



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Public Audit Committee

**Thursday 18 April 2024**

**Session 6**



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Pàrlamaid na h-Alba

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**PUBLIC AUDIT COMMITTEE**

**12<sup>th</sup> 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)

Antony Clark (Audit Scotland)

Mark MacPherson (Audit Scotland)

**CLERK TO THE COMMITTEE**

Lynn Russell

**LOCATION**

The James Clerk Maxwell Room (CR4)



## Scottish Parliament Public Audit Committee

Thursday 18 April 2024

*[The Convener opened the meeting at 09:00]*

### Decision on Taking Business in Private

**The Convener (Richard Leonard):** Good morning, and welcome, everyone, to the 12th meeting in 2024 of the Public Audit Committee. The first item for consideration by the committee is whether to take in private agenda items 3 to 8. Do we agree to take those items in private?

**Members** *indicated agreement.*

## Auditor General for Scotland (Work Programme)

09:00

**The Convener:** The next public item of business on our agenda is consideration of the Auditor General for Scotland's work programme covering April 2024 to March 2026. I am very pleased to welcome our witnesses: Stephen Boyle, Auditor General; and, from Audit Scotland, Antony Clark, executive director, and Mark MacPherson, audit director.

We have some comments and questions about your work programme, Auditor General, but before we get to those, I invite you to make a short opening statement.

**Stephen Boyle (Auditor General for Scotland):** Thank you, convener. Good morning. I am delighted to discuss with the committee my work programme, which includes my overall priorities and the audit work that I plan to undertake over the next two years. As the committee knows well, the current operating context for the Scottish Government and public services remains challenging. Rising demands and a constrained financial outlook pose sustainability risks. The committee has, of course, explored many of those issues in its current activities. It has never been more important that public money is raised and spent to best effect and that we get the very best from public assets—such as the people delivering public services, and public land and buildings—and from the use of technology, including, increasingly, how we use information and knowledge. That context is what drives my thinking about the future programme of audit work.

Through our audits, we want to ensure that public services target resources efficiently, that financial management is effective, that public bodies report more transparently and that our audit recommendations have a positive impact. As is set out in my work programme, I intend to focus on what public services deliver and how they deliver it. I will consider whether public spending is making a difference.

As I have reported, the scale of public sector reform that is required to support future sustainability has not yet been delivered, which is why I will also focus on how public bodies are enabling change individually and as part of the wider system in which they operate. That includes considering how they are empowering people and communities, spending preventatively, reducing inequalities and making better use of digital technology to improve efficiency. Public audit has an important role to play in supporting

improvement and sharing good practice to enable change.

Some parts of the proposed work programme will be familiar to the committee. I will continue to have an interest in climate change, health and social care, public finances and economic growth activities. The committee will, of course, know that I report on the financial audits of Scottish public bodies and highlight matters of particular public interest through annual section 22 reports, with which the committee will be familiar. Naturally, the number of those reports varies each year, depending on the issues identified by appointed auditors.

My work programme needs to be flexible, and I plan to continue to use a variety of audit approaches and reporting products to report on the range of factors impacting on public services. In relation to consultation, I want to ensure that my work programme considers key areas of interest to the Parliament and that it focuses on the topics that will add most value in supporting effective parliamentary scrutiny.

As ever, I am grateful for the opportunity to consult the committee, and I will use the feedback from you and from across the Parliament to refine my long-term priorities and work programme. Mark MacPherson, Antony Clark and I look forward to answering your questions and receiving any comments or feedback that you have.

**The Convener:** Thank you very much indeed. I will start by looking at some of the contextual factors that you set out in your opening statement and in the slides that you sent us. You have identified rising demand for public services at a time of tight finances and deepening inequalities, not least because of the so-called cost of living crisis. You have spoken about post-pandemic recovery, which is still a live issue for many parts of the public sector, and you have mentioned climate change and the need for longer-term reform. How well are the Government and public bodies responding and rising to those challenges?

**Stephen Boyle:** Those are the factors that will inform the choices that are made by public services in Scotland individually and as part of a longer-term approach. As I alluded to in my opening remarks, there are sustainability issues for the safe and effective delivery of public services in Scotland. We have stated that in a number of our reports, perhaps most visibly in our overview of the national health service in Scotland, in which we highlighted the impact of rising demand for services on the care that patients experience. We need to think carefully about future reform while dealing with challenges in the here and now. We want to weave the themes and context that you have described into our work programme.

I am sure that we will get into some of the specifics in the work programme, but I will give one example that somewhat captures the range of factors informing it. We are thinking carefully about where we go next on social security spending in Scotland, and a related output, which we will prepare towards the end of this year, will be something of a scene setter on the fiscal position that Scotland is operating in and the choices that it will make. We will produce that financial report at the end of the year.

Health spending in Scotland continues to grow because of the demand and the more complex requirements, but not far behind that—what I am saying is informed by Scottish Fiscal Commission forecasts—will be spending on devolved benefits in Scotland. As those two spending streams continue to grow, there will be less money for other public services, so we want to look carefully at the benefits and impacts of both those spending streams. We will do that through our continued programme of work on the NHS, but, as I refer to in our work programme, we also plan to do more specific work on the cost and impact of the devolved benefit arrangements in Scotland.

Over the next couple of years, we will continue our work on child poverty, which will include looking at the Scottish child payment. We are still to flesh out some of the details, but we will report next year on devolved disability benefits, and that reporting will capture the points about rising demand and the inequalities that exist in Scotland. As auditors, we are able to step back, so we will consider the impact or bearing that the significant sums of public spending in that area are having.

**The Convener:** That was a helpful illustration. We might get into even more of the detail of that later.

I was looking back at the session that we held last year on your work programme. That session started with a discussion about the industrial intervention framework and Ferguson Marine. I notice that ferries do not appear in your outline work programme. About this time last year, we produced a report in which we made some recommendations about the need to have a review, on the contract's completion, to find out what had happened, what went wrong, what lessons can be learned and so on. At that point, I think that you expected to carry out that work, but it is not mentioned in your work programme. Can you update us on that?

**Stephen Boyle:** For absolute clarity, I note that the correspondence that I have exchanged with the committee reflects my position and that of Audit Scotland. I will be carrying out audit work on Ferguson Marine that will reflect on the project to deliver the Glen Sannox and the Glen Rosa. That work is not mentioned specifically because of

uncertainty about its timing, but there is no doubt that we will carry out a performance audit at the conclusion of the launch of the two vessels.

**The Convener:** The work programme that we are considering this morning goes up until March 2026, and our expectation is that, by March 2026, the two vessels will be serving the island communities of Scotland. You do not need to answer that.

I will bring in Graham Simpson.

**Graham Simpson (Central Scotland) (Con):** I am looking for some clarification on that issue. Auditor General, you said that you will start that work when the vessels are launched. Do you mean when the vessels are in service?

**Stephen Boyle:** We have not specified a precise date on which we will commence the audit that reflects on the project to deliver the two vessels. We will need to take a bit of time as we await the completion of the vessels. To reassure the committee, I note that we remain actively involved in the matter and are tracking the progress of the two vessels through our wider performance programme and the annual audit of Ferguson Marine (Port Glasgow) Ltd. That will inform the right time for our audit. There is no doubt—I hope that I have provided sufficient reassurance for the committee—that we will carry out that work, as we have stated in our correspondence.

**The Convener:** It is helpful to have that on the record.

I will move us along to another area of work in the pipeline, which is the work that you are expecting to do around care-experienced children and young people. Could you give a bit more detail about that work and why you see that as a priority?

**Stephen Boyle:** Before I bring in Mark MacPherson, who will be leading some of that work, I should say that much of my programme of work will be delivered jointly with the Accounts Commission. That again reflects what I referred to in my opening remarks, which is that the system-wide nature of public service delivery does not respect some of the organisational boundaries. That is very much the case for the programme of work to support the experiences of children and young people from a care-experienced background and their success in domestic life, educational attainment and prospects once they leave the care system. The committee will know that the Government has made a high-profile commitment in this area through the establishment of the Promise Scotland, which brings in the work of many organisations across Scotland to support better outcomes towards the end of this decade. We will look at that area—the Promis organisation

itself, the accountability arrangements and the contribution that many public bodies are making. Mark MacPherson can say more about where we will go with that.

**Mark MacPherson (Audit Scotland):** I do not have a huge amount to add to that, other than to say that there have been fairly public discussions about the pace of progress around the implementation of the Promise. Given the high-profile nature of that commitment, it is important that Audit Scotland looks at the arrangements to see what progress has been made. The question is just exactly when we want to do that. We have suggested mid-2025, based on what we think will be available at the appropriate point to allow us to conduct a detailed and robust piece of audit work.

**Antony Clark (Audit Scotland):** It might be worth mentioning the fact that this is probably quite an interesting test case for us of how well public service reform is being delivered. As the Auditor General and Mark MacPherson have said, this is not just a matter for the Scottish Government or the Promise board or the Promise itself; it also involves councils, communities and the third sector.

We know from quite a few pieces of previous audit work that there are real challenges in getting change to happen when people have to work in partnership with others, so we think that this would be a good opportunity to test how well that leadership at national and local level is delivering. It also touches on a number of priority areas for the Auditor General and the committee, including inequalities and improving outcomes, and, given the well-accepted critique that we have not yet delivered on the Christie commission, this will be a good test of whether we are making more progress in that regard now than we have over recent years.

**The Convener:** You have also identified children and young people with additional support needs as an area that you want to focus on. Could you give us a bit more detail about why Audit Scotland treats that as a priority area of work?

**Stephen Boyle:** Mark MacPherson and Antony Clark may want to develop my opening remarks on this. There is a range of factors, including issues around the Morgan review and the ongoing interest of the Parliament's Education, Children and Young People Committee, about how well Scotland's councils, primarily, are meeting their obligations to deliver services for children and young people with ASN. We know that demand for services for children and young people with ASN is growing, so we want to look at the totality of the arrangements—again, building on Antony Clark's comments—about how the system is operating to best support those services.

You will see in the narrative accompanying our intentions that we make reference to the quality of information and data that is in place to support that delivery, which I know is a recurring theme of interest for the committee. The provision of education services in this area and the ability of providers to make informed decisions is reliant on having high-quality data. It is important to trace investment that public services are making in this area to determine whether it is meeting the needs of learners, delivering the required impact and making the difference that is expected of it. That is our intention.

09:15

**Mark MacPherson:** In addition to the point about the increase in demand, I note that there is also variation in demand, which may or may not be easily explained. We recognise that there is also a spectrum of needs in the system, and that leads to a question about the variation in provision. That lends itself well to what I call a classic performance audit piece of work. That complex spectrum of needs will obviously require us to get our heads around what that involves and how individual councils are responding to that across the country.

**The Convener:** I presume that, in carrying that work out, you will be working with the Parliament's Education, Children and Young People Committee.

**Stephen Boyle:** Indeed. Antony Clark might want to develop this, but we are looking carefully at the timing of it. Given the fact that the committee is undertaking a review whose scope is significant and potentially overlaps with where we might have started, we want to see the results of that review before settling on our scope. We do not think we should step back in light of that review, because it is important that an audit angle is brought to the issue, which the committee may not be able to provide. We are mindful of that work, and we will wait to see what the committee concludes before settling on our final scope.

**Antony Clark:** We have already given evidence to the committee on this topic as part of its inquiry. It is pretty clear that the committee has an interest in the overall level of funding and whether it is being allocated appropriately. There is a big question mark about the balance of funding between specific funding streams that are dedicated to specialist services as those that are dedicated to mainstream services that are provided by local authorities. The committee was quite keen that Audit Scotland explore that as part of any work it might do.

**The Convener:** That is helpful. I will move things along and invite Colin Beattie to put some questions to you.

**Colin Beattie (Midlothian North and Musselburgh) (SNP):** I want to touch on three broad areas. First, over the years, this committee has received section 22 and 23 reports from you, which are obviously in-depth audits, on which we have based our scrutiny. Over the past couple of years we have increasingly been getting briefings from you in the form of blogs. What kind of balance do you anticipate in the future between your in-depth audits and the briefings in blogs? Given that this committee has performed scrutiny against those briefings and blogs, to what extent can we rely on the rigour of the audit principles behind them when we do that?

**Stephen Boyle:** That is an important question and I am glad you have asked it. I am sure that Antony Clark and Mark MacPherson might want to come in on it.

The structures and processes that we have in place behind the scenes satisfy the quality standards. I can assure the committee about the basis upon which not just you in your key scrutiny role but anybody using the report, including the public. People can rely on the judgments that are included. Those standards apply to section 22 or 23 reports as well as our more recent products such as blogs, online publications and briefings.

The reason why we want to have a wider suite of outputs is that that blogs and online publications and briefings give us the flexibility to raise matters of audit interest—and hopefully public interest—a bit more nimbly than we would be able to through a full-scale section 22 or 23 report.

Often, there is an intention to use a briefing paper or a blog to signal that we intend to do more in-depth audit work on the issue in a relatively short space of time thereafter. That kind of flow-through gives us the opportunity to continue that audit work and the audit interest. However, none of that should detract from the fact that all of our work has to be safe and reliable and to the same quality standards. Antony Clark, as the executive director who leads this work, can set out how we go about that.

**Antony Clark:** That was a good question, Mr Beattie. As the Auditor General has said, our briefings have to comply with the International Organization of Supreme Audit Institutions—INTOSAI—auditing standards that apply to all of our performance audit work. That means that we need to satisfy ourselves that we have a clear scope for the work, that we have gathered sufficient reliable audit evidence and that we have a log of all our key judgments. Further, the briefings, like our performance audits, are subject

to independent review to satisfy the Auditor General and the Accounts Commission that the work is being done to an appropriate standard.

We are pretty satisfied that we can stand behind our briefings. To be honest, we would not put anything into the public domain that was not of the highest possible standard. I would not be able to sleep at night, nor would Stephen Boyle, if that was the case.

It is not surprising that the committee takes an interest in the briefings. We only do a briefing because there is a topic of audit interest that we need to get our heads around and feel the need to report publicly on. It is not surprising, therefore, that, on occasions, the committee wants to gather further evidence on those matters.

**Colin Beattie:** The issue from the committee's point of view is that, as the Auditor General has said, the publication of a briefing is often a signal that there is probably a more detailed section 22 report coming soon, so the committee then has to decide whether to allocate time for scrutiny based on the briefing or wait for the full section 22 to be published. I realise that that is a judgment for the committee at the time; I am just pointing to the uncertainty that is created.

**Stephen Boyle:** I recognise the dilemma. What we try to do is allow for a sufficient gap so that it does not feel like we are addressing an issue in too condensed a way all at the one time. There is a live example relating to Scotland's justice system that might help illustrate some of our thinking in that regard. I am mindful that the committee is still taking evidence on the section 22 report on the Scottish Prison Service and that there is an interest in that. You will recall that, in 2021, we produced a briefing paper on the criminal justice system in Scotland. At that point, we drew attention to the fact that the system had not progressed at the pace that was intended in relation to the creation of new bodies and the wider legislation. In today's paper on our programme of work, we set out that we want to do more work on criminal justice and community justice arrangements and whether progress is going as planned. However, we are thinking of the best way to frame that, and I want to have a range of choices in relation to how best to deliver products, but I am mindful not to condense our approach to a topic in a way that it cannibalises others' work or overlaps with that to the extent that it reduces the quality of scrutiny that the committee can provide.

**Colin Beattie:** Have you had an instance where you have published a briefing in good faith but, when the full scrutiny takes place, the content of that briefing is modified?

**Stephen Boyle:** In what terms?

**Colin Beattie:** In terms of the severity of the impact it would appear to have.

**Stephen Boyle:** I can think of an example of an instance when we have reflected and said that it would have been better if we had produced a full-scale performance audit on that topic. That probably brings me back to the point about the fact that we have options. We can undertake a section 23 report, do an impact analysis of the work or deal with the issue through the annual audit process. As you know, audit work on a given topic never really stops; there is always scrutiny and an on-going assessment. The arrangements that we have give us the right degree of flexibility. As Antony Clark mentioned, we have not had a concern about the quality of a briefing or an online publication to the extent that we have had to step back or modify it.

**Antony Clark:** If you are asking whether we have produced a briefing and realised that the issue was not really an issue, I can say that that has never been the case; there has always been something worth seeing when we have done our briefing work. Having said that, when you do a piece of audit work there is always a question in your mind about how big and how significant the nature of the issues are that you are investigating. I think it is probably fair for us to reflect that, when we do our work, we look for the good as well as the bad, so, inevitably, there is a balance to be struck in terms of making sure we are looking for things that are going well and areas where we can support improvement. I do not think that we have ever found ourselves in a position where we have conducted a piece of work and we thought—forgive me if I am being colloquial here—"Why did we bother?"

**Mark MacPherson:** It is important to note that not all briefings will necessarily progress to a full performance audit report or a full section 23 report. With regard to how we present information to the committee, we should reflect on whether the issue is one on which we will produce a report later, and that will give us an opportunity to discuss when the time is right for the committee to commence more detailed scrutiny. On other occasions, the briefing might be sufficient, and might be enough to enable the committee to really go into the topic. That is something that we can liaise on as we progress.

**Colin Beattie:** Coming back to the original question, what sort of balance do you see in the future between the more formal section 22 and 23 reports and the less formal briefings and blogs?

**Stephen Boyle:** As I have said, section 22 reports take care of themselves, to an extent. If the appointed auditor raises a matter through the annual audit and brings that to my attention through the well-established processes that we

have in Audit Scotland, I will decide whether to produce a report on that annual audit.

As for the balance between section 23 reports and briefing papers, there is, as you will no doubt expect, no formula that says there should be a percentage of one or the other. What we want to do is ensure that we have the right depth for the right issues. Some products lend themselves to a full-scale audit; indeed, Mark MacPherson has mentioned some of them already. As I said in my first response to the convener, social security feels like a good example in that respect. Indeed, if we trace this right back to the Scotland Act 2016 and the plan to devolve more benefits to Scotland, the committee will recall that Audit Scotland embarked on a programme of reporting on the work being done through the annual audit and on how well those arrangements were developing. As I have said, it is our intention to carry out further reporting.

I think that a section 23 report is the right product for that style of work, given the scale of public spending that exists. After all, this is a programme with a number of years under its belt. For other topics, however, a briefing will be just as appropriate—we have already mentioned the Promise as an example. We are thinking carefully about how we shape our approach, and we will always do so, based on the scale of the issue, the amount of public spending involved and the additional benefit that one or other product will provide.

**Colin Beattie:** Another issue is the approach to Scotland's colleges. For a large number of years, Scotland's colleges have continually come up as an issue, but the issue—or, I should say, the emphasis—has changed over the years. The subject of finances always lies behind the matter; at the moment, you are expressing concerns about the sector's financial sustainability, the SFC's new funding model and the ability of colleges to continue to offer the courses that they need to offer.

At the moment—it was not so much the case in the past—the colleges' financial situation is being driven by staffing costs, and we have seen some fairly dramatic statements from colleges about the percentage of resources that are being or will be eaten up by such costs in future. This is very much a changing environment; it is all fast paced, even though these things have been developing over the years—I think that you get where I am coming from when I say that. How will you change the type of output that you will publish in this respect? Obviously, we are looking at entirely different things now; the old types of report that you produced on this were appropriate to the issues at the time, but we are now in a new world, so to speak. How will you approach that?

09:30

**Stephen Boyle:** I am glad that you have raised the issue. Again, Mark MacPherson and Antony Clark might wish to come in on this question, particularly Mark, who is leading our work on Scotland's colleges.

Your characterisation of the environment is one that I would recognise, Mr Beattie; Scotland's colleges are operating in a very challenging and dynamic context, and I value the committee's interest in the issue and your on-going scrutiny of the challenges that the colleges are facing. Of course, this is not a system or sector that operates in isolation, and the fact that there are plans for reform more generally of Scotland's post-school system is relevant to shaping how we take our work forward. Mark MacPherson can say more about this; I was going to say that it is a placeholder, but perhaps that downplays the significance that we attach to Scotland's colleges in our audit work.

You have alluded to an evolution of our reporting on Scotland's colleges. For a number of years now, we have produced an annual overview of the college sector in Scotland. More recently, we have continued to report on that, but perhaps in a more accessible format to reflect a growing desire on the part of the Scottish Funding Council to discharge more of its own responsibilities to report annually on the sector. We have reflected that in our own work.

That said, we are not tied to a particular style of reporting on this sector. Without committing ourselves this morning to one style of output over another, if that is possible, I would just say that our interest in the sector remains undiminished, given its important role in helping with social mobility, tackling inequalities and providing life chances across multiple communities throughout Scotland. We will take just a bit of time to get this right, and feedback from the committee and elsewhere will help shape our approach.

Mark MacPherson can say more about where that might take us.

**Mark MacPherson:** It is important to emphasise that, as the Auditor General has said, we are not tied to a particular type of output or any particular scope. We are giving thought to that. In previous versions of this annual report, we have touched on issues such as performance, the curriculum and staffing in a bit more detail, as well as the regionalisation arrangements that came in through mergers, and we have capacity and flexibility to do something in that respect.

We know that, for the past few years, the primary driver or challenge in the sector has been financial sustainability. Some of that is now coming to fruition—although perhaps I should not

use that phrase. The fact is that some of the comments made by the colleges and the useful information sessions that the committee has had with the SFC and the director-general of the Scottish Government, as well as with the colleges themselves, have brought to light some of the real issues that colleges are facing, and we will be reflecting on the appropriate scope of any future output on the matter.

**Colin Beattie:** My last question is on the police and the Scottish Fire and Rescue Service. I think that your best value reports are quite good. *[Laughter.]* Well, I am Scottish—that is why I said that.

I know that you are doing research and development work and a best value audit on policing. Can you give me a bit more information about the research and development that is being done and the timescales you are working to in relation to the fire and rescue service? Obviously, both emergency services are vital for the country, and the committee has a huge interest in them.

**Stephen Boyle:** I can give you a wee bit of background first, and then Antony Clark and Mark MacPherson can say more, if they so wish.

Uniquely, with regard to the Scottish Police Authority and the Scottish Fire and Rescue Service, the Police and Fire Reform (Scotland) Act 2012 gave the Auditor General powers in respect of best value on what are now central Government organisations as a result of that significant element of public sector reform. However, my predecessor did not discharge those best value powers, and neither have I, as yet.

This has been a placeholder in our work programme for a few years now. As I set out in the paper that we are discussing this morning, I intend to carry out best value reporting on both police and fire over the current audit appointment term. By “appointment”, I do not mean my own appointment, but the current five-year cycle of external audit appointments, which takes us up to 2027.

Your predecessor committee—on which you sat, Mr Beattie—took much evidence on the progress that the SPA and Police Scotland in particular were making on the quality of their service post reform. I wanted to take a bit of time and let that stabilisation happen before I made a wider assessment of Police Scotland, the Police Authority and the SFRS, which, although having a lower profile, still provides a vital public service. That is my intention.

You will see from the paper that we are signposting that we will produce the first set of reports towards the end of next year, and we are working closely with the appointed auditors of both organisations, together with Antony Clark and

Mark MacPherson’s team. Antony can perhaps kick off with some specifics about the work that we are doing to ready ourselves for that.

**Antony Clark:** We are in very active discussions with both inspectorates on this work, as they have a clear interest. It is probably worth recognising that a piece of work was done by Stephen Boyle’s predecessor, Caroline Gardner, on the preparation and planning for police and fire reform. At that point, our view was that good progress had been made on planning for implementation, but the question, then, was: has it actually made a difference? Has the intention of creating a single police service and a single fire and rescue service led to better quality, better performance and better use of public resources? Now feels like the right time to step back and start trying to form a view on that broader performance and outcome question, and that is the conversation that we are having with His Majesty’s Inspectorate of Constabulary in Scotland and the HM Fire Service Inspectorate in Scotland at the moment.

As Stephen Boyle has said, the plan is to get that work kicked off sooner rather than later, because it will take a bit of time, and it is not straightforward. We also have the reference points of the Accounts Commission’s work on the previous police and fire services in Scotland, which will allow us to see how things were then, how they are now and what difference has been made.

**Stephen Boyle:** Before I pass to Mark MacPherson, the only thing that I would add, Mr Beattie—and I know that you will be familiar with this—is that inherent to the role of all accountable officers of central Government bodies is a responsibility to achieve best value arrangements. I should add that the accountable officer for the police is the chief executive of the SPA. That responsibility does not accompany that role in central Government in the same way that it does in local authorities; it has a statutory element, alongside audit reporting. We have work to do here, and we think that the timing is beginning to feel pretty fertile for some public reporting.

**Mark MacPherson:** On a very practical point, we are very closely engaged with HMICS at the moment, because of the breadth of the work that it is doing and has done with the police over the past year or two. We want to work closely with it on shaping what this work might look like. We are less advanced in our discussions with HMFSI, but we are engaged with it, too, and we will be upping that engagement over the coming months.

**Colin Beattie:** I would just highlight the high level of public interest—and indeed the committee’s interest—in both areas. I would

therefore be hoping for something on this as soon as is feasible.

**Stephen Boyle:** Absolutely. We will be reporting according to the timescale that we have signalled—that is, perhaps 2025 for the first report and then likely into the following year for the other.

Coming back to your earlier question, I would just say that these will not be briefing papers. Instead, they will be full-scale best value audits and assessments, given the significance of the public spending involved and how material these public services are.

**The Convener:** I am seeing lots of nods around the table for that. The committee's strong view is that these reports should be a priority in the work that you are doing, because it is a matter of considerable public interest.

I now invite Graham Simpson to put some questions to you.

**Graham Simpson:** I want to follow up on a couple of the areas that Colin Beattie touched on. He ended by touching on the police and the Fire and Rescue Service. What level of detail are you planning to go into? If we take the Fire and Rescue Service, for example, will you be looking at whether cuts in the number of assets that the fire and rescue service has had affects its ability to fight fires, particularly major fires, in certain places? Will you be going into that sort of level of detail? You could do the same work for the police too.

**Stephen Boyle:** Antony Clark can say more about our methodology, Mr Simpson. I think that the real benefit that we will get from this audit is that we will work with subject experts in terms of both inspectorates. The audit angle will always be rooted in what public money that the organisation gets. We look at its plans and ask—did it deliver as intended against those plans? Does it have the right infrastructure in terms of effective decision making, culture, governance and so forth? Those are the hallmarks that auditors use to arrive at a best value judgment. Antony Clark can say more about the methodology, but performance is vital in terms of the use of resources, which is another key aspect that captures best value.

**Antony Clark:** To echo what the auditor general said, Mr Simpson, the fire and rescue inspectorate already publishes inspection reports on fire and rescue. One area of interest that the chief inspector has been focusing on recently has been capacity and deployment, the risks around the level of available resources and some of the difficult choices that need to be made. It is quite likely that that would feature as part of our discussions with the fire and rescue inspectorate and possibly the reporting that we will do in this area.

When we did the best value work on police and fire services in the past, there were slightly different models for police and fire. The best value reports were joint reports with the police inspectorate, but the fire and rescue reports were just reports published by Audit Scotland. I suspect that on this occasion, there might be joint reports with those bodies, but that is another matter of detail that we need to work through. It creates complications in terms of governance and sign-off and all those kinds of things, but we need to do what is right, and that is not stuff that would get in the way of our doing joint reporting, if we think that that is the right model.

**Graham Simpson:** That is useful. On colleges, I think that we are expecting to see a number of section 22 reports from you. Can you give us an update on where you are with those?

**Stephen Boyle:** I am happy to. I have not yet settled on section 22 reporting on Scotland's colleges for the financial year 2022-23. I am actively considering it as I await the finalisation of those annual audits, some of which are taking longer than expected. Complex judgments are being made by auditors. The committee took evidence from the college sector, particularly from the Scottish Funding Council, about the scale of the current challenges and we are seeing that being reported by the auditors in their annual audit reports. That is informing my thinking, but I have not yet settled on specific colleges or numbers.

**Graham Simpson:** Why are the audits taking longer than expected?

**Stephen Boyle:** A number of reasons. On timescales, some started later, allowing for the completion of the previous year's audits. There are some challenging issues in terms of the capacity of some finance teams to support the delivery of an effective audit and there are also some live technical issues, particularly around pension accounting. Many of Scotland's colleges are members—admitted bodies—of the local government pension scheme. That scheme is going through its tri-annual valuation arrangements, which were received during the midst of the audit. Many auditors view that as a material change, which means that they require the updated information to be validated before they are prepared to sign off the auditor's certificate. Therefore, there are a number of the factors behind the delay. We also want to take proper account of some local complexities. As I have said many times to this committee, audit quality matters more than the delivery of deadlines. Auditors will not compromise on the quality of the judgments, which they need to make with the right evidence. Those are the factors which are live just now, Mr Simpson.

**Graham Simpson:** Can we expect to see some progress before the summer?

09:45

**Stephen Boyle:** I very much hope so. There are outstanding audits—Mark MacPherson can add some detail on that, if it is helpful—which we expect will be completed before the summer recess and we expect any resultant section 22s to be reported publicly by that date. I will be writing to the committee with regular updates on progress and about my intentions. Do you have anything to add, Mark?

**Mark MacPherson:** I have nothing to add, thanks.

**Graham Simpson:** Okay, fine. You say that you will do some work on looking at primary care—the care that is provided by general practitioners. What kind of things will you be looking at in that area?

**Stephen Boyle:** Antony Clark may want to say more about that in a second. What I would highlight to the committee in terms of what is shaping our thinking is where health services take place in Scotland. Over 90 per cent of health interactions take place in primary care. Our approach is also informed by regular reporting about the need for the NHS to move to a preventative model, which is less focused and less reliant upon large hospitals in an acute setting. The new GP contract—the general medical services contract—has been in place since 2018. We want to see how effectively that is working. That will be at the heart of our audit intentions in that area. On where we go next with the scope and methodology, Antony Clark can comment on that—as much as we are able to at this stage.

**Antony Clark:** We are still having scoping discussions with our stakeholder group about this piece of work, Mr Simpson. However, as the auditor general said, the focus is primarily on whether the 2018 GMS contract is delivering what it was intended to deliver. There was a fundamental shift to try to shift resources into primary care and to deliver services differently to help with supporting the prevention agenda and to improve health outcomes.

We know that there have been real issues—and there are still some big issues—around capacity in primary care. There appears to be evidence of challenges in recruiting some of the multidisciplinary teams that are the cornerstone of delivering those different services, so we want to explore how well that programme of change is being implemented, what the barriers might be and what might need to be done differently in the future. We have not finalised the scope, but that is the general thrust of what we are looking at.

**Graham Simpson:** I think that you are right to look at capacity, but as part of that work could I also urge you to look at how easy or difficult it is for patients to see a GP? We have raised that issue before in committee. There is a bit of a mixed picture and different practices will have different policies on actually booking appointments—it can come down to something as basic as that.

**Antony Clark:** We are certainly quite keen to explore whether we can get good evidence on access to and availability of primary care services. It is quite likely that that will feature as part of our audit interest in this piece of work, but I certainly hear what you are saying loud and clear, Mr Simpson, and I have made a note of that.

**Stephen Boyle:** As Antony Clark says, we are just in the scoping stage of this audit, but in our adult mental health services report, we were very deliberate in our intention to bring in the experiences that people have of public services, including the specifics—the lived experience—and, where appropriate, a human rights-based approach to auditing. We have not settled on it yet, but that feels like a very important component of our thinking for this audit.

**Graham Simpson:** That is useful. I will move on to your work on sustainable transport and climate change. We were meant to be getting a statement later today on climate change but it was leaked, so we know what is coming. We know that the Government will say that it is going to ditch the targets that were set down in law. Does that help or hinder you in your audit work?

**Stephen Boyle:** I will resist commenting on a potential leak. I understand that there will be a ministerial statement in the chamber later today setting out the Government's intentions around its climate change statutory targets and the annual plan.

You will recall that we have recently produced two climate change-related audits, first on the Government's overall arrangements to support its climate change ambitions, which of course made reference to the annual climate change plan, and then more recently on heating homes and how that work is progressing.

Whatever changes the Government makes in terms of its ambitions for the interim targets in 2030 or indeed the annual reporting, I am not sure that they will really derail the wider ambition going into the 2040s. The Government has a clear plan for how it intends to deliver its carbon reduction ambitions, which is relevant for our work on the use of cars and reducing car mileage journeys. That is one of the first aspects that we will be looking at.

We will also be working on the assumption that climate change is here to stay and looking at the extent to which the public, public bodies and public services are adapting appropriately. A specific part of that is our intention, given the climate in Scotland, to look at how well our flood protection arrangements are being deployed. It is those two aspects that we intend to look at. Of course, we will look with interest at the Government's decisions around its targets and use that to inform our future work in this area.

**Graham Simpson:** With regard to sustainable transport, what will you look at? Will you be looking at all kinds of transport—cars, trains, planes and ferries?

**Stephen Boyle:** Antony Clark can say more about that.

**Antony Clark:** The primary focus of the audit will be on reducing car travel, but we will also look at the extent to which planning is taking place at local and regional levels on integrated transport systems, because that is an important part of the mix. The primary focus is on the target to reduce levels of car use.

**Graham Simpson:** Why are you not looking at all other forms of transport?

**Antony Clark:** We will look at the how local planning to reduce car use is linked to investment in other transport modes. The reason why we are focusing primarily on cars is that cars are the biggest area in terms of carbon emissions, so that is where there is likely to be the greatest gain in supporting Scotland's drive to meeting the net zero target.

**Graham Simpson:** The Government has such a target. It has not ditched that one yet, but maybe it will get around to that. Will you be looking at use of electrical vehicles and the rollout of EV chargers, or lack thereof?

**Antony Clark:** I am very glad that you asked that question, Mr Simpson, because we have had quite a lot of discussions internally about the scope of the audit. We will obviously be thinking about the role that EVs can play in supporting the reduction in car use, but the evidence suggests that that should not be the primary focus of this piece of work. We are planning to do specific work on EVs in the future. They will feature as part of the context for this work, but are not the primary focus of it.

**Graham Simpson:** So the focus of your work is simply whether people are using cars less.

**Antony Clark:** Yes. We are asking whether people are adopting more active forms of transport and using more public transport, and what progress people are making at local, regional and

national levels to deliver a shift in behaviour and activity.

**Graham Simpson:** I can probably tell you the answer to that. The answer is no, at the moment: there is no plan.

**Antony Clark:** We want to see what is happening, to be perfectly honest, Mr Simpson. Certainly, the scoping work gives us some useful hooks from which to explore the extent to which there is good activity at local level to make the shift happen. If it is not happening, clearly we need to shout that out and identify what needs to be done better in the future.

**Graham Simpson:** Okay. I look forward to that.

This is my final question. We have spoken to you previously about how you track your recommendations—how the Government responds to them and what action is taken as a result of the many recommendations. I should say that, unlike Mr Beattie, I think your reports are excellent, not just “quite good”. How are you actually tracking progress on your excellent recommendations?

**Stephen Boyle:** First, I thank you for the feedback. We have thought carefully about the matter and you are right that we have had very helpful discussions with the committee, building on the work of its predecessor committee. Audit work has an impact; I think that I referenced that a couple of times in my opening remarks. That is central to the strategy that we have produced. It was reasserted last year by me and the Accounts Commission, supported by Audit Scotland, that audit work that makes clear audit recommendations is, ultimately, having an impact in terms of there being better public services, so we are very focused on and committed to that.

At one end of the spectrum, it is for public bodies to either accept or reject an audit recommendation. That is very obviously a feature of the questions that the convener has asked of witnesses. There is an expectation that we will go through the regular clearance process, in which recommendations are clear and understood, and are, we hope, accepted. It is for public bodies to implement them, then for us to track and report on how well that is being done. We currently have a project on impact and insights, on which we have committed to reporting publicly at least twice over the five-year duration of the strategy. We will be giving regular updates to the committee—and doing so for our own annual reporting—on progress.

I think that it is a helpful development that, alongside that, in particular from the Scottish Government's perspective, its audit and assurance committee now has much clearer and stronger arrangements for tracking progress against audit

recommendations. We will report further on that through the audit of the Scottish Government later this year. I feel that there is more happening and that clearer progress is being made.

Audit is a retrospective function, but some of our work is moving towards our doing a bit more real-time auditing. On whether recommendations have been implemented, that is retrospective analysis. We will go back sometimes two or three years to see what happened on a recommendation. We will continue to engage and report publicly, as appropriate, on that.

**Antony Clark:** As the auditor general said, we have in recent times introduced a much more systematic approach in Audit Scotland to follow up on progress that is made against recommendations. Obviously it is very important that recommendations are accepted and—as the auditor general said—picked up as part of the clearance process, but accepting a recommendation and acting on it are two different things. In many ways, we are probably more interested on what action is being taken. Colleagues have been working with audit teams to gather evidence on tranches of audits. We have a cycle in which we allow an appropriate period of time to elapse before we start to check whether or not progress has been made. We need to give people time to gather their resources and to act on recommendations.

The evidence is pretty positive for us, in terms of the action that is being taken. We are seeing real progress being made in audited bodies, based on the reports we have looked at recently; they are getting better at being clear about what it is they are trying to achieve. We are also seeing evidence of public bodies getting better at putting systems in place to gather evidence on the improvements that we ask them to make.

The other important thing to say is that we are obviously precluded from passing comment on matters of public policy, but inevitably the points that we make and the issues that we identify can be useful in terms of informing policy thinking and service development across the public sector. We are seeing good evidence that the briefing on drugs and alcohol, for example, has informed the work of the task group, and that the social care briefing has helped to inform some of the thinking around the national care service. We feel that we are making good progress.

We have introduced a technical change. As part of our audit processes, we now require audit teams—I am sorry; this sounds a bit dull—to fill in a recommendation template. It requires teams to be absolutely clear about who they are directing a recommendation at, what they want them to do about it, and how they will know when it has been done it and whether it has actually happened. We

have conversations with the audited bodies based on that template, which gives us confidence that people are buying into the recommendation that we make in a report. I am not at all complacent about this. There is obviously more to do, but I think that we have made some good progress in putting in place very robust processes around recommendations.

**Graham Simpson:** That is really good. It was not that dull. Do not worry.

**The Convener:** Thank you very much. I have to comment that it is not uncommon for accountable officers from public bodies to tell the committee at 9.05 am in the morning that they accept all the findings and recommendations, but by about 9.20 am they are denouncing or renouncing some of them. Anyway, Willie Coffey has questions to put to you.

10:00

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** Briefly on the previous point, how do the public see the fruits of that follow-up work on recommendations? For example, if the public went on to Audit Scotland's website and picked a report, say from a couple of years ago, how would they quickly and easily see how recommendations were being followed up to get a sense of whether work on recommendations was being carried through?

**Stephen Boyle:** Antony Clark is probably best placed to comment on that. It is all well and good that we make recommendations—or indeed, as the convener suggests, state things publicly—but as Antony Clark mentioned, what happens next is much more important. Over to you, Antony.

**Antony Clark:** We are not at the point at the moment of putting that in the public domain, Mr Coffey, but our ambition is to do that very soon because we are more confident. We have in place processes that allow us to have confidence in the evidence on whether progress is or is not being made on recommendations. That is something we are planning to do quite soon. I would not put a timescale on it, but it is certainly something that we want to do. The committee knows that we are very keen to share this stuff with the committee. I think that we have had private discussions about it. We would be very comfortable moving into public discussion on that work with the committee, if that is where you are minded to go.

**Stephen Boyle:** As well as development of the arrangements that has Antony set out, there are a couple of other specifics that might give the committee more confidence in public reporting. Section 22 reports, for example, regularly say that there is an issue and give the recommendations that the auditor has made. That almost always

results in a public follow-up report saying what happened over the course of the following year.

The other product that Audit Scotland has used many times is an impact report, which is a specific report that typically comes on the back of a larger-scale section 23 report, asking what happened a number of years later. We are looking, through this project, to evolve that into a more regular systematic style of public reporting.

**Willie Coffey:** It is about connecting things from a report that was done two years ago, for example, so that the public can see the actions on recommendations and their impact. People must be able to connect the two and see pretty readily that the work has been done and has been effective.

**Stephen Boyle:** Agreed.

**Willie Coffey:** That would be almost epilogues to your excellent reports.

**Stephen Boyle:** There is a really important point to be made on that. We are talking about relevance and impact. We want our reports to have a life beyond publication day—that there is an impact in terms of delivery of high-quality public services to the people who use them and in terms of public money being well spent. That is how we think we can best bookend things.

**Antony Clark:** There is an important learning point, too. We need to accept that sometimes recommendations will not be accepted and that progress against them might sometimes be slower than we would like. If that is the case, we need to understand what is happening and we need to find better ways of influencing and shaping change across public services. If the problem lies with us, in terms of how we have framed a recommendation, we need to accept that and learn from it.

**Willie Coffey:** Absolutely. Thank you for that. I turn to the work that you are doing on digital exclusion. We know that your report is coming. I do not know how much of the game you want to give away, but could you give a little flavour of the issues and themes that you cover? I might follow up with more questions, depending on what you say.

**Stephen Boyle:** The work is a live audit; it is joint work by me and the Accounts Commission. The roots of the work are the pace of change in delivery of public services and how people are using technology, which we are all witnessing. That pace will be right for some people, but not for others. It is important that the work is considering the extent to which people can access public services that use digital technology more than they did previously. We are in the final throes of that audit and will publish a report in the next few

months, setting out the extent to which public services are delivering all that is required of them in an environment that has, at the same time, to change.

The Government has set out its ambitions in terms of the pillars of public sector reform, and it is quite clear that adoption of digital technologies will be a part of that. Public services of course provide a safety net to members of the public who must still be able access them in appropriate ways.

This may not be a fair comparator, Mr Coffey, but public services are not banks. When banks change their model of service delivery as commercial entities, that is not necessarily a model that public services can mirror. We are looking at all that. As we have touched on once or twice this morning, we seek to reflect people's lived experiences of digital access and digital exclusion. We look forward to briefing the committee on that over the next few months.

**Willie Coffey:** Have you looked at the benefits that were gained during the Covid experience? That came as a huge shock to everybody, but clear benefits arose from the digital transformation and digital engagement that suddenly became possible, in particular in Parliament. Are you covering that issue to see whether we are retaining the best of that, or are we giving that up and going back to the way we were?

**Stephen Boyle:** In short, yes, we are covering that. Antony Clark might want to say a bit more about some of the specifics that we are looking at. The committee will have heard many times about specific approaches that came to life during the course of the pandemic and have stayed with us.

On Mr Simpson's question, the Near Me system was a very important feature of access to general practitioners. We look at aspects of that service transformation in the report. You are right: it is not one or the other in terms of digital access or digital exclusion. Digital is here to stay and will continue to transform public services, but public bodies have a duty to make sure that they clearly communicate that, and to ensure that their transformation is accessible for all the people who rely on a service.

**Antony Clark:** I do not really have much to add to that, to be honest, Mr Coffey. Stephen Boyle has given you a very good overview of what we are finding in the work.

**Willie Coffey:** Lastly, the journey that we make towards inclusion must not totally be driven by the digital agenda. There has to be parallel provision for people who cannot, for one reason or another, participate in the digital side. Services have to be available to people who are not in the digital world—who do not want to be, or cannot afford to

be in it, and so on. Have you looked at that to make sure that there is that balance?

**Antony Clark:** That has been an important theme in the work. When you get the report, you will be able to read a bit more about that.

**Willie Coffey:** We will wait for the report.

I will ask a broader question about how the Government spends its money. Throughout your report and your slides you talk about reducing inequalities, which transcends almost everything that you have reported on. On inequalities—whether in respect of poverty, ill health, access to transport or access to the job market—will you consider how the Government spends money, perhaps even regionally, to try to ensure fairness and appropriateness of spend on tackling inequalities throughout Scotland?

**Stephen Boyle:** Yes—very much so. I suppose that the themes that shape the decisions that I am making and my prioritisation in the work programme are access to services, improving life chances and tackling inequalities. They are at the heart of the audit work that I want to undertake, which I want to be meaningful and to have an impact on what continue to be very scarce public spending resources.

A couple of examples will maybe help to inform the committee's interest in where we will go. I alluded earlier to our plan to undertake a performance audit on the Scottish Government's overall arrangements on how it is supporting fiscal sustainability, and the progress that it is making on public sector reform. That is quite broad ranging. Prioritisation is still to happen in terms of the pace of public sector reform and how Government is performing in that respect.

Many aspects are relevant to the areas of interest that we have talked about—for example, Scotland's colleges. We are doing specific work that is slightly tangential to the work of the Scottish National Investment Bank and we are thinking about where we will go after that in terms of the work of enterprise agencies and tracking closely what is happening with the skills agenda in Scotland. There is a pipeline of work, with more to come, thereafter.

**Willie Coffey:** I have a question on the local authority funding model. It always causes arguments and disputes and everyone is scared to touch it but, by and large, an authority that is losing population gets less money and an authority that is getting more population gets more money. We could argue that an authority that is losing population still has to deliver the same level of service. The local authority funding model is a tricky area to get anywhere close to, but have you looked at that? Would you be willing to do some work on it?

**Stephen Boyle:** I will bring Antony Clark in on that, because it feels more like territory for the Accounts Commission than territory for me as Auditor General. You are right—the local government funding allocation model can be a contentious issue. However, I have not looked at how the Scottish Government—this is about prioritisation, in effect—chooses to allocate funding across different budget heads. I think that the report on progress with fiscal sustainability and public sector reform, which I mentioned, will be of interest and potential relevance in this area but, as Auditor General, I have not looked and I do not have any direct plans to look at the specifics of the local government funding model. If there is an audit angle specifically, I think that it is more for the Accounts Commission. Maybe Antony Clark can say more.

**Antony Clark:** The Auditor General is quite right—the overall quantum of funding that local authorities receive and how well they use it is a matter of great interest to the Accounts Commission. There has been a live discussion, which is still on-going, about the nature of the funding model and whether it is sufficiently agile to reflect the changing circumstances of local authorities. There are differing views about that. As you can imagine, in the circumstances, many people have given a lot of thought to the model that we have at the moment. I am almost minded to use Churchill's comment around democracy. No one has yet found a better model than the one we have, even though it has many imperfections and downsides as well as upsides.

At the moment, we are probably more interested in the progress that is being made around the Verity house agreement and the discussions that are taking place about future models of accountability and funding for local authorities. When the position on the Verity house agreement becomes clearer, the Accounts Commission may want to take a view on that and report on it.

**Willie Coffey:** Thank you for that. My final question is about the growth deals. Are you continuing to monitor progress with the spend on the growth deals and possibly also the levelling up funding, which is the replacement for European Union funding? Are you getting anywhere close to that to give us some perspective on what is happening?

**Stephen Boyle:** I will take the two parts of your question in reverse. Regrettably, there has been little development so far in relation to progress around growth deals. You have had correspondence—I think that it was over a year ago now—from both me and the Accounts Commission that restated our interest in the area and said that we will track and report on it either through the annual audit or more generally at an

appropriate point in order to satisfy the committee's and Parliament's interest in it.

On growth deals, we recently reported some outputs on progress in the area. We will give that further consideration, particularly in looking at what comes next in terms of growth deals, financial investment and capital implications in a very tight fiscal environment. That is very much on our radar, but we do not yet have a specific arrangement to do further work on it.

**The Convener:** I invite the deputy convener, Jamie Greene, to put a final set of questions and observations to you.

**Jamie Greene (West Scotland) (Con):** Thank you, convener.

I have four quite meaty areas to cover and not a lot of time to do that, which is unfortunate, but I will do my best. The first is justice, which you mentioned in your opening comments. I appreciate that there is some on-going work on prisons, prison populations and remand numbers, which we have delved into a lot, and that you are looking at court case backlogs and other live issues. I get the impression that you will be keep a watching brief on those things, but I am interested in what additional audit work you will be doing on the justice sector. There was mention of community justice and legal aid. What will those pieces of work look like?

**Stephen Boyle:** We are very focused on that area of public service delivery. We are tracking the committee's on-going interest in it following the section 22 report on the Scottish Prison Service and I will take a view, as appropriate, on how best to follow that up in public audit reporting. We also have a live interest in following up our community justice briefing paper from 2021 and in the differing views that exist, I think it is fair to say, on legal aid services in Scotland. That is referred to in the courts backlog audit.

10:15

I have engaged with colleagues very recently on how, similarly to our work on the NHS, we are developing our audit commentary on Scotland's justice system. It has laid bare that the system is interconnected and that single points of failure can impact across the system. We are thinking carefully about how we can best target our audit resource in the area. However, those two areas are live. We are waiting to see what happens, probably on the back of the committee's work on the Scottish Prison Service, before we settle definitively on where we will go next.

**Jamie Greene:** You mentioned legal aid. That is clearly an area of dispute between the sector and the Government. The sector has warned that it is

on its knees and that we are looking down the barrel at a big black hole in legal representation, which is a worrying perspective from a democratic point of view. There is a discussion about fees, for example. Are you just looking at the monetary value that the Government gives the sector or are you looking at wider issues, such as workforce issues, that may come down the line? We hear anecdotally that the workforce is ageing and there are fewer entrants. What level of detail will you go into when you look at legal aid?

**Stephen Boyle:** Mark MacPherson can say more about that. We have not scoped out the work specifically, but all those factors are relevant and we will consider them before settling on the type of work that we intend to carry out.

**Mark MacPherson:** As with anything where we have not decided on the scope, anything could be within scope. Our discussions with the Scottish Government and others in the sector suggest that there has been some progress in relation to some of those areas of dispute, but we await the outcome of that. More discussion is going on, with more involvement of those in the sector, but we are keen to keep a close eye on that to make sure that things change.

**Jamie Greene:** Yes. Progress in negotiations is always subjective.

What work will you be doing on community justice? Your predecessor produced an initial report on the establishment of Community Justice Scotland by the Community Justice (Scotland) Act 2016, and the Government published a national strategy for community justice in 2022. Will you respond directly to progress against that strategy?

**Stephen Boyle:** Again, we have not yet settled specifically on that. I produced a briefing paper in 2021 on progress on community justice arrangements. As we have touched on, they had not progressed as intended against the requirements of the legislation.

As with all these things, it is about prioritising where we can have the best impact on public services. Community justice is a very relevant part of the success of the overall justice system. We initially thought about doing a wide-ranging piece of work on community justice arrangements, but I have not quite settled on whether that would be the right contribution to the justice system at the moment. If we intend to do that, we will look at the progress that has been made. The reason why I am being slightly guarded is that I do not want to repeat a story that is already known in the system. We will think carefully, probably over the next four or five months, before we settle definitively on what audit work we will carry out.

**Jamie Greene:** That is helpful. One of the main issues is the importance of following the money.

There are so many stakeholders involved in delivery and they have both statutory and non-statutory duties in delivering community justice. It is difficult to find out where the bigger budget goes except where it is directly attributed to a single agency such as Community Justice Scotland. Our committees have struggled with that for many years in looking at outputs.

As you are aware, we have done a lot of work on the input or use of the private sector in justice. I will not go into that today because there will be other opportunities to look at the use of companies such as Serco and GEOAmev. In the interest of time, I will park the other justice questions for now. As I said, my questions are quite meaty, unfortunately.

You will be pleased to hear that the next area is the national care service. Its establishment has been a matter of controversy both politically and among stakeholders but, moving on from that, I am keen to hear what work Audit Scotland will do in auditing the preparations and, potentially, the implementation, particularly from a financial point of view. That is particularly relevant given that the Finance and Public Administration Committee had grave reservations about the financial memorandum for the National Care Service (Scotland) Bill. The matter is of cross-party interest, so I hope that it will feature in your work.

**Stephen Boyle:** I will invite Antony Clark to comment in a moment, but that is very much part of our audit interest. As I alluded to earlier, we have models of audit response to accompany large-scale developments in responsibilities coming to the Scottish Parliament. The model that I think is most relevant here is the devolved benefits arrangements. Audit Scotland produced a number of reports as progress was being made on the establishment of Social Security Scotland, and I imagine that our audit response to the development of the national care service in Scotland will be broadly similar.

For the variety of reasons that you alluded to, we probably thought that we would have done more audit work in the area before now. That applies to both me and the Accounts Commission, which oversees the work of integration joint boards. I think that that is where we will go next together, with joint audit of both the developments that are implemented and then, at the right point, of whether they have delivered as intended. I suspect that that programme of work will continue beyond my term of office as Auditor General. That reflects the fact that it is a large-scale programme with a significant value in terms of public money.

You mentioned the Finance and Public Administration Committee's interest. I note that we responded to the call for views on the financial memorandum and we mentioned the importance

of clear numbers that are supported by information and are reported transparently. That will be captured in our audit work going forward.

**Antony Clark:** We are committed to a three-phase approach. Phase 1, as Stephen Boyle said, will involve looking at the planning and risk assessment for the implementation of the national care service. Phase 2 will involve looking at whether it was delivered on time and to budget. Phase 3 will involve looking at the longer-term outcomes and asking whether it has delivered the intended improved quality of service outcomes and efficiency. That is the framing of our planned work in the area.

**Jamie Greene:** This might be a general worry but, when there is organisational change of this type, and particularly when there is consolidation, we cannot afford to wait a couple of years to see whether things have bedded in and are working. We talked about Police Scotland and the centralisation. You might need to wait five or 10 years to do that piece of work, but care has more immediacy to it because it is a matter of life and death, if you like. There may be a public opinion that we cannot afford to wait four or five years for that analysis.

**Antony Clark:** After this meeting, I will be going to the Accounts Commission to brief it on the integration joint board 2024 report that we will publish later this year on behalf of the Accounts Commission, which will be a summary of the financial health and performance of the 30 IJBs in Scotland. We are doing that work because we believe that there are some important issues around social care, which the Auditor General has reported on. We need to focus on tackling workforce issues, getting better commissioning and making sure that people are more effectively involved in decisions that affect their lives. That will be on-going work alongside planning for the national care service.

**Stephen Boyle:** You are quite right, deputy convener. Our previous audit reporting on social care challenges in Scotland reflected that, while a national care service might offer longer-term solutions, there are very real challenges in the sector here and now, and audit recommendations accompanied that. We have a multitrack approach that involves both the Accounts Commission's work on IJBs and audit work that we will undertake jointly on progress on the national care service in the future.

**Jamie Greene:** The volume of casework that MSPs get regarding social care issues is probably symptomatic of those current and on-going issues, so I look forward to that work.

Another of the topics that I am covering in my four areas is social security and tackling poverty.

As that is closely linked to social care, I will just move straight on to that. I was quite struck that you said in your opening comments that, in addition to the very large chunk of money that the Government has to spend on healthcare, particularly primary healthcare, devolved social security and benefits are fast creeping up to be the second-largest cost to Government. That is because a number of benefits are now devolved that were not hitherto. Will you elaborate a little bit more about any thoughts or concerns that you have, and on what work you might do off the back of that?

**Stephen Boyle:** Yes, I am delighted to do so. It is our intention to look at two aspects of that, building on audit reporting that we have already undertaken on the progress of the establishment of the social security agency. We will look at what benefits are now being paid in Scotland and at the forecast growth in benefits. We will look at what that means for the Scottish budget in the round—we will reflect that in the report that we will produce on the Scottish budget and sustainability in public sector reform at the end of this year—and then we will look at a couple of specific areas that will follow thereafter on devolved benefits arrangements.

First, we intend to do some work on disability benefits in Scotland, their cost and the number of people claiming those, and then we will do work on forecast growth. We have not quite scoped out that work yet, deputy convener, but I am interested in some of the accompanying arrangements for disability benefits in terms of employability schemes and the skills agenda, which sit very closely alongside that.

To follow that, probably in 2026 or 2027, we will be revisiting our work on the Government's arrangements to tackle its child poverty reduction ambitions and what specific role the Scottish child payment is having in that.

We have not settled on the scoping of those piece of work but, following the Scotland Act 2016, and given the significance that devolved benefits have in the country and their financial implications, we think that they merit close and significant audit work.

**Jamie Greene:** On child poverty, is it your opinion that you will do work to assess whether that is the right type of benefit, and whether it is the level of money that is paid or whether it is how the benefit, when paid, is used that improves outcomes? It is very difficult to quantify whether you get a positive outcome from simply increasing the amount of benefit, for example.

**Stephen Boyle:** You are right—it is complex. We are mindful about boundaries here. Ultimately, there are policy decisions about the type of

benefit. Our interest from an audit perspective is what was spent, whether that made a difference and whether that is quantifiable.

The timing is quite important on this because the Government is doing its own analysis and reporting against the various milestones, so we will think carefully and engage with Government about its reporting and then consider when is best to have an audit response. What we are signalling here is that the work will come towards the end of this pipeline of audit work.

**Jamie Greene:** Okay. Will you do any comparative analysis between the demographic situation in Scotland and the other four nations of the United Kingdom? For example, if we in Scotland are sitting with relatively low levels of unemployment but there is a baseline of people who rely on social security, will you look at how that compares with other parts of the UK and if the cost to Government to deliver a baseline of social security in Scotland is disproportionate?

**Stephen Boyle:** Those are relevant factors. Mark MacPherson and Antony Clark can develop my comments as they wish. Often, we find that, when it comes to the comparability of data and information, it can be a challenge to make direct and informed comparisons. Where we are able to, we will do so. I think that this type of audit work particularly lends itself to that, because the benefits, whether under different names and different conditions, were being paid before they were devolved to Scotland. We will be looking to take an audit view about the cost and, as I have mentioned, whether they are making a difference as intended. All those are relevant factors.

**Jamie Greene:** That is all very helpful. I will park social security—we could spend all morning talking about that.

You have already mentioned public sector reform, which was built into quite a lot of the lines of questioning, but I want to pick up one last point about it. I go back to a piece of work that you did on Scotland's workforce, which is very relevant to public sector reform. Obviously, a lot of working adults in Scotland are directly employed in the public sector, through either devolved public sector functions or a mixture of devolved and reserved public sector functions. The number of such staff is around 500,000-plus. I know that that number has been increasing in recent years. That is quite a substantial chunk of the workforce, which clearly comes at a cost to public agencies.

I was interested to see that around 80 per cent of all public sector workers work in the NHS or in local government, and that the other public bodies mop up the rest of those jobs. Does you see that percentage increasing? Does that raise any flags for you in terms of doing some audit work? What

work will you be doing around public sector workforce reform?

10:30

**Stephen Boyle:** We will be looking at the Government's progress on delivering its public sector reform ambitions in the report that we will produce towards the end of the year. I will maybe come back to workforce in a second, but, looking at the other pillars of public sector reform in terms of use of the estate and progress around digitalisation, our briefing paper on the Scottish Government's public sector workforce touched on many of those areas, so we will be following through on the progress that is being made following that paper.

We will, as we finalise the scoping, we will think very carefully about the direction of travel because some of that will be policy led, deputy convener. The Government has already committed to growing the NHS workforce. We will look at parts of that through the report, but we are probably more likely to do that as we follow up on the NHS overview.

I am always careful of the boundary, as much of this will be policy led, but, as the Government sets its own ambitions for reform, we will want to see what that means for the workforce. Is the Government able to deliver on its intentions about the affordability of public service delivery in the round? As you alluded to, public sector workers make up a significant component of public spending in that area.

**Jamie Greene:** The resource budgets tend to reflect that because many of those bodies have received inflationary pay rises, which has perhaps eaten into some of the resource budget—unexpectedly so, given events of the past few years. However, in relation to other improvements such as digitisation, reforming public services and access to public services, my impression from reading numerous reports in my eight years here is that we seem to be quite slow on the uptake with regard to many of those, and the reason largely given for that is that that usually involves, to a great degree, putting capital investments up front.

Of course, as we know, that is a bone of contention at the moment and many of the spend-to-save projects that may have been mooted in public sector bodies have been put on hold or cancelled altogether. There are numerous examples of that. Does that pose a risk down the line? If we are not spending on capital now to make those necessary digital technological improvements and to improve access to public services, we are simply carrying down the same road of doing things as they are and will end up in

five years' time with very slow, old-fashioned mechanisms and infrastructure.

**Stephen Boyle:** That is exactly what we want to explore—the extent to which the various levers for reform either are or are not in place. Some of that will require funding. Whether that is capital to support infrastructure or technological changes or whether it is finance to facilitate changes in the workforce, if that is the Government's intention or otherwise, we want to explore whether those arrangements are in place in the round.

I think that we have been pretty clear in our reporting that the current set-up is challenging in terms of sustainability, as the measures have grown incrementally. With regard to making the public sector reform changes that we think are needed, are the plans clear? Are they set out? Are they costed? Are they affordable?

**Jamie Greene:** In the interests of time, I will stop there.

**The Convener:** Thank you. We have run way over time, but thank you very much for giving us full answers to the questions that we put, and for having an interchange with us about some of the ideas and suggestions the committee has for where we think that you should direct some of your resources.

Before I bring the public part of the meeting to a close and move into private session, I thank the Auditor General for leading the evidence this morning. I also thank Antony Clark and Mark MacPherson for the insights that you have given us, which have been very useful indeed.

10:33

*Meeting continued in private until 11:02.*



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Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

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