Fair Work Committee cites the change in the economic environment that Scotland has been experiencing as one of the drivers that the Government intends to use as it reasserts its economic strategy later this year. We would also expect that to be informed by the programme for government pillars that were set out by the First Minister in the middle of 2023.

We hope that it is helpful for the Government, as it revises its strategy, that there are effective pillars of good governance, risk management and evaluation frameworks such that, given all the challenges that we know of and Scotland's fiscal position, Scotland is getting best value for the investment that it is making in its new strategy.

The Convener: Other people will come on to some of those areas later, in particular the governance arrangements.

Before I hand over to the deputy convener I will return to the importance of transparency and clarity around the goals and action points. I looked at exhibit 1 in your briefing, headed "Examples of NSET actions", and I noted the actions under the national strategy for economic transformation that you listed. The first one is:

> "Create a national system of pre-scaler hubs that will stimulate the very earliest stages of high growth commercial and social entrepreneurship."

The next one that is cited is:

> "Build strategic partnerships with other key entrepreneurial ecosystems in other countries."

The third is:

> "Design and implement programmes on practical actions business and leaders can take to boost productivity at scale."

There is an awful lot of jargon there for something that I presume is meant to be a public document that people can read in order to understand the intent of the economic strategy.

Stephen Boyle: All those actions need to be understood, not just by the people who are writing them but by the wide range of partners who will need to play their part to implement them

effectively. You have mentioned that you want to explore the governance arrangements, which are wide ranging and include representatives from across the public sector, the third sector and, very importantly, Scotland's business community. There is also an element of scrutiny and accountability for the indicators.

There is an opportunity here—and I guess it sounds like I am agreeing with you. In setting actions—not just in the way that they are described—we need to be clear what precise steps are going to be taken, how they will be measured, what the timescales are and what investment requires to be associated with all the indicators. There is an opportunity on all those fronts, as the Government thinks about the next iteration of the strategy.

The Convener: Thank you. I invite Jamie Greene to put questions to the Auditor General.

10:15

Jamie Greene: Good morning. I will start with the basics. From your briefing, it seems that Scotland has two issues: sluggish growth in gross domestic product, and low productivity. Is that assertion correct?

Stephen Boyle: Those are recurring themes. Productivity and growth were also key elements of the previous strategy, which the convener mentioned. The NSET in 2022 brought in the wider component of a wellbeing economy. However, as I mentioned in passing in my introductory remarks, there is the context of Scotland's fiscal framework and the resultant revenues to support public spending in Scotland, which are predicated not only on growth but on a wider comparison of Scotland's relative economic performance with those of the countries in the rest of the UK.

More recent forecasts frequently come in from various sources, However, the Scottish Fiscal Commission's forecasts for the next three years consistently show that Scotland's relative economic performance will be lower than that in other parts of the UK as far as GDP growth is concerned. Therefore the success of the strategy to achieve better returns in Scotland's delivery of public services is all the more important.

In short, though, the two pillars that you mentioned are consistent themes.

Jamie Greene: Why is that? What red flags might we see, a couple of years ahead, of projected lower performance relative to other parts of the UK or to similar economies? For example, you say that, in a productivity comparison, we are 16th out of 38 economies, which is around midway through the pack, but clearly we could do better. What is influencing that lower productivity and growth? What analysis should be undertaken of how we could make immediate improvements? That would generate more money for public services.

Stephen Boyle: You are quite right. In a moment I will bring in Cornilius Chikwama, because that is his area of expertise.

I would seek to manage the committee's expectations. We did not set out to do the analysis in today's briefing paper to explore why lower productivity than policy makers would want has been a stubborn feature not only of the Scottish economy but of those of the other parts of the UK and of other western economies, too. That remains part of the focus. Again, respecting the boundaries of what is appropriate for me to get into as regards the merits of one policy or another, I can see why that approach features: it is to tackle lower productivity, deliver better economic returns, and create higher-paid jobs and personal return for individuals and resultant tax take.

I will pause there. Cornilius Chikwama might want to say a bit more about the background on productivity and the other pillars.

Cornilius Chikwama (Audit Scotland): As the Auditor General said, it is difficult for us to be directive as to the analysis that the Scottish Government needs to do in that area. The strategy acknowledges the challenges of productivity and low growth. The areas that it has identified are ones that the Government believes would enable it to tackle those challenges. We can see its ambition to build an entrepreneurial people and culture, which is about increasing the number of high-growth businesses, focusing on a skilled workforce, exploring productive businesses and regions, achieving a fairer society and considering new market opportunities. It looks as though the Scottish Government has identified that those goals would help it to tackle the challenges of slow growth and low productivity growth in Scotland's economy.

Jamie Greene: Of course, much of that comes from the top down. In the first section of your briefing, you immediately identify—I do not want to put words in your mouth—a lack of political leadership overseeing much of the strategy as being an issue. You specifically identify that the

"Economic Leadership Group has not yet been established."

The strategy was published two years ago. Are you surprised about that?

Stephen Boyle: We are clear in the briefing paper that establishing the economic leadership group was part of the Government's NSET accountability framework—it identified that as an

essential component of the governance that is necessary to deliver the strategy.

I will bring in Catherine Young to say a bit more about our engagement with the Government. The fact that the group has not been set up is a gap. It was intended to be the mechanism for the delivery board to escalate issues to politicians. Ultimately, much of the strategy will be about choices, prioritisation and escalation. Clearly, there must be prioritisation not only for the current strategy, but for its next iteration. That political oversight, and a route to escalate and prioritise matters, whether it is done by the economic leadership group or, as we say in the report, some other vehicle, will need to be part of future arrangements.

I will pause to allow Catherine to provide a bit more detail.

Catherine Young (Audit Scotland): I reiterate that one of the actions in the strategy is to establish the economic leadership group. As the Auditor General mentioned, its role would be to ensure political accountability and drive, as well as to ensure the wider public sector's contribution to delivering the strategy.

Exhibit 2 outlines the flow of information between the various levels of governance. There are positive aspects to the different tiers and the role of each board. However, as the Auditor General mentioned, when decisions are made to accelerate or stop an activity, there is no clarity on how information about that goes to ministers or on how decisions are made collectively.

We have made a recommendation that the economic leadership group be established or that an alternative mechanism be put in place, so that information, decision making and prioritisation are transparent.

Jamie Greene: I am sure that there will be opportunities for Parliament to address those issues with the Government. Other members will probably delve into the specifics of some of those gaps.

I will conclude my questioning by making a wider point. Auditor General, you said that much of the strategy is down to prioritisation or choices. I presume that those are policy choices that are under the control of ministers. Is there an intrinsic conflict between, for example, pure economic growth and the wellbeing economy? Is it difficult for Governments to balance those two different policies? The strategies for both approaches might take them in very different directions.

Stephen Boyle: Cornilius Chikwama will support my opening remarks in response to that question. Again, it would probably not be appropriate for us to have a view on the merits of one type of economic strategy relative to another.

Jamie Greene: Indeed.

Stephen Boyle: It is very clear that the Government's policy is to progress with a wellbeing economy, and it has set out in its strategy the arrangements through which it intends to deliver that. We have spoken about how the governance would be set up, and about the need for clarity with regard to the actions, indicators and evaluation frameworks. However, that is about the need for prioritisation, because there is no single budget for the delivery of the wellbeing economy or for economic growth. We are, I hope, clear in the briefing that prioritisation will be needed to successfully deliver the national strategy for economic transformation.

I highlight exhibit 3 in the briefing, which sets out the programme measures of success. It is clear that things about a wellbeing economy will be interspersed with some of those measures. That brings in aspects of Scotland's environment and additional factors from the previous strategy. Delivering the strategy effectively has to involve all the various pillars of good governance, indicators and political leadership, and the evaluation framework. As I have said, we are neutral about the merits or otherwise of one type of economic strategy relative to another, but delivering any strategy effectively has to involve getting all the real foundations successfully in place.

I will bring in Cornilius Chikwama, who can say more about that.

Cornilius Chikwama: The challenge for the Scottish Government is to look at its NSET actions and how they work together, to identify where complementarity exists, and to align things with what it has identified as the wellbeing economy or the framework behind the wellbeing economy.

For example, the Auditor General's report highlights the slow growth and the productivity challenges, particularly over the period from 2008 to where we are now. That has been a period of very low real growth in pay, which will have impacted progress on tackling poverty. Looking at the role that pay plays in reducing poverty highlights that there is a link between growth and wellbeing. Therefore, there may be opportunities for complementarity.

The strategy identifies new market opportunities, some of which involve delivering on green priorities. There might be opportunities where the Scottish Government is delivering on its green outcomes. The opportunities to grow the economy that are presented by those green outcomes could be seized. There are scenarios in which those things could become aligned, but a lot of planning on how to deliver those actions is required to capitalise on the potential synergies.

I hope that that addresses the question.

Jamie Greene: It does. Thank you.

The Convener: Willie Coffey has a question in that area.

Willie Coffey: My question is about the growth forecast issues that we discussed a moment ago. This morning, the Fraser of Allander Institute has projected an improved growth forecast for Scotland in the next three years. The figures are slightly behind or slightly ahead of the rest of the United Kingdom figures, depending on how you read them. As we know, the UK has been in recession. The projection for the Republic of Ireland economy is four times that for Scotland. I never want to draw you into any political debate or comparisons—it is not appropriate to do that—but what levers are available to us in Scotland that can influence that to our advantage?

Stephen Boyle: That is a difficult question for me to give a credible or comprehensive answer to, given my responsibilities and area of expertise. If you will allow me to pivot slightly, my response is that, with the levers that Scotland has for its economic performance and that are set out in the strategy that we have referred to, there are opportunities to give it the best chance of success. However, there are currently gaps. In my opening remarks, I touched on the fact that it is all the more important that, because of the nature of the fiscal framework that Scotland operates, its relative economic performance outperforms that of the rest of the UK to deliver the resultant generation of tax receipts and associated public spending. However, if you are looking for a wider answer, the question is probably more for others than for me.

Willie Coffey: I appreciate that. Thank you very much.

The Convener: May I take you back to an issue that you will be able to answer on, Auditor General? You mentioned, and the deputy convener asked you about, the economic leadership group, which is not yet in place. Who is it envisaged will be members of that? Is it an internal governmental powerhouse or does it draw on external business people, trade unions and economists, for example? What would it look like, if it was created?

10:30

Stephen Boyle: I will ask Catherine Young to set that out, because it is probably true to say that there are number of groups in operation—some have relatively similar names that could imply overlap—and that there are other structures that are not covered by our briefing today that also involve Scotland's businesses, civil servants and wider leadership. The key to the economic leadership group is that it would very clearly be about political leadership. Catherine can set out the intent with regard to that group and, if it is helpful to the committee, our understanding of why it has not progressed in the way that was intended.

Catherine Young: The accountability framework sets out the membership of each layer of governance. The economic leadership group was due to be chaired by the First Minister and it was to include key cabinet ministers such as the Cabinet Secretary for Wellbeing Economy, Net Zero and Energy, the Cabinet Secretary for Transport and the Cabinet Secretary for Social Justice. The group was also to include local government representation, which I think was to be the COSLA president. The co-chair of the delivery board was due to attend as and when required. As the Auditor General mentioned, the group was to be about the political side of things rather than the external side, such as business and the higher education sector.

I do not think that there is anything further to add on the rationale for why that has not taken place. Two years on, there is no indication of why that has not happened.

The Convener: The committee might invite the accountable officer from the Government to explain why the group has not been convened.

Stephen Boyle: As Catherine Young mentioned, in our engagement with Government officials, we are no clearer as to why the economic leadership group has not yet met. As we also mentioned, whether it is that group or some other mechanism is entirely a choice for Government to make. However, we agree that some sort of clearing house or prioritisation forum is appropriate and needed. Prioritisation will have to take place, given that there is pressure on public finances, and that is most appropriately done at a political level.

Colin Beattie: I have a couple of further questions on the economic leadership group. Your briefing paper refers to the group offering challenge and direction to the senior responsible officers for each of the NSET programmes. That is almost a contradiction: what are you challenging if you are giving direction? Are you challenging your own direction?

Stephen Boyle: I recognise that there is an overlap in terminology, description and membership of various governance settings. Catherine Young might wish to say a bit more about the operation of the groups that have been established. She has mentioned the chairing aspect. The delivery board is co-chaired by a business leader—the former chief executive of the Scottish Futures Trust—along with the director general for the economy. Therefore, the governance arrangements look appropriate, which

is one of our overall comments. The starting point is right: there is appropriate representation and business and public bodies are involved.

However, what you are really asking for is an exploration of the flow through to the different groups that sit underneath. In our briefing paper, we do not identify fundamental issues with that. However, the question is about whether other aspects are effectively in place. The prioritisation and measures to support the evaluation framework all need to be better deployed in the next iteration of the strategy to ensure that level of success. Again, Catherine can say more about that.

Catherine Young: To clarify, the delivery board is co-chaired by the Cabinet Secretary for Wellbeing Economy, Net Zero and Energy and Mr White, the former chief executive of the Scottish Futures Trust. Beneath that, we have the portfolio board and the programme boards. The role of the delivery board is to challenge, scrutinise and monitor performance of those interconnected parts of the programme. Each of the board members has a role as a critical friend or champion for a specific area, depending on their relevant expertise. A big part of that role is to engage with business and promote the shared vision around the national strategy for economic transformation.

The portfolio board, which is slightly different, is more like the engine room of governance, if you like. It involves key director generals and the chief executives of the enterprise agencies, and it has a core role in internal monitoring and reporting. As the Auditor General mentioned, that information flows through to the delivery board, which is there to provide challenge. As we said, the key piece that is missing is the economic leadership group, with which that information would be shared, with decisions being made at ministerial level.

Colin Beattie: You referred to champion roles. How does that work?

Catherine Young: They are chosen based on the board members' relevant expertise. For example, Mr White, who has a housing background, is a champion in that area. I cannot recall the other board members' areas but, for example, the green economy is another of the areas. Obviously, the meetings are minuted and the information is in the public domain. Outwith that, there are also meetings with key stakeholders to do deep dives and exercises around, for example, the challenges for businesses. Information on that is then relayed back to the wider board.

The champions or critical friends spend a lot of time outwith the official forum. It is a vast area with many elements and actions. Obviously, underlying all those actions are many other strategies and plans. As the Auditor General mentioned, we felt that there is no right or wrong structure. However, the accountability framework sets out all the roles of each of the groups and the memberships, and we feel that it is appropriate.

Colin Beattie: I am trying to keep this simple. Board members have champion roles in their areas of expertise. They are also responsible for giving direction to senior officers and for challenging whatever it is that they challenge. Is that multiplicity of roles not kind of confusing?

Stephen Boyle: I will start on that, and Catherine Young might want to add something. You will recall that, in my reporting on the Scottish Government's governance arrangements in recent years, we have commented on aspects of complexity and duplication and about the same officials participating in different meetings with different names but, at times, not necessarily having clarity on which roles, responsibilities and actions were flowing from those discussions.

The committee will be familiar with evidence from the Scottish Government that work is under way to review and assess how its internal governance arrangements are operating. I fear that there is a trade-off, however. This is a complex programme and strategy—we need only look at the number of actions that are part of the strategy to see that.

To digress for a moment, we thought carefully about the number of actions. Is it too many or too few, or is it right? There are six complex planned areas of activity to support the delivery, so we are looking at around 10 or so actions per area of the strategy. When I break it down, that does not sound like so many. There is a need for clarity on roles and responsibilities or, to be more colloquial, on what hats people are wearing—that is absolutely central. There is a further opportunity to ensure that, as the Government moves into its next iteration of the strategy, it has the foundations exactly as it needs to deliver effectively.

The point that we cannot quite get away from on governance is that there is not that group at the top level—that political leadership overseeing and supporting prioritisation and making funding decisions, if necessary. That is the missing component of a system that, probably by its nature, has to have a degree of complexity.

Colin Beattie: There are lots of groups in place to support the delivery of NSET, but there seems to be a strong possibility of duplication of effort, fragmentation and lack of clarity of purpose. Were those risks part of your work? Did they inform the briefing? Did you observe them to be the case in practice?

Stephen Boyle: Catherine Young can say a bit more about our observations of the deployment of

governance arrangements on NSET. Our briefing paper does not make an assessment of how successful or otherwise NSET is. It would be premature to arrive at that judgment, given how recent the strategy is. We will continue to have an audit interest in the strategy and the delivery of its successor, but the complexity that you describe exists. We have not yet reached an audit judgment on whether that complexity is necessary for the strategy's successful implementation.

Catherine can give the committee more of a flavour of some of those discussions.

Catherine Young: I will try to keep it simple, but it is important to understand that, beneath the two tiers that we have spoken about, there are the programme-level governance arrangements. As I mentioned, they span so many different aspects and policy areas. In some cases, they draw on existing governance arrangements. For example, in programme 5, they draw on the governance that already existed around the fairer and more equal society programme board, but programme 3—on productive businesses and regions—has created a programme board. When we did the work and engaged with focus, we found that the important thing overall was clarity about whose role is to do what. However, we make the point in the briefing that all those groups should be kept under review. There is the usual assurance reporting and internal directorate reporting around some of those issues as well.

Duplication of effort is one of the things that we will keep an eye on. Ultimately, we were looking for the flow of information and reporting on what progress was being made against the actions, who was involved and whether it felt like appropriate delivery partners were involved in carrying out those activities.

Colin Beattie: As soon as you see the complexity of governance, you get a bit worried, because the committee has come up against a history of poor governance again and again. Obviously, we do not want it to happen in relation to NSET.

The Scottish Government has not established a shared budget for NSET. Do you know why? Will you expand on some of the risks in that?

Stephen Boyle: I am happy to do that, and Kirsty Ridd might want to say a bit more. The circumstances are such that there is no dedicated budget for the delivery of NSET. I do not wish to labour the point about prioritisation and politicians being the most appropriately placed to do that. Our audit noted that the delivery board identified the need for prioritisation of funding. Given the nature of the delivery of the multiple strands of NSET, funding is held by different Scottish Government departments, as you would probably expect. To deliver a wellbeing economy will not be in the hands of the Scottish Government economy directorate alone.

I refer to exhibit 3, which concerns the analysis of the various programme measures of success, which are interspersed across Government departments. Were there to be a wellbeing economy department or directorate within the Scottish Government—to be clear, I am not advocating that; I am just giving it as an example—that might allow for the delivery of a single budget. However, that is not how things work. Money is being spent across multiple departments of the Scottish Government to deliver the programme measures.

10:45

Kirsty Ridd can say a bit more about the structure and the set-up, but because it is a complex picture and there are multiple moving parts involving different organisations and departments, it is necessary to have the right underpinnings to ensure success in that environment. Those underpinnings include clarity of outcomes and clarity of measures. Such clarity makes it possible to determine what spending is delivering the best outcome to support the prioritisation. Those are features of the recommendations that we make in our paper.

I will pass over to Kirsty to say a bit more.

Kirsty Ridd: Before I do so, Catherine Young might want to come in on the funding point.

Catherine Young: As the Auditor General mentioned, with the budget that has already been assigned, the responsibility sits with the directors, and any one director, or multiple directors, could contribute to one particular action. At the outset, when we asked what the overall budget was for NSET, it became clear that, as the Auditor General said, there is not a specific budget for that.

The bigger point that we make in that regard is that, regardless of whose budget it comes from, there should be a clear outline of what all directorates are investing in NSET. That will help with the spending decisions. If we do not have that information, there is a risk that it will be difficult to tell whether all the priorities are achieved in the same way or whether they are all given the same emphasis.

Kirsty Ridd: With regard to evaluation, which you asked about and the Auditor General mentioned, the fact that the nature of the funding is such that it comes from different directorates makes the need for a clear evaluation approach even more important, so that it is possible to see which actions are effective and where the

investment is having the most impact. That led us to make the recommendation that an evaluation approach be developed and set out clearly as part of the process of updating the strategy.

Colin Beattie: You have addressed a chunk of my last question, which is about transparency on decisions on funding for NSET. You have covered a number of areas in which there is a need for transparency. Would you like to expand on that? How best can such transparency be achieved?

Stephen Boyle: We welcome many of the steps that the Government has taken. There are published minutes of delivery board meetings, so it is possible to see who attended and so forth. There is also an annual interim report on progress.

For parliamentary scrutiny and for public consumption, transparency always matters, and this committee is rightly a strong advocate of it. However, transparency helps decision makers as well. If the strategy and the next iteration of it are to be delivered successfully, that will have to be prioritised, which will undoubtedly require agility, given the volatility of the economic environment in which Scotland is operating. Decisions about whether to continue to invest in a particular programme of work or to disinvest in it if it is not going well will be better made, and made more quickly, if there is transparency of reporting against the right measures and if everything is underpinned by effective governance.

The Convener: Willie Coffey has some questions to put to you.

Willie Coffey: These questions follow on from Colin Beattie's. In your report, there is a little panel that sets out the funding allocations under certain headings. For example, £50 million is allocated to the just transition fund and £42 million is allocated to a tech scaler programme. Is that new money, or is it money that has been identified in the programme for government and rebadged as national strategy for economic transformation money? Mention is made of £4.7 billion for Covid-19 business support. That cannot possibly be new money.

Stephen Boyle: You are right. As we did our work, our assessment was that it is a combination of new and existing funding. You are referring to the table under paragraph 25, which mentions that the NSET annual report identifies £9.8 billion of investment. I come back to the point about transparency: the extent to which that is new money or the rolling forward of previous commitments was not always clear to us as we did our work.

Building on the discussion with Mr Beattie, I note that there is not enough clarity or transparency about which measures are having the biggest impacts, which elements are priorities or which indicators have been delivered, given that some of the traditional aspects of evaluation methodology were not in place. However, you are right. We highlight the £4.7 billion of Covid-19-related business support as an important intervention that the Government made at the time of the pandemic to support business and the economy, but its impact is ebbing because of the Government's priorities.

Willie Coffey: You mentioned that challenges with the information technology system mean that we cannot track spend across the portfolios, or even track budgets at all. What is the issue there?

Stephen Boyle: The briefing paper is fairly direct on that point, Mr Coffey. Some of those arrangements should have been in place earlier, at the outset of the implementation of the strategy. I feel that I am saying this a lot, but the prioritisation that was needed and that remains to be done on the implementation of the various programmes and the overall strategy will be better served with effective information at decision makers' hands.

Kirsty Ridd might want to say a bit more about the evaluation arrangements that were in place and the work that still needs to be done.

Kirsty Ridd: When we were carrying out our audit work, the Scottish Government's approach to evaluation was in development. At that time, we saw that it was developing an approach that it called logic models, which essentially map the links between the inputs that are underneath the strategy through to activities, outcomes and their expected impacts.

As we say in the report, at that point, when those models were in development, we were not clear that there was a timeline for when they were expected to be completed or exactly how they would be built into the wider performance measurement and evaluation framework. That is why we recommend in the report that they be completed as part of the update. That should help the Government to develop an approach that will help it to understand what is working and where, and where the investment is having the most impact. As the Auditor General said, that will be a crucial part of helping it to prioritise actions and understand where it can best make use of resource.

Willie Coffey: It is always worth asking about the monitoring of progress and how it will be evaluated. You have mentioned that several times.

Auditor General, you said that the Government is updating the strategy and has reported that. Was it to the Net Zero, Energy and Transport Committee?

Stephen Boyle: It was the Economy and Fair Work Committee.

Willie Coffey: You have commented on the importance of making sure that we know what the evaluation process is and that it will be effective. Is it being fundamentally changed?

Stephen Boyle: As the Government has moved from one strategy to another, it has carried over some indicators. As Kirsty Ridd said, we know that work is in progress on logic models and evaluation frameworks. We are clear in our view and recommendation that that needs to be in place from the start of the strategy. The strategy needs to have an evaluation methodology and clear indicators and we need to know how all prioritisation and evaluation will be tracked and monitored to support decision makers.

Willie Coffey: The Government has seen your comments on the issue. I hope and expect that they are being taken on board and will be built into the revised strategy.

Stephen Boyle: We hope that that will be the case.

Willie Coffey: Okay. The entrepreneurial people and culture programme is the one in relation to which the highest number of actions were identified, but it seems to be the one where the least progress has been made. Could you expand a wee bit on that?

Stephen Boyle: If we have that detail, we can. Cornilius Chikwama might want to set that out. The number of actions in that programme is important, but, if we do not have the detail, I can—

Willie Coffey: I would think that a lot of the tech scaler stuff would sit in there.

Stephen Boyle: Indeed. Before I pass over to Cornilius Chikwama, I again refer the committee to exhibit 3, which sets out the programme measures, including on entrepreneurial people and culture. You mentioned tech scalers, and one of the measures is about early-stage entrepreneurial activity. Another is about the survival rates of new businesses after three years, and another is on the number of high-growth registered businesses. Those are all vital parts of the strategy that are to do with economic success and bringing highly paid jobs to Scotland. The committee has recently heard evidence on Scottish income tax rates and the importance of such activity in underpinning wider economic success and growth.

Cornilius might want to say a bit more.

Cornilius Chikwama: You are right, Mr Coffey—we reflected on exactly that point when we looked at progress on the actions. It is difficult to draw any conclusions, because all the actions carry different weight, so counting the number of actions in itself could not lead us to a clear conclusion on whether there was a problem with that particular programme of work.

I guess that what I am saying is that, at this stage, we should not read too much into the number of actions that are still in progress. Maybe we could revisit the issue in future work to look at what progress is actually being made on delivering the outcomes that we expect from the programme.

Willie Coffey: I imagine that you will follow through on that work, Auditor General.

Stephen Boyle: We have not yet scoped the next iteration. I look forward to engaging with the committee next month on my work programme and where it might go. As I said in my introductory remarks, Scotland's economic performance is absolutely one of my priorities for further audit activity that Audit Scotland will undertake, but, first, we will consider precisely where we go next.

Willie Coffey: That covers it from me, convener.

The Convener: Thank you, Willie. I turn to the deputy convener, Jamie Greene, who has a final question or two.

Jamie Greene: My questions carry on nicely from the conversation that we have just had about progress on the action points. You said that you do not have a view as to whether 78 or 79 actions are enough or too many, or whether there is the right spread across the six areas, but let us have a look at where we are in terms of auditing.

I am looking at the figures for actions completed under the first four measures, which are more business orientated and are centred around specific interventions rather than things such as diversity, fairness and culture. At the risk of sounding like a football results announcer, the figures are: entrepreneurial people and culture, one; new market opportunities, nil; productive businesses and regions, one; skilled workforce, nil. The figures are pretty poor. Does your audit work lead you to be concerned that we are simply not making enough progress on some of the actions?

Stephen Boyle: Cornilius Chikwama can say a bit more on the specifics of the progress that you ask about. In the briefing paper, we have not looked to make an assessment of whether the Government is on track. Given the number of variables and the relatively short period for which the strategy has been in place—it is less than two years—from an audit perspective, that would be premature.

Audit methodologies have evolved. The committee will know that, historically, an auditor would only really get involved after a strategy had

closed, to consider whether it had delivered or otherwise. In this briefing paper, we are looking to, we hope, support the strategy's impact, ensure that public money is well spent and, in highlighting some of the areas for improvement, give the Government the best opportunity to deliver the strategy. That is where we pitched the briefing paper.

As I mentioned to Mr Coffey, this does not end our interest in the successful delivery of the strategy—far from it. We will return to that in due course. I cannot give you a definitive answer today on whether the performance against the indicators is good, bad or indifferent.

11:00

The Government will not be operating to uniform timescales when it comes to the delivery of individual indicators. As we covered in our earlier discussion, it will be a question of prioritisation. Some of the indicators or actions that were set two years ago will have been carried forward. Others will have been important when they were struck at the point at which the strategy was launched but, as events changed, priorities will have shifted. We will absolutely return to those factors in future work. For today, Cornilius Chikwama might want to give more of a flavour of them, but I suspect that our answer will be less than definitive, unfortunately.

Cornilius Chikwama: I do not have much to add to what the Auditor General has said. The key point to highlight is probably the fact that the Scottish Government has launched a 10-year strategy, so many of the actions will have to be delivered over that period. As for whether we would have expected more actions to have been completed by this time, the Government is only two years into the programme, so the answer is possibly not.

To go back to the earlier issue of how those actions might align, the Government will have to take certain steps before some of the actions can happen. That speaks to what the Auditor General said about our revisiting the area once the Government has had enough time to deliver the strategy. We would not make any definitive judgments on progress based on the numbers that we have at the moment.

Jamie Greene: I hope that we are not saying that we will have to wait for eight years before we can determine whether the strategy has worked. I am not sure how many of the committee's current members would be here to question you, or indeed whom we would be questioning. Surely we should have a rolling brief on that, which should be produced annually.

Stephen Boyle: That is fair. I will certainly return to the issue long before I finish my tenure in this role.

The purpose of today's briefing paper is not to express judgment on the success or otherwise of the strategy but to highlight that it presents both risks and opportunities for the Government and its partners. I recognise, too, that the only area that we have not touched on is the programme for government, in which the Government clearly stated its intention to increase the importance and success of its relationship with Scotland's businesses.

Jamie Greene: My next question is on that—do not worry.

Stephen Boyle: The Scottish Government will undoubtedly take further steps. At the right point, those will be the subject of more judgment-led reporting by Audit Scotland. We will have to give some thought to when that might best take place, given the environment and the circumstances.

Jamie Greene: That reflects the complexity of our respective roles in this area: on the one hand, using public money and Government intervention in certain areas in which the Government chooses to do so; and, on the other, using that as leverage to improve the wider economic outlook in the private sector, in which small and medium-sized businesses, for example, are part of the solution.

I want to touch on the very short mention that is made, on page 14 of your briefing, of the new deal for business that the Scottish Government has touted. Would you say that it is facing a bit of an uphill struggle with that? Last year, independent analysis by commentators such as the Fraser of Allander Institute predicted a less than favourable outlook for that relationship. By August of last year, the Fraser of Allander Institute was saying that only 9 per cent of Scottish businesses believed that the Government understood the business environment that they worked in. In certain sectors, such as hospitality, construction and professional services, there was a huge differential. Between 50 and 90 per cent of businesses there believed that the Scottish Government did not understand their environment.

That is the backdrop that the Government is up against, and that is the uphill struggle that it faces. It is very early to tell, but is there any evidence that the new deal for business is working or has been reset?

Stephen Boyle: I refer the committee to the final sentence of paragraph 28 of our briefing paper, which says that

"it will take time to see the impact of this activity"

and the success of the new deal for business.

Looking beyond the success or otherwise of the national strategy, we are considering and scoping a piece of audit work on the Scottish National Investment Bank, given how central it will be to wider aspects of the strategy's delivery. As the committee heard last week, I am thinking carefully about the funding environment in which the bank operates, given the emerging scarcity of the financial transactions budget that was a key funding source for it, and considering what that means for the delivery of its strategy. We are considering how an audit role and audit reporting might work alongside our other work to support Parliament's understanding of the bank's activity. As I mentioned, I look forward to discussing that part of our programme with the committee next month.

Jamie Greene: We look forward to that. There are wide expectations about whose role it is to follow the money. It is sometimes hard to follow every pound of public money that is spent by various means—for example, to see which directorate is funding what, which grants are available, where investment is made and where nationalisation has occurred. We need to follow those routes to determine whether there have been good returns on investment and whether the objectives of the NSET and other Government strategies have been met.

Stephen Boyle: I absolutely recognise that complexity. On your point about strategic alignment, it is worth highlighting that Scotland's economic agencies have now aligned their business plans with the intentions in the NSET. That feels pretty logical, and it is sensible that there is synergy across the work of the multiple players in this environment. Again, from an audit perspective, we will keep tracking that and considering where our reporting should go next.

Jamie Greene: That sounds good. Thank you.

The Convener: Thank you very much indeed. That draws to a close our evidence session on Audit Scotland's briefing paper on the national economic strategy. I thank the Auditor General for his evidence and Cornilius Chikwama for his contribution. I also thank Catherine Young and Kirsty Ridd.

I now move the meeting into private session.

11:07

Meeting continued in private until 11:32.

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