



## AUDIT COMMITTEE

### AGENDA

**1st Meeting, 2003 (Session 1)**

**Tuesday 7th January 2003**

The Committee will meet at 2.00 pm in Committee Room 2 to consider the following agenda items:

1. **Items in private:** The Committee will decide whether to take agenda items 5, 6 and 7 in private.
2. **Overview of Further Education Colleges in Scotland 2000/01:** The Committee will consider a response from the Scottish Executive to its report entitled 'Overview of Further Education Colleges in Scotland 2000/01' (SP Paper 657).
3. **Overview of the 2001/02 Water Authority Audits:** The Committee will consider the report by the Auditor General for Scotland entitled 'Overview of the 2001/02 Water Authority Audits' (AGS/2002/7).
4. **Planning Ward Nursing: Legacy or Design:** The Committee will receive a briefing from the Auditor General for Scotland on his report entitled 'Planning Ward Nursing: Legacy or Design' (AGS/2002/9).
5. **Dealing with Offending by Young People:** The Committee will consider arrangements for its forthcoming inquiry into the report by the Auditor General for Scotland entitled 'Dealing with Offending by Young People' (AGS/2002/8).
6. **Measuring Up: A Follow Up Report on Performance Measurement in the Scottish Environment Protection Agency:** The Committee will consider a draft report on its inquiry into the report by the Auditor General for Scotland entitled 'Measuring Up: A Follow Up Report on Performance Measurement in the Scottish Environment Protection Agency' (AGS/2002/5).
7. **How Government Works in Scotland:** The Committee will consider a draft report on its inquiry into the report by the Auditor General for Scotland entitled 'How Government Works in Scotland' (AGS/2002/6 ).

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The papers for this meeting are as follows:

**Agenda Item 2**

Response from the Scottish Executive

[AU/03/01/1](#)

**Agenda Item 3**

Report by the Auditor General entitled 'Overview of the 2001/02 Water Authority Audits' – *members are reminded to bring their copy*

[AGS/2002/7](#)

Briefing Paper

PRIVATE PAPER

**Agenda Item 4**

Report by the Auditor General entitled 'Planning Ward Nursing - Legacy or Design'

[AGS/2002/9](#)

Note from the Auditor General

[AU/03/01/2](#)

**Agenda Item 5**

Report by the Auditor General entitled 'Dealing with Offending by Young People' – *members are reminded to bring their copy*

[AGS/2002/8](#)

Briefing Paper

PRIVATE PAPER

**Agenda Item 6**

Draft Committee Report

PRIVATE PAPER

**Agenda Item 7**

Draft Committee Report

PRIVATE PAPER

## **AUDIT COMMITTEE 7<sup>TH</sup> REPORT: “OVERVIEW OF FURTHER EDUCATION COLLEGES IN SCOTLAND 2000-01”**

### **SCOTTISH EXECUTIVE RESPONSE TO PRINCIPAL RECOMMENDATIONS**

This is the response of the Enterprise and Lifelong Learning Department (ELLD) of the Scottish Executive to the Audit Committee’s 7<sup>th</sup> Report 2002: “Overview of Further Education Colleges in Scotland 2000-01”.

#### **GENERAL**

Most of the findings and recommendations contained in the report appear to be wholly or partially directed at the Scottish Further Education Funding Council (SFEFC). This response has therefore been prepared in consultation with SFEFC. The Scottish Executive has a key role in agreeing objectives for SFEFC through its Corporate Plan, and for monitoring and evaluating activity and performance with a view to ensuring that sector-wide targets are met.

The strategic guidance issued by Ministers to SFEFC makes clear their desire to see that SFEFC’s engagement with the FE colleges results in the elimination of deficits in the shortest possible period. It also makes clear the importance of matching the supply of skills with demand so that economic needs are met effectively. Ministers sought to add a sharper focus to the priority of financial stability through their request that SFEFC establish a new Directorate of FE Funding, which has now taken place, and which will work with colleges in considering and implementing measures aimed at improving their financial health. Ministers have on several occasions also been able to supplement their funding plans for FE in recognition of the role which the Scottish Executive can play in responding to the resource needs of the sector. That has included the allocation of resources specifically for the purpose of boosting the pace of financial recovery and of addressing the estates and equipment needs of the sector.

#### **RESPONSE TO RECOMMENDATIONS**

**1. We recommend that the Funding Council takes the concerns expressed by ASC into account when considering further refinement and development of its financial categorisation model. (Paragraph 15)**

The Council has invited comments from the sector on the further development and refinement of its financial health categorisation model. All comments received, including those from ASC, will be considered to see if they can be incorporated into the model.

**2. In future Overview Reports the Committee will look for positive evidence that “one-off” additional payments have increased the pace of recovery in the Colleges involved. (Paragraph 21)**

The Council has established a formal follow-up process with those colleges who received a share of the £7 million of additional funding made available last year by ELLD to SFEFC for this purpose. Progress reports are prepared for the Council and

we would be happy to report on progress here to the Committee. It will be important to take a short-term and medium-term perspective as the long-term impact of the funding is as important as the short-term effect on financial recovery.

**3. Even within its 10-year recovery plan, Inverness College cannot state with confidence that its financial targets will continue to be met. We believe that this highlights the fundamental weakness of a recovery plan of such long duration. We recommend that the Funding Council work with Inverness College in particular, and other colleges as necessary, to agree shorter timescales for achieving sustainable financial balance. (Paragraph 27)**

Inverness College has made considerable progress in terms of its financial recovery and has benefited from the £1.084 million that it received as its share of the £7 million. There is confidence that financial recovery can be achieved by the financial year 2008-09. The Council is shortly to embark on a campaign for financial security in the FE sector. This will involve defining what is meant by financial security, establishing targets and taking steps to ensure that the vast majority of colleges achieve financial security by 2006. Decisions on college recovery plans are for SFEFC and the college concerned, with no direct ELLD involvement in individual cases.

**4. We recommend that the Funding Council work with Colleges to develop explicit agreements on when and how the results of the Council's management review will be realised. (Paragraph 31)**

The key issue is to ensure that colleges integrate and embed their actions plans into their strategic management and planning. Specific action has been taken in giving guidance on improving performance in specialised areas, such as finance and estates. Guidance for Boards of Management to improve the standard of corporate governance is also in preparation. The overall direction of strategic planning, which incorporates marketing, is addressed through the area mapping exercise which is dealt with in the response to the next recommendation.

**5. We call on the Funding Council to both publish a step by step programme, with appropriate timescales, for the implementation of the mapping process and to ensure that the geographical and industry sector exercises are properly co-ordinated. Completion of these projects will form the basis for strategic planning by Colleges. (Paragraph 40)**

The overall objective of the mapping processes is to encourage significant long-term strategic change. It is not in itself an implementation plan. The Council can publish a timetable of its meetings with colleges and the agreed deadlines for colleges in each area to respond, but progress in each area will have differing timescales according to what is proposed, for example estates proposals, curriculum portfolio reviews. This process is a key aspect of "informing" planning, but "completion of projects" does not and cannot form the basis for strategic planning.

**6. We call on the Funding Council to publish timescales for the finalisation and implementation of the new Estates Funding Model. (Paragraph 47)**

A circular letter outlining the Council's policy framework for capital funding, was issued in August 2002. A more comprehensive letter will be issued by the end of December 2002, together with supplementary guidance to colleges on the development of affordable and viable business plans.

Finally, we welcome the continuing interest of the Committee (**Paragraph 49**) in the governance of the sector, and particularly in the current Review of Governance and Accountability. The closing date for the receipt of responses to the ELLD consultation paper was 25 October, and work is currently underway to analyse the views of respondents in order that they can form a meaningful basis for the consideration by Ministers of future governance and accountability arrangements in the FE sector. There were 57 individual responses to the paper (32 from FE colleges themselves, seven from local authorities, five from trade unions, two from local enterprise companies and the remainder from individuals). Ministers have indicated their wish to see the review concluded and decisions taken as soon is practicable, and that remains the case. It is too early to say at this stage, however, what specific recommendations Ministers will wish to make (which may well themselves be the subject of later consultation within the FE sector).

Scottish Executive Enterprise & Lifelong Learning Department  
November 2002

## **AUDIT COMMITTEE MEETING 7 JANUARY 2003**

### **Report by Auditor General for Scotland entitled 'Planning Ward Nursing – Legacy Or Design'**

In 2001-2002, Audit Scotland carried out a data collection exercise on the cost and utilisation of nurses on hospital wards. Over £1 billion is spent on NHS nurses in Scotland each year and there are over 50,000 nurses employed by NHSScotland. Our baseline audit work on ward nursing was also undertaken because there is no Scottish-wide picture of nurse deployment, costs and quality of care at ward level.

The Auditor General report highlights the need for improved planning of the nursing workforce, better information to support this task and the introduction of measures of the quality of patient care to ensure we get value for money.

The Auditor General recommends a number of actions for trusts, NHS boards and the health department in order to improve the planning of the nursing workforce, in particular through better information and deployment of nurses at ward level. These recommendations are outlined in the main report.

Audit Scotland will revisit the issues raised in the baseline report and assess progress against recommendations. At the same time, Audit Scotland will review progress at a national level on the impact of the Executive's work on recruitment and retention, and workforce planning and development. This follow up work will be progressed in about two years time, allowing sufficient time for implementing Auditor General recommendations and progress of the national workforce development action plan.